Palm Garden Hotels PLC

ANNUAL REPORT | 2025/26

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LEADERSHIP

Chairman's Review

DEAR STAKEHOLDERS,

On behalf of the Board, I am pleased to report that Palm Garden Hotels PLC and the Group closed the year under review in a stronger position than we entered it.

Global economic uncertainty, shifting geopolitical dynamics, changing travel patterns, and steadily rising costs defined much of the year. None of these pressures were unique to us, but the extent to which we were able to convert a difficult environment into steady, measurable progress says a great deal about the discipline of our management team and the commitment of our employees at every level of the organisation.

Much of that progress can be traced back to how deliberately occupancy and pricing were managed through the year. Rather than chasing volume at the expense of margin, the team leaned into stronger revenue management practices, tighter cost discipline, and a sustained focus on service quality — a combination that proved more resilient than any single lever on its own, and one that market conditions ultimately rewarded.

What I find most encouraging is that this was not growth achieved by loosening our standards. Revenue expanded while the quality and authenticity that define our hospitality offering were carefully preserved, and while financial management remained prudent throughout. That combination — growth without compromise — is precisely the foundation we need for building durable value for our shareholders and every other stakeholder in this business over the years ahead.

THE GLOBAL AND LOCAL OPERATING LANDSCAPE

If one theme defined the operating environment this year, it was disruption to international air connectivity — and Sri Lanka felt this more acutely than many destinations, given how much of our inbound traffic routes through Middle Eastern hubs such as Dubai and Doha.

The escalation of geopolitical tensions in the Middle East during the year forced airspace restrictions and flight diversions across several major aviation corridors. The practical effect was longer flight times, higher fuel burn, and materially higher operating costs for the airlines themselves — costs that fed through into higher long-haul airfares and considerably less predictable flight schedules. For travellers, that meant longer transit times, tighter capacity on key routes, and a more expensive, less convenient journey to get here.

The knock-on effect on traveller behaviour was noticeable: greater sensitivity to airfare movements, longer lead times between booking and travel, and periods of inconsistency in inbound arrivals from some of our key source markets. This was never simply a Sri Lankan phenomenon — it played out across the wider industry, layered on top of already-persistent inflationary pressure and evolving traveller expectations that had been reshaping global tourism demand well before this year began.

What stood out to the Board, however, was how well the destination as a whole adapted. Marketing efforts were redirected toward regional and emerging source markets, short-haul travel segments received renewed attention, and industry participants — ourselves included — pushed harder on direct distribution and more agile, responsive commercial strategies. The result was an industry that bent under pressure but did not break.

It also helped that the underlying case for Sri Lanka as a destination remains as strong as ever. Natural beauty, cultural depth, biodiversity, wildlife, wellness tourism, and a genuine, authentic style of hospitality continue to draw growing international interest, particularly as global travellers increasingly favour experiential and nature-based travel over more conventional alternatives. That fundamental appeal is what gives us confidence that this year's disruption was a cyclical challenge rather than a structural one.

FINANCIAL PERFORMANCE REVIEW

Group EBIT rose to Mn. 526.2 Mn for the year, up from Rs. 456.8 Mn previously — a result made more notable by the fact that it was achieved alongside continued strategic investment across several of our subsidiaries. Growing earnings while still funding future capacity is not always straightforward, and this outcome reflects a business that is investing for growth without losing sight of near-term discipline.

Rs. **6.9** Bn

Group Revenue — up 15% year-on-year

Rs. **526.2** Mn

Group EBIT — up from Rs. 456.8 Mn

Rs. **343** Mn

Fair Value Gain on Investment Properties

That earnings growth sat alongside a strong topline: Group revenue reached Rs 6.9Bn for the year, 15% ahead of the prior year, driven by the continuing recovery in travel demand and a fairly even contribution from both our accommodation and food and beverage operations. Separately, Palm Garden Hotels PLC recognised a fair value gain of Rs. 343 million on its investment properties during the year, reflecting both improved market conditions and genuine appreciation in the underlying value of those assets.

None of this happened in a low-cost environment. Utility and energy costs, food and beverage input prices, employee-related costs, technology spend, and ongoing maintenance requirements all pushed upward through the year, and margins across the hospitality sector generally came under pressure as a result. Our response was to tighten rather than retreat — stronger expenditure controls, closer budget monitoring, more disciplined procurement, and a continuous push on operational efficiency across every property in the Group.

Importantly, cost discipline did not come at the expense of the asset base itself. We continued to fund the property maintenance, infrastructure upgrades, and service enhancements needed to protect asset quality and keep our properties competitive — a decision that costs more in the short term but is, in our view, the only sound way to protect long-term value.

Taken together, this year's financial performance of the Group reflects an operating model that has proven itself resilient under pressure, and a management approach that continues to balance the demands of the current year against the requirements of the next five. We intend to keep striking that balance — investing in our people, our properties, and our guests — without losing the financial discipline that got us here.

BOARD OVERSIGHT AND STRATEGIC PRIORITIES

The Board's role this year was to keep management anchored to a small number of clear priorities — revenue optimisation, operational excellence, financial discipline, asset quality, and guest experience — even as the operating environment around us kept shifting. Three of these are worth expanding on.

On revenue, the shift toward a more data-driven approach to yield management continued to pay off. Dynamic pricing, sharper demand forecasting, more refined market segmentation, and better-optimised distribution channels all contributed, supported by targeted sales and marketing activity and deeper engagement across both direct and third-party booking platforms. The combined effect showed up in both occupancy and commercial performance over the course of the year.

On discipline, the Group leaned on tighter expenditure controls, more rigorous procurement, closer budget monitoring, and more efficient allocation of resources to absorb inflationary pressure without letting it erode margins. What matters most here is that none of this efficiency drive came at the cost of service standards — we were not willing to trade short-term savings for guest experience.

On guest experience, we continued to invest in the people delivering it — through employee development, better cross-functional collaboration, and a stronger culture of accountability across our teams. Service remains one of our most defensible competitive advantages, and the reputation the group brand carries today is a direct product of the people executing on it daily, not simply the physical assets behind it.

The Board also stayed closely involved in how we protect the long-term value of our property portfolio — preventive maintenance, carefully sequenced capital improvement projects, and ongoing infrastructure investment all featured this year, improving both operational efficiency and guest comfort in the process.

During the year, the Group also carried out a considered review of the carrying value of certain equity investments, which resulted in impairment provisions of approximately Rs. 2.2 billion in aggregate. These are non-cash provisions, made in line with prevailing accounting standards and reflecting a prudent, conservative assessment of recoverable value in light of current operating and market conditions rather than any change in our long-term confidence in the underlying businesses. While the provisions weighed on the entity reported results for the year, the Board views them as a necessary step toward a more accurate and transparent representation of the underlying value of the investment portfolio, and remains committed to the strategic rationale behind these investments.

Collectively, this work strengthened both our operational resilience and our financial performance over the year, and it leaves us with a considerably stronger platform from which to pursue the next phase of growth.

WAY FORWARD

Stepping back, this year is best understood as a test of resilience that the Company and the Group met well. Despite global uncertainty, sustained cost pressure, and a genuinely disrupted travel environment, we delivered stronger revenue, improved profitability, and continued to invest in the capabilities that will carry this business forward — outcomes that did not happen by accident, but through consistent execution against a clear set of priorities.

We do not expect the environment ahead to settle quickly. Geopolitical developments, macroeconomic conditions, and evolving traveller expectations will likely continue to shape the industry in ways that are difficult to fully predict. What gives the Board confidence is not certainty about what is coming, but confidence in how this organisation responds when conditions shift — through agile decision-making, operational flexibility, and a continued bias toward innovation and efficiency.

Sri Lanka's own tourism outlook gives us further reason for optimism. Improving international connectivity, steadily increasing visitor arrivals, and rising global demand for authentic, experiential, wellness, and cultural travel all point toward a favourable medium-term backdrop — one that creates real opportunity for Palm Garden Hotels PLC and the Group to deepen our market position and extend the value we create across our hospitality portfolio.

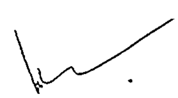
None of this is possible without the people who deliver it. The Board is under no illusion that our greatest asset is our management team and our employees, and we intend to keep investing accordingly — in talent development, in the physical quality of our assets, in the technology that supports our teams, and in the kind of service innovation that keeps guests coming back.

On that basis, the Board remains confident in the future prospects of Palm Garden Hotels PLC and the Group, and committed to strategies that strengthen our financial performance, protect the long-term value of our assets, and deliver lasting returns to shareholders and every other stakeholder in this business — while never losing sight of the hospitality standards this group was built on.

ACKNOWLEDGEMENTS

I want to thank my fellow Directors, on behalf of the Board, for the guidance, strategic insight, and consistent commitment they brought to this Company throughout the year — and our shareholders, for the trust and confidence they continue to place in the Board's stewardship.

To our Chief Executive Officer, the corporate management team, and every employee across the Group: thank you for the dedication, resilience, and disciplined execution that delivered this year's results. And to our guests, business partners, and other stakeholders — thank you for the continued confidence you place in us.



W D K Jayawardena
Chairman
PALM GARDEN HOTELS PLC

18 August 2026

Board of Directors

W D K JAYAWARDENA

Chairman

Considering his wealth of experience in local and international fields of Banking and Investment Banking, Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines).

In 2024, Mr. Jayawardena, was honoured with the esteemed CITI Distinguished Alumni Award for Leadership by CITI Bank in New York, recognising his exceptional leadership and transformative achievements at LOLC Holdings. He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee. (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States - Sri Lanka Fulbright Commission.

He holds an MBA in Financial Management and is a fellow member of the Institute of Bankers and an Associate Member of the Institute of Cost and Executive Accountants, London, UK.

MRS. K U AMARASINGHE

Non-Executive Director

Mrs. Amarasinghe was appointed to the Board on 7 June 2010.

She holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of the subsidiaries of Browns Group of Companies and LOLC Holdings PLC.

Executive Director

» LOLC Holdings PLC

Non-Executive Director

» Eden Hotel Lanka PLC

» Brown & Co. PLC

» Browns Investments PLC

» Green Paradise (Pvt) Ltd

» Browns Holdings Limited

» Danya Capital (Pvt) Ltd

» Serendib Hotels PLC

» Hotel Sigiriya PLC

» LOLC General Insurance PLC

» Ultimate Sports (Pvt) Ltd

» P L Resorts (Pvt) Ltd

» Melana Capital (Pvt) Ltd

» Three Tips Ella (Pvt) Ltd

D S K AMARASEKERA

Non - Executive Director

Appointed to the Board on 07th June 2010, Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney- at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. In addition to his directorship in this company, his other key appointments are: Non Executive Director- Eden Hotel Lanka PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantations PLC, Three Tips Ella (Pvt) Ltd and several other subsidiaries of Browns Investments Group.

DR. J M SWAMINATHAN

Non Executive Director

Mr. Swaminathan was appointed to the Board on 21st January 2011, Dr. J. M. Swaminathan is an Attorney- at-Law with over 60 years in practice and has been appointed a Senior Instructing Attorney- at-Law by His Excellency the President. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He was a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission and a Member of the Board of Management of the Superior Court Complex. He is the member of the Board of Studies of the Council of Legal Education and was also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He also serves on the Boards of several public and private companies.

R L E C WIJERATNE

Non - Executive Director

Mr. Wijeratne was appointed to the Board on 14th June 2024, Eksath Wijeratne, the dynamic Chief Executive Officer of Browns Hotels & Resorts under the LOLC group, which is one of the most diversified conglomerates in Sri Lanka, is a versatile hotelier with an impressive track record in the industry. He also serves as a Director of Excel Restaurants (Pvt) Ltd, Sun & Fun Resorts Ltd and Palm Garden Hotels PLC With over three decades of experience, his leadership prowess and passion for nurturing talent position him as a driving force behind the continued success of the organisation.

Currently serving as the Vice President of Resort Hotels at the Tourist Hotel Association of Sri Lanka (THASL), Eksath's influence extends beyond his role at Browns Hotels & Resorts. His past presidency at the Sri Lanka Hospitality Graduates Association underscores his commitment to shaping the professional development of emerging hoteliers. Highlighting his extensive dedication to advancing the tourism sector, he has played a pivotal role as a former board member at the Sri Lanka Institute of Tourism and Hotel Management and currently serves as a board member at the Sri Lanka Tourism Promotion Bureau.

Under Eksath's transformative leadership, Browns Hotels & Resorts has flourished, boasting a portfolio of properties strategically located in prime destinations across Sri Lanka, including Bentota, Dickwella, Pasikudah, Sigiriya, and Negombo. Eksath's innovative thinking has been instrumental in shaping the unique character of Browns Hotels & Resorts. His visionary approach has not only ensured the brand's competitiveness but has also positioned it as a trendsetter in the industry. His commitment to excellence, coupled with a keen eye for market trends, is reflected in the organisation's ability to offer idyllic spaces for travellers seeking to discover Sri Lanka in style.

T DHARMARAJAH

Independent Director

Mr. Dharmarajah is the Managing Partner of M/s Amerasekera & Company and presently serves as a Director of Raigam Wayamba Salterns PLC, Raigam Southern Salterns (Private) Limited, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Renuka City Hotels PLC, Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd, DHS Medical Group (Private) Limited, Dolphin Hotels PLC, Hotel Sigiriya PLC, Eden Hotel Lanka PLC and Serendib Hotels PLC. He is also the Vice Chairman of Vocational Training Authority presently.

He is a Member of the Council of University of the Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine, and a member of the Standing Committee on Management Studies of the University Grant Commission and The Sri Lanka Institute of Advanced Technological Education (SLIATE). Dharmarajah is a member of a committee appointed by Ministry of Education for five-year institutional review of Degree Awarding Non-State Higher Education Institutes. He was a director of DFCC Bank PLC, DFCC Vardhana Bank, TKS Finance Limited & TKS Securities Limited. He also was a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education, a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He is also a former President of the Association of Accounting Technicians of Sri Lanka.

He holds a Bachelor of Science (Special) Degree in Management from the University of Sri Jayewardenepura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), the Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka), and the Institute of Public Finance & Development Accountancy (IPFDA). He is a resource person in Capacity Development Training Program on Sri Lanka Public Sector Accounting Standards funded by USAID Program. He is an author of number of books in Accounting Standards for the students who are reading for G.C.E. (Advanced Level) and Professional Accounting Examination. Dharmarajah is an all-Island Justice of Peace.

Mr Dharmarajah was appointed to the Board on 1st October 2024.

J SELVARATNAM

Independent Director

Mr. Selvaratnam was appointed to the Board on 1 January 2025.

In his last role, a career spanning 25 years with Citibank N.A., Sri Lanka, he was the Vice President heading the Local Corporate Bank & Public Sector for the Sri Lankan franchise. The scope of his responsibilities included the managing of client portfolios in corporate, multinational, non–banking financial and public sector segments. In addition, he has wide spread experience in corporate governance, compliance, credit and risk management and banking operations. Whilst at Citibank N.A., he was a member of the Bank's Management Committee and served on the Assets & Liability Committee, Bank's Integrated Risk Management Committee and the Credit Committee. He has received extensive training and exposure under the bank's executive development and leadership programs. He holds a Post Graduate Diploma in Business Administration from the University of Wales (PrifysgolCymru) and a Diploma in Banking from the Institute of Bankers of Sri Lanka. He engages in business development and consultancies in the Banking, Non-Banking Financial Institutions, Insurance Brokerage and Corporate Sectors.

Current Appointments:

He is a Non-Independent Non-Executive Director of Siyapatha Finance PLC, appointed on the 18th of December 2018.Currently, he serves as the Chairman of the Board Credit Committee and a member of the Board Integrated Risk Management Committee and the Related Party Transaction Review Committee. He serves as an Independent Non-Executive Director of Palm Garden Hotels PLC, Eden Hotel Lanka PLC w.e.f. 1st January 2025 and Serendib Hotels PLC from July 2026. He is Chairman of the Nomination Committee and a member of the Audit and Related Party Transaction Review Committee.

He is also the Independent member of the Board Audit Committee of the Hirdaramani Group.

Former Appointments:

He was the consultant to Sampath Bank PLC's Board Credit Committee. His main role was in the provision of advisory services on corporate and commercial banking credit risk evaluation and approval, strategy and credit quality expansion.

He commenced his career at Citibank N. A., Sri Lanka in 1990. He held several key leadership positions which include Head of Sales and Marketing for Commercial Banking and Vice President, Head Local Corporate Bank and Public Sector at Citibank N A until 2015. Subsequently, he served as the Consultant on Risk Management to the Board of Directors of Richard Pieris Finance PLC and as the Consultant to Foresight Insurance Brokers (Pvt) Ltd.

Operational Review

INTRODUCTION

This Management Discussion and Analysis ("MD&A") sets out the Board's review of the financial and operating performance of Palm Garden Hotels PLC ("the Company") and its subsidiaries ("the Group") for the financial year ended 31 March 2026. The Group, which operates a portfolio of resort properties in Sri Lanka and the Maldives, recorded revenue growth of 15.3% to Rs. 6.9 Bn, alongside a narrower overall loss for the year of Rs. 4.056 Bn, against the backdrop of a recovering tourism sector, continued high finance costs and the rationalisation of a non-core investment. This review should be read together with the audited financial statements and accompanying notes.

OPERATING ENVIRONMENT

Global Tourism Industry Overview – 2026

The global tourism industry continued its gradual recovery and expansion during 2026, supported by increasing international travel demand, improved airline connectivity, easing travel restrictions, and growing consumer confidence across major tourism markets. The resurgence in leisure travel, coupled with the normalisation of global mobility, contributed significantly towards the recovery of the hospitality sector worldwide. Many destinations experienced increased tourist arrivals driven by pent-up travel demand, growth in experiential tourism, and a shift towards wellness and lifestyle-oriented travel experiences.

Despite the positive momentum, the global tourism industry continued to operate within a complex economic environment characterised by inflationary pressures, geopolitical uncertainties, rising operational costs, and volatile energy prices. These factors continued to impact travel affordability, operational margins, and overall industry profitability. Nevertheless, travellers increasingly prioritised unique and personalised experiences, sustainable tourism practices, digital convenience, and high-quality guest engagement, prompting hospitality operators globally to invest in service enhancement, technological transformation, and long-term sustainability initiatives.

The hospitality sector also witnessed increasing competition within the leisure and resort segment, with operators focusing on brand differentiation, customer experience enhancement, operational efficiency, and digital marketing strategies to maintain market share and strengthen profitability. The continued growth of online booking platforms, direct booking channels, and digital customer engagement further transformed the operating landscape of the global tourism industry during the year under review.

Sri Lanka Tourism Industry Overview – 2026

Sri Lanka's tourism industry demonstrated encouraging recovery momentum during 2026 following a challenging period experienced over the past few years. The industry benefited from improved macroeconomic stability, increased international tourist arrivals, enhanced destination marketing efforts, and strengthening confidence among global travellers. The country continued to regain its positioning as a preferred leisure and experiential travel destination within the region, supported by its diverse tourism offerings, natural attractions, cultural heritage, and coastal hospitality sector.

The recovery in tourist arrivals positively impacted occupancy levels, average room rates, and revenue generation across the hospitality industry, particularly within the leisure and resort segments. Increased contributions from European, regional, and independent leisure travellers supported the gradual recovery of hotel operations throughout the country. The strengthening of partnerships with international tour operators, destination management companies, and online travel platforms also contributed towards improved tourism demand during the year.

However, the industry continued to face several operational and economic challenges including inflationary cost pressures, higher utility and energy costs, exchange rate volatility, and competitive pricing pressures within the hospitality sector. In response, hotel operators increasingly focused on operational efficiency, service quality enhancement, digital transformation, and guest experience improvement initiatives in order to maintain competitiveness and strengthen long-term sustainability.

The medium to long-term outlook for Sri Lanka's tourism industry remains positive, supported by the country's strong tourism fundamentals, growing international destination appeal, and continued recovery in global travel demand. The industry is expected to benefit from further improvements in airline connectivity, destination promotion initiatives, infrastructure development, and increasing interest in experiential and wellness tourism segments in the years ahead.

PERFORMANCE OVERVIEW

Group revenue grew 15% to Rs. 6.9Bn for the year, supported by the continuing recovery in travel demand and broadly even contributions from accommodation and food & beverage operations. Group EBIT rose to Rs. 526.2 million (from Rs. 456.8 million previously), reflecting disciplined cost management alongside continued strategic investment across subsidiaries. Palm Garden Hotels PLC also recognised a fair value gain of Rs. 343 million on its investment properties, reflecting improved market conditions and underlying asset appreciation.

Cost pressures persisted across utilities, food and beverage inputs, staff costs, technology, and maintenance, weighing on sector-wide margins. The Group responded with tighter expenditure controls, closer budget monitoring, and disciplined procurement, while continuing to invest in property upgrades and service enhancements to protect asset quality and long-term competitiveness.

Overall, the year's performance reflects a resilient operating model and a balanced approach to managing near-term discipline alongside sustained investment in future growth.

RISK AND OUTLOOK

Key risks

- **Interest rate and refinancing risk:** A substantial proportion of the Group's cost base relates to finance expense on borrowings and lease liabilities; while short-term borrowing costs eased during the year, the Group remains sensitive to interest rate movements and to the availability of refinancing on favourable terms.
- **Currency risk:** Revenue is significantly influenced by foreign currency-denominated tourism receipts and the Group's Maldivian operations, exposing results to Sri Lankan Rupee volatility against major currencies.
- **Demand and pricing risk:** Although arrivals have recovered strongly, moderating average visitor spend across the industry may limit the extent to which higher occupancy translates into room-rate and revenue growth.
- **Credit, liquidity and operational risk:** The Group is exposed to the usual credit, liquidity and operational risks associated with the hospitality sector, which are governed through the Board-approved risk management framework described in the notes to the financial statements.

Outlook

This year tested the Group's resilience — and we met that test. Despite global uncertainty, sustained cost pressure, and a disrupted travel environment, we delivered stronger revenue, improved profitability, and continued investment in future capabilities, through consistent execution against clear priorities.

The environment ahead remains unlikely to settle quickly, with geopolitical, macroeconomic, and traveller-behaviour shifts likely to continue shaping the industry. Our confidence lies not in predicting these changes, but in our ability to respond to them — through agile decision-making, operational flexibility, and a continued focus on innovation and efficiency.

Sri Lanka's tourism outlook adds further reason for optimism: improving connectivity, rising arrivals, and growing global demand for experiential, wellness, and cultural travel point to a favourable medium-term backdrop, offering real opportunity to strengthen Palm Garden Hotels PLC's market position.

CONCLUSION

Palm Garden Hotels PLC emerges from this period of challenge not merely intact, but genuinely strengthened — with a sharper sense of purpose, a more disciplined operating model, and a management team that has been tested and has responded well. The past year demanded that the Company navigate cost pressures, global uncertainty, and a still-evolving travel landscape, and in doing so, the Group has built an organisation that is more resilient, more agile, and more clear-eyed about what it takes to compete in this industry going forward.

At the heart of the Group's approach is a simple conviction: sustainable value creation and guest-centric innovation are not competing priorities, but complementary ones. The Company continues to invest in the quality of its assets, the strength of its teams, and the experiences it delivers to guests, while maintaining the financial discipline needed to protect long-term shareholder value. This balance — between growth and prudence, between investment and control — is what distinguishes a business built for the next cycle from one simply recovering from the last.

Looking ahead, the Board is encouraged by the structural tailwinds supporting Sri Lanka's tourism sector, and remains confident in the Group's ability to capture the opportunities they present. With a clear strategic direction, a strengthened operational foundation, and a continued focus on innovation across its portfolio, Palm Garden Hotels PLC is well positioned to deliver sustained, long-term growth for all its stakeholders.

STEWARDSHIP

Risk Management

Palm Garden Hotels PLC takes a dynamic approach in risk management which ensures proactive identification, assessment and response of Key business risks. Our risk assessment process takes the likelihood and the potential impact of an event into account and lists out the action plans taken to mitigate the risk of such an event.

We have adopted risk management which provides a platform that ensures the quality of managing risk within the guidelines and principles of the framework. The framework elaborates on establishing the context, risk identification, risk assessment, risk response, treatment for the risk, risk reporting and monitoring.

THE GROUP RISK POLICY

Our policy for risk management is to proactively manage risk to ensure continued growth of our business and to protect our people, assets and reputation.

This implies that we will:

» Implement an effective and integrated risk management system while maintaining business flexibility.

» Identify and assess material risks associated with our business, monitor, manage and mitigate risks

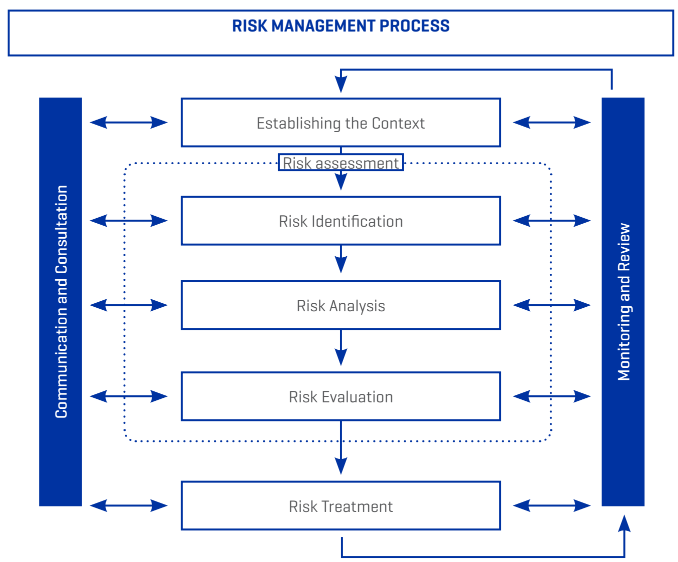
INTERNAL CONTROL AND RISK MANAGEMENT

The group reviews and assesses significant risks on a regular basis and has implemented an oversight program to ensure that there is a system of information gathering, awareness and action to mitigate exposure to identified risks.

The management team of Palm Garden Hotels PLC, overlooks the risk management process of the Palm Group. The Group Risk Management Committee (GRMC) of LOLC Holdings PLC (ultimate parent company of Browns Hotels & Resorts Ltd) reviews the company's risk profile and provides guidance on required risk responses on a quarterly basis.

The Audit Committee of Palm Garden Hotels PLC reviews and monitors internal controls. The internal audit scope is approved by the Audit Committee at the beginning of the financial year. Follow-up of internal audit findings are performed by the Internal Audit team of LOLC Group.

The management reports on compliance to financial and operational controls based on a checklist drafted by GRMC on a quarterly basis were reviewed quarterly by the Audit Committee and necessary recommendations were made on risk responses. As a part of the Risk Management Process, the Board reviews its strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to risks. The group-wide Risk Management program is facilitated by the Group Risk and Control division with the inputs from Business Strategy, Corporate Finance, Group Treasury and Group Human Resource divisions. Risk facilitation is exercised through risk workshops, risk reviews, essential control check lists and risk reporting.



RISK EVALUATION AND MAPPING

The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. Likelihood of occurrence is assessed on the basis of past experience and preventive actions in place. A ranking of Rare, Unlikely, Moderate, Likely and Almost Certain is assigned to all risks based on the likelihood of occurrence. The impact of the event is evaluated by determining the loss it would cause and the extent of the impact. After considering the above two factors, the impact is categorised as Insignificant, Minor, Moderate, Major and Extraordinary. The position of a risk in the risk heat map indicates whether it falls below or above the risk appetite level of Palm Group.

Risk and their corresponding mitigating action plans are then reviewed by the GRMC. The identified risk is then mapped on the below risk matrix and relevant action is taken as per the risk rating.

RISK MATRIX

IMPACT					
Extraordinary	S	H	H	H	E
Major	S	S	H	H	H
Moderate	M	M	S	S	H
Minor	L	L	M	S	S
Insignificant	L	L	L	M	S
	Rare	Unlikely	Moderate	Likely	Almost Certain

LIKELIHOOD

Risk Rating	Required Action
	» Board attention is required » Immediate action by senior management with a detailed research and management of risk through appropriate responses
	» Board attention is required » Senior management responsibility specified » Risk must be managed by senior management with a detailed risk treatment plan
	» Senior management attention required » Management responsibility specified » Risks should be treated using one or more of the risk treatment options
	» Risks should be treated using one or more of the risk treatment options » Risks should be managed using specific monitoring or treatment procedures
	» Risk is accepted with minimal treatment and can normally be managed using existing routine procedures » Low risks need to be monitored and periodically reviewed to ensure they remain acceptable

MANAGING RISK

Risk category	Risk Exposure	Risk Mitigating Actions
1. Global Travel Risk **Risk Assessment** Impact : Extraordinary Likelihood : Almost certain	Adverse impact on global travel due to country borders being shutdown / negative travel advisories / cancellation of flights and negative appetite of foreign travel among global travellers due to adverse social and economic condition of the country	» Implementation of recommended safety protocols to ensure safety of guests and employees » Actively participate in industry associations to lobby for releasing negative travel advisories » Join in Destination marketing campaigns on social media and other digital media
2. Macroeconomic & Political Risks **Risk Assessment** Impact : Extraordinary Likelihood : Almost certain	Increase of operational costs / Decrease in revenue / Increase in finance cost / Cash flow deficiencies / Cancellation of reservations / Barriers on supply chain	» Placement of contingency and recovery plans to mitigate the exposure to unexpected fluctuations / crisis » Active participation in industry associations to lobby for releasing negative travel advisories » Management being on alert regularly for changes in economic and political environment as to identify risks at possible earliest stage
3. Liquidity Risk **Risk Assessment** Impact : Major Likelihood : Likely	Risk of inability to meet short term loan repayments / supplier payments and other liabilities	» A significant component of interest bearing loans and borrowings were settled from the cash proceeds obtained from the right issue. » Negotiating new overdraft facilities to fund short term cash requirements » Negotiation of longer credit periods with suppliers » Re-negotiation of all contracts / subscriptions and annuities for better credit terms » Maintaining the fixed overheads at a minimum level to control operational cash-burn
4. Risk of non-compliance **Risk Assessment** Impact : Major Likelihood : Likely	Possible requirement of mandatory disclosure of star rating of hotels	» Invest in all properties for the necessary improvements to retain the currently advertise star rating
5. Market Risk **Risk Assessment** Impact : Major Likelihood : Almost certain	Adverse impact on yields and occupancies due to fluctuation in demand	» Diversification of group's business risk by entering in to boutique hotels and villa operation » Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets· Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence· Sourcing new markets and developing new channels » Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators"
6. Credit Risk **Risk Assessment** Impact : Moderate Likelihood : Likely	Risk arising due to default by customers due to possible bankruptcy of travel agents / tour operators. Impact on liquidity and profitability	» Credit is allowed only for approved customers which is reviewed bi-annually » Monitor and review the overdue debtor balances monthly » Obtain booking advances » Compliance to laid down credit SOPs on credit control » Signing up for payment plans with Tour Operators& Travel Agents"

Risk category	Risk Exposure	Risk Mitigating Actions
7. Health and Safety Risk **Risk Assessment** Impact : Moderate Likelihood : Moderate	Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.	» Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition » The Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same » The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided » Tour operator safety standards are complied with and necessary action is taken immediately on any concern area related to health and safety based on audit inspections done by tour operators » The company sources its products and services from approved suppliers » Performing quarterly health and Safety audit reviews
8. Foreign Exchange Rate Risk **Risk Assessment** Impact : Moderate Likelihood : Likely	Adverse impact on P&L and gearing	» Exchange rate movements are taken into consideration when entering into contracts with travel agents » Structure Forex borrowings in proportion to the revenue currency mix Hedge in Forward Rate Agreements (FRAs)
9. Human Resource Risk **Risk Assessment** Impact : Moderate Likelihood : Rare	Risk of losing skilled and trained human capital and recruitment of right staff for new hotel developments. Trade union activities resulting in work disruptions	» Establish career development programmes and succession plans in order to retain and motivate the talent pool of the company » Provide focused and structured training for staff at all levels to aid personal and professional development » Develop a strong employer brand to attract staff of the right quality » Increasing employee engagement through designing recognition programmes

Palm Garden Hotels PLC's risk management system engages risks posed to the group on a broad front. The risk management process is en-trenched in the core values of the company and the senior management demonstrates leadership in championing the company's risk management initiatives, thereby ensuring the company's competitiveness and sustainability in the long term.

GOVERNANCE OF SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Reporting Boundary

The sustainability-related financial disclosures presented in this report cover the same reporting entity as the consolidated financial statements of Palm Garden Hotels PLC for the financial year ended 31 March 2026. The reporting entity comprises Palm Garden Hotels PLC and its subsidiaries included within the Group's consolidated financial statements.

In preparing these sustainability-related financial disclosures, the Group has assessed sustainability-related risks and opportunities arising from its own operations as well as its value chain. The value chain includes upstream and downstream activities that may influence or be influenced by the Group's operations, including suppliers of goods and services, outsourced service providers, contractors, distribution channels, guests, business partners, and other relevant stakeholders. Sustainability-related information has been included where it is considered material to the Group's enterprise value and decision-making processes.

Presentation Currency

The presentation currency of these sustainability-related financial disclosures is Sri Lankan Rupees (LKR), which is consistent with the presentation currency used in the Group's consolidated financial statements.

Unless otherwise stated, all monetary amounts presented in this report are expressed in Sri Lankan Rupees (LKR) and rounded to the nearest million for ease of presentation. Minor differences may occur due to rounding.

BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF SLFRS SUSTAINABILITY DISCLOSURE STANDARDS

These sustainability-related financial disclosures have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) Sustainability Disclosure Standards, issued by the Institute of Chartered Accountants of Sri Lanka, which are aligned with the International Sustainability Standards Board (ISSB) standards.

The Group is reporting under the SLFRS Sustainability Disclosure Standards for the first time for the annual reporting period ended 31 March 2026. In preparing these disclosures, the Group has applied the following standards:

» **SLFRS S1** – General Requirements for Disclosure of Sustainability-related Financial Information

» **SLFRS S2** – Climate-related Disclosures

As at 31 March 2026, there are no additional SLFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) or adopted by the Institute of Chartered Accountants of Sri Lanka that are applicable to the Group beyond SLFRS S1 and SLFRS S2.

Transitional Reliefs Applied

As this is the Group's first year of reporting under the SLFRS Sustainability Disclosure Standards, Palm Garden Hotels PLC has applied the transitional reliefs available under SLFRS S1 and SLFRS S2, where applicable.

Accordingly:

» Comparative sustainability-related financial information for the previous reporting period has not been presented.

» The Company has elected to use the transition relief permitted under paragraph E5 and has therefore disclosed only climate-related risks and opportunities in accordance with SLFRS S2, applying the requirements of SLFRS S1 only to the extent that they relate to such disclosures.

» In measuring and reporting its greenhouse gas emissions for the current reporting period, the Company has applied a measurement method other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

» The company has not disclosed its Scope 3 greenhouse gas emissions for the current reporting period.

» The company has applied the transitional relief of disclosing climate-related scenario analysis.

» Anticipated financial effects of the Sustainability-related Risks and Opportunities have not been reported.

» The Group has used information that was reasonably available at the reporting date and has progressively enhanced its data collection, governance processes and internal controls to support future sustainability reporting.

The Group is committed to continuously improving the completeness, consistency and quality of sustainability-related information and will expand disclosures in future reporting periods as reporting systems mature and additional data become available.

Overview of the Group and Value Chain

Palm Garden Hotels PLC and the Group operates a diverse portfolio of hotels and leisure properties across Sri Lanka. The Group provides accommodation, food and beverage, wellness, recreation, conference and tourism-related services, serving both domestic and international travellers.

The Group's sustainability-related risks and opportunities extend beyond its own operations and encompass its broader value chain. The upstream value chain includes suppliers of food and beverages, utilities, energy providers, laundry services, transportation providers, maintenance contractors, construction partners, and providers of hotel operating supplies. The downstream value chain comprises guests, travel agents, tour operators, online booking platforms, destination management companies, local communities and regulatory authorities.

The Group actively engages with value chain partners to promote responsible procurement, climate resilience, environmental stewardship, ethical business practices and sustainable tourism. Sustainability considerations are increasingly integrated into supplier engagement, operational decision-making and stakeholder collaboration to strengthen long-term value creation.

JUDGEMENTS, ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of these sustainability-related financial disclosures requires management to exercise professional judgement in identifying sustainability-related risks and opportunities that could reasonably be expected to affect the Group's prospects, enterprise value and long-term performance.

Judgement has also been applied in determining material sustainability topics, defining reporting boundaries, identifying relevant stakeholders, assessing value chain impacts, and selecting appropriate metrics and disclosure methodologies in accordance with SLFRS S1 and SLFRS S2.

Certain sustainability-related information relies on estimates and assumptions because some data cannot be measured directly or obtained with complete accuracy. This includes, but is not limited to, greenhouse gas emissions calculated using internationally recognised emission factors, value chain information obtained from third parties, climate-related scenario assumptions, forward-looking assessments, and estimates arising from limitations in available operational data.

The Group has implemented governance processes and internal controls to improve the reliability of sustainability information. Management will continue to enhance data quality, expand reporting coverage and refine estimation methodologies as sustainability reporting systems evolve.

Sustainability Governance Structure

The sustainability report of Palm Garden Hotels PLC and its subsidiaries (the 'Group') has been prepared in accordance with the SLFRS Sustainability Disclosure Standards as issued by the International Sustainability Standards Board (ISSB) adopted jurisdictionally by Institute of Chartered Accountants of Sri Lanka and made mandatory through CSE Continuing Listing Rules. Disclosure topics in the Sustainability Accounting Standards Board (SASB) standards have been referred to and considered when preparing this report.

Palm Garden Hotels PLC has established a multi-tier governance framework to oversee sustainability-related and climate-related risks and opportunities across the Group. The governance framework ensures effective oversight, accountability, decision-making, monitoring and integration of sustainability considerations into corporate strategy, enterprise risk management and day-to-day operations.

The governance structure is designed to ensure that sustainability-related matters are considered throughout the decision-making hierarchy, from the Board of Directors to operational teams across all hotel properties.

GOVERNANCE FRAMEWORK

Governance Level	Primary Responsibilities
Board of Directors	Provides overall oversight of sustainability-related and climate-related risks and opportunities; approves sustainability strategy and policies; reviews material sustainability disclosures; monitors sustainability performance; approves sustainability targets; ensures integration of sustainability into corporate strategy and enterprise risk management.
Chief Executive Officer and Executive Management	Implements Board-approved sustainability strategies; allocates financial and human resources; integrates sustainability into business planning, capital investment decisions and operational management; reviews performance against sustainability targets.
Property General Managers	Responsible for implementing sustainability programmes at hotel level; ensuring compliance with Group sustainability policies; monitoring environmental performance; reviewing property-level sustainability risks and opportunities; reporting performance to Executive Management.
Corporate Sustainability Function	Develops sustainability policies and programmes; coordinates implementation across all hotels; manages sustainability reporting; oversees climate-related disclosures, biodiversity initiatives, carbon accounting, environmental compliance, stakeholder engagement and sustainability performance monitoring.
Sustainability Coordinators and Operational Teams	Monitor environmental performance indicators including energy, water, waste and greenhouse gas emissions; implement sustainability initiatives; conduct awareness programmes; ensure regulatory compliance; maintain sustainability records and provide operational data for reporting.

Board Oversight of Sustainability-related Risks and Opportunities

The Board of Directors has ultimate responsibility for the oversight of sustainability-related and climate-related risks and opportunities. Sustainability governance forms part of the Group's corporate governance framework and supports the long-term resilience and value creation objectives of Palm Garden Hotels PLC and its subsidiaries.

Sustainability policy contain the responsibilities of the Board relating to sustainability are incorporated into the Board's governance responsibilities, strategic planning process, risk management framework and corporate policies. These responsibilities include:

- Reviewing material sustainability-related and climate-related risks and opportunities.
- Monitoring sustainability performance against approved strategic objectives and Key Performance Indicators (KPIs).
- Reviewing sustainability-related financial disclosures prior to publication.
- Considering sustainability implications when approving significant investments, development projects and business strategies.
- Ensuring sustainability risks are integrated into the Group's Enterprise Risk Management (ERM) framework.

Roles, Responsibilities and Accountability

Responsibilities for sustainability-related risks and opportunities are formally assigned across different levels of management through organizational structures, functional responsibilities, management directives and operational procedures.

The Board delegates the implementation of sustainability strategies to the Chief Executive Officer and Executive Management while retaining overall oversight responsibilities. The Corporate Sustainability Function is mandated to coordinate sustainability implementation, monitor performance, develop policies and report progress to Executive Management and the Board.

Property General Managers are accountable for implementing sustainability programmes within their respective hotels and ensuring achievement of Group sustainability objectives. Sustainability Coordinators and operational departments are responsible for collecting environmental performance data, monitoring compliance and implementing sustainability improvement initiatives.

This governance framework establishes clear accountability for identifying, assessing, managing and monitoring sustainability-related risks and opportunities throughout the organisation.

Sustainability Skills and Competencies

The Board recognises that effective oversight of sustainability-related risks and opportunities requires appropriate knowledge, competencies and technical expertise.

To support informed decision-making, Palm Garden Hotels PLC continuously develops sustainability capabilities through:

- » Regular sustainability briefings to the Board and Executive Management;
- » Technical guidance provided by the Corporate Sustainability Function;
- » Professional training on sustainability reporting standards, climate risk management and environmental management systems;
- » Participation in external sustainability forums, industry programmes and professional certification schemes;
- » Collaboration with recognised external experts, consultants and assurance providers where specialised technical knowledge is required.

The Corporate Sustainability Function is led by qualified sustainability professionals with expertise in environmental management, climate reporting, greenhouse gas accounting, biodiversity conservation and ESG reporting. Continuous professional development ensures that emerging sustainability issues, regulatory developments and reporting requirements are effectively incorporated into management practices.

Reporting and Information Flow

The Board and Executive Management receive regular information on sustainability-related risks and opportunities through a structured reporting process.

The Corporate Sustainability Function prepares periodic sustainability performance reports.

Operational sustainability performance is monitored continuously at property level. Consolidated sustainability performance reports are reviewed by Executive Management on a regular basis and are presented to the Board at least quarterly, with additional reporting provided where significant sustainability-related risks or emerging issues require Board attention.

Material sustainability-related matters are also incorporated into the Group's enterprise risk management and strategic planning discussions.

Oversight of Sustainability Targets and Performance

The Board oversees the establishment of sustainability objectives and performance targets that are aligned with the Group's sustainability strategy, and this year business priorities and stakeholder expectations. For this financial year performance metrics are not included any remuneration policies.

Annual sustainability targets are developed by the Corporate Sustainability Function in consultation with Executive Management and property management teams before being reviewed and approved through the Group's governance process.

Executive Management reviews performance regularly and implements corrective actions where required. Significant deviations from approved targets, emerging sustainability risks or material environmental incidents are escalated to the Board for review and strategic direction.

This governance approach enables Palm Garden Hotels PLC to monitor performance, strengthen organisational resilience and continuously improve sustainability outcomes across all operations.

Board Oversight

The Board of Directors has ultimate responsibility for overseeing sustainability-related and climate-related risks and opportunities and ensuring that these matters are integrated into the Group's strategic planning, enterprise risk management and long-term value creation.

The Board receives sustainability updates from the Chief Executive Officer and the Corporate Sustainability Function on a quarterly basis, with additional reporting provided where significant sustainability-related issues, emerging risks or material environmental incidents arise. These updates support informed decision-making and enable the Board to evaluate the effectiveness of the Group's sustainability strategy and performance.

The Board evaluates whether sustainability-related risks and opportunities could reasonably be expected to affect the Group's strategy, business model, financial performance, cash flows, access to finance and enterprise value over the short, medium and long term.

Management's Role

Responsibility for managing sustainability-related risks and opportunities is delegated by the Board to the Chief Executive Officer, who is supported by the Corporate Sustainability Function and the Executive Management Team.

The Corporate Sustainability Function, led by the Assistant Manager – Sustainability & CSR, is responsible for coordinating the Group's sustainability management programme, identifying emerging sustainability-related risks and opportunities, monitoring environmental performance, maintaining sustainability data systems, preparing sustainability disclosures and reporting performance to Executive Management and the Board.

Property General Managers are responsible for implementing sustainability initiatives within their respective hotels, monitoring operational performance and ensuring compliance with Group sustainability policies and environmental regulations. Sustainability Coordinators and departmental managers support data collection, implementation of sustainability initiatives and monitoring of environmental performance indicators at property level.

During FY2025/26, Palm Garden Hotels PLC strengthened its governance arrangements through the implementation of the Group Sustainability and CSR Strategic Framework, standardised sustainability performance monitoring systems, enhanced greenhouse gas accounting processes and sustainability capacity-building programmes across all operational properties.

RISK MANAGEMENT DISCLOSURES

Palm Garden Hotels PLC applies an integrated sustainability risk management framework that is embedded within the Group's Enterprise Risk Management (ERM) process to identify, assess, prioritise, manage and monitor sustainability-related risks and opportunities that may affect business performance, enterprise value and long-term organisational resilience. Sustainability-related risks and opportunities are identified through the Group's materiality assessment process, which includes stakeholder engagement, review of operational performance, regulatory requirements, industry trends, climate-related information, and other relevant internal and external sources. The assessment is conducted in accordance with the SLFRS S1, SLFRS S2, and the Global Reporting Initiative (GRI) Standards, ensuring that material sustainability matters are identified and integrated into the Group's strategic planning and risk management processes. Each identified risk and opportunity is evaluated based on its likelihood of occurrence and the magnitude of its potential impact on the Group's financial prospects over the short, medium and long term. The results are regularly reviewed by management and incorporated into the Group's Enterprise Risk Register to support informed decision-making and strengthen long-term business resilience.

IDENTIFICATION OF SUSTAINABILITY-RELATED RISKS

The identification of sustainability-related risks is based on both internal and external information sources to ensure that material sustainability matters are systematically identified and evaluated.

Key inputs and data sources include:

» Enterprise Risk Management (ERM) assessments.

» Energy, water and waste consumption data collected from all hotel properties.

» Greenhouse gas inventories and carbon footprint assessments.

» Climate-related scientific information and national climate projections.

» Industry benchmarking, sustainability reporting standards and emerging ESG trends.

These inputs are evaluated by the Corporate Sustainability Function in collaboration with operational departments and Executive Management to determine the potential impact, likelihood and financial implications of sustainability-related risks.

Use of Scenario Analysis

The Group uses climate-related and sustainability transitional relief of two year for this disclosure as a strategic planning tool to support the identification and assessment of material sustainability-related risks and opportunities.

Scenario analysis considers a range of plausible future conditions, including changes in climate, regulatory requirements, market expectations, resource availability, energy costs and physical climate hazards. The analysis assists management in evaluating the potential effects of different future scenarios on hotel operations, operating costs, asset resilience, investment priorities and long-term business performance.

The outcomes of scenario analysis are considered during strategic planning, capital investment decisions, climate adaptation planning and enterprise risk management to strengthen organisational resilience.

Identification and Assessment of Sustainability-related Opportunities

In addition to risk identification, Palm Garden Hotels PLC applies a structured process to identify, assess, prioritise and monitor sustainability-related opportunities that may enhance long-term value creation.

Potential opportunities are identified through:

» Strategic planning and annual business planning processes.

» Sustainability performance reviews.

» Resource efficiency assessments.

» Renewable energy feasibility studies.

» Circular economy and waste reduction initiatives.

» Biodiversity restoration and ecosystem conservation projects.

» Stakeholder engagement and customer feedback.

» Technological innovation and digital transformation initiatives.

» Regulatory developments and government incentive programmes.

» Industry benchmarking and emerging market trends.

Each opportunity is evaluated based on its strategic alignment, expected environmental and social benefits, financial feasibility, implementation requirements and potential contribution to enterprise value.

Priority opportunities are incorporated into sustainability action plans, annual budgets and capital investment programmes. Progress is monitored through key performance indicators and is reported periodically to Executive Management and the Board as part of the Group's sustainability governance process.

STRATEGY

Climate Related Risk and Opportunities (CRRO)

Physical risk

Disruption of operations due to Extreme weather events

Physical climate risks for group assets are categorised into acute events, including riverine flooding and extreme rainfall flood, and chronic risks, including sea level rise and extreme heat. These climate-related hazards pose material risks to hospitality infrastructure, particularly hotels and resorts located in coastal and low-lying tourism destinations, through accelerated asset deterioration, operational disruptions, and reduced guest accessibility during and following extreme weather events.

Legend	No hazard	Low hazard	Medium hazard	High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Dolphin Hotel PLC	Gampaha	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	Medium hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Eden Hotel Lanka PLC	Kalutara	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	Medium hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Serendib Hotels PLC	Galle	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	Medium hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Hotel Sigiriya PLC	Matale	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	High hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		sea level rise	No hazard	No hazard	No hazard	No hazard	No hazard

CRRO Physical risk - Disruption of operations due to Extreme weather events		
Impact on Prospects	Description	Group hotels portfolio is exposed to a combination of acute risks, such as riverine flooding and extreme rainfall flood events, and chronic risks including sea level rise and increasing temperatures. Some properties are highly exposed to flooding, storm surges, and long-term sea-level rise, and more vulnerable to extreme heat. These risks can disrupt operations, damage assets, increase operational costs, and affect long-term tourism demand and asset values.
	Risk	Physical – Acute Risk & Chronic Risk
	Time Horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, acute physical risks such as riverine flooding and extreme rainfall already impact operations; these events disrupt guest access, reduce occupancy, and occasionally result in temporary service interruptions or partial operational constraints. Operational disruptions also affect staff mobility and supply chain continuity, leading to short-term inefficiencies in service delivery, especially during peak monsoon periods. Early signs of coastal erosion and saline intrusion are emerging risks for beachfront assets, reflecting broader country-level coastal exposure in Sri Lanka, where a significant portion of the coastline is already considered vulnerable to erosion and inundation. Extreme heat is already impacting operations in inland and dry-zone properties primarily through increased cooling demand, higher energy consumption, and reduced comfort for outdoor guest experiences.
	Anticipated effects on business model and value chain	Sea level rise is expected to become a material for long-term risk, particularly for coastal assets, potentially affecting land usability, infrastructure integrity, and long-term asset value. However, this impact is not currently material. Extreme rainfall and flooding events are expected to increase frequency and intensity, leading to more recurring operational disruptions, higher maintenance requirements, and increased reliance on resilient infrastructure design. Extreme weather variability is expected to further disrupt tourism operations, while shifting rainfall and temperature patterns may alter seasonal demand cycles. Overall, climate change is expected to progressively reshape tourism flows, requiring adaptation in infrastructure design, service delivery, and destination positioning.
	Where is it concentrated	Operational Risk
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate- related Targets	Climate risk is currently addressed through reactive operational responses, primarily focused on managing extreme weather disruptions rather than long-term structural adaptation and predominantly reactive business continuity measures in response to extreme weather events. Climate considerations are partially embedded into long-term capital allocation, site selection, or portfolio optimization decisions.

CRRO Physical risk - Disruption of operations due to Extreme weather events		
Strategy and Decision Making	How the Company is Resourcing and Planning to Resource Activities	Climate adaptation is expected to become increasingly embedded in strategic planning, investment decisions, and asset development frameworks. Strengthening business continuity and disaster recovery frameworks across all properties by integrating acute and chronic climate risks into capital allocation, site selection, and refurbishment decisions, while using climate scenario analysis to assess the impacts of flooding, sea level rise, and rising temperatures on operations and asset values. At the same time, the company is increasing investment in climate-resilient infrastructure including flood defenses, elevation, drainage improvements, energy-efficient systems, and passive cooling technologies while strategically diversifying its hotel portfolio toward lower-risk geographic locations.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts are primarily driven by event-based disruptions, including revenue losses from booking cancellations, reduced occupancy during extreme weather events, and increased maintenance costs following flood or storm damage. Higher energy consumption due to cooling requirements also contributes to increased operating expenditure, particularly inland properties exposed to heat stress. These impacts remain largely episodic and are not yet materially reflected in long-term asset valuations.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the long term, increasing climate variability is expected to result in greater revenue volatility and higher operating costs, particularly due to disruptions in coastal tourism demand. Sea-level rise and coastal erosion may lead to potential impairment risks for beachfront assets, affecting balance sheet valuations and long-term investment returns. Additional capital expenditure will likely be required for climate adaptation measures, including resilient infrastructure, drainage systems, and energy-efficient technologies. Broader ecosystem degradation may also indirectly impact tourism demand and pricing power, particularly in coastal destinations reliant on natural attractiveness.
Related Metric	Amount (Cost) of assets vulnerable to physical risks	As disclosed in Note 11 to the financial statements, the Group's hotel properties and related property, plant and equipment had a total cost of LKR 58,083,808,104 as at 31 March 2026. Given the nature and geographical location of the Group's operations, the entire cost of these assets has been considered vulnerable to physical climate risks.

TRANSITION RISK

Regulatory and Conduct Risk with Increasing Transparency Expectation

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
Impact on Prospects	Description	Regulation expectations on disclosure and transparency, along with broader regulatory and conduct risks in the leisure industry, reflect increasing requirements for standardized ESG reporting, climate-related disclosures, and compliance with environmental, safety, labour, and consumer protection regulations. Leisure operations are subject to multi-layered oversight covering responsible environmental practices, public safety, and ethical conduct. Failure to comply with these requirements may result in fines, operational restrictions, license suspensions, reputational damage, and reduced customer confidence, thereby adversely affecting long-term business sustainability.
	Physical / Transition Risk	Transition Risk
	Time Horizon	ST | MT | LT

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
Business Model and Value Chain	Current effects on business model and value chain	The current business model operates within existing regulatory frameworks covering environmental management, health and safety, labour practices, and tourism operational standards. Sri Lanka's Net Zero 2050 Roadmap, NDC 3.0 and National Tourism Policy are already pushing hotels toward lowercarbon, resourceefficient and climateresilient operating models, including more efficient buildings, higher renewableenergy use and stronger environmental safeguards in tourism projects. SLFRS S1 and S2 disclosure requirements are progressively influencing governance and reporting practices, with growing emphasis on integrating climate-related risks, opportunities, and environmental performance considerations into investment approvals and strategic planning processes.
	Anticipated effects on business model and value chain	The business model is expected to increasingly integrate structured sustainability and climate disclosure requirements aligned with evolving national and international frameworks, including SLFRS S1 & S2 expectations, NDC commitments, and sectoral sustainability standards. Regulatory oversight is expected to intensify across environmental protection, consumer safety, ethical operations, and community resource use. The value chain is likely to require enhanced data collection, traceability, and reporting systems aligned with GSTC (Global Sustainable Tourism Council) principles for accommodation providers and national sustainable tourism certification guidelines (SLTDA/NSTC). Greater standardization of ESG data across suppliers, operations, and guest services is expected to support improved transparency and comparability of sustainability performance. The business model is expected to pivot toward a circular economy approach to meet future regulations on resource optimization and zero-waste-to-landfill targets.
	Where is it concentrated	Operational Risk Compliance Risk
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate- related Targets	Strategic decisions are primarily focused on maintaining compliance with statutory tourism, safety, and environmental requirements. Current strategic decision-making increasingly considers alignment with Sri Lanka's Net Zero 2050 commitments, Nationally Determined Contributions (NDCs), and the National Sustainable Tourism Policy when evaluating new developments, major refurbishments, and energy-related investments such as rooftop solar installations and high-efficiency systems.
	How the Company is Resourcing and Planning to Resource Activities	Strategic priorities will place greater emphasis on compliance with labour standards, environmental regulations, and strengthened guest health and safety requirements across all operations. Anticipated strategy is expected to prioritize obtaining recognized sustainability certifications such as SLTDA National Sustainable Tourism Certification (NSTC) and other eco-labels, positioning selected properties in line with emerging sustainable tourism standards. Strategic focus may increasingly emphasize improving transparency and sustainability communication, including clearer disclosure of environmental performance, certification status, and ESG initiatives to align with stakeholder expectations and market trends. Future decision-making is likely to be more closely aligned with national policy frameworks and action agendas, including Sri Lanka's National Sustainable Tourism Policy, Net Zero 2050 commitments, and broader environmental sustainability goals. The plastics EPR regime and tightening waste policy framework are expected to strengthen structured supplier engagement and promote circular economy partnerships, leading to formalized policies on sustainable materials, packaging standards, and waste management practices.

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Financial impacts are primarily driven by incremental costs related to data collection, reporting processes, and compliance with evolving national regulatory requirements.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased expenditure may be required for advanced ESG data systems, third-party assurance, and compliance with evolving disclosure frameworks such as SLFRS S1 & S2 and GSTC-aligned reporting expectations. Stronger transparency and alignment with national and international sustainability standards may enhance investor confidence, access to sustainable finance, and market competitiveness in the tourism sector. Non-alignment with evolving disclosure expectations may result in reputational pressure and reduced attractiveness to sustainability-focused travellers and investors.
Related Metric	Number of regulatory non-compliance cases or conduct-related incidents reported during the yea	None

Technological Obsolescence Due to Green Market Shifts

Climate Related Risk (CRRO) -: Technological Obsolescence Due to Green Market Shifts		
Impact on Prospects	Description	Technological Obsolescence Due to Green Market Shifts refers to the risk that existing hotel infrastructure and operational systems may become less competitive as the hospitality industry transitions toward low-carbon, energy-efficient, and sustainability-driven technologies. This may result in operational inefficiencies, reduced market attractiveness, and potential long-term asset value erosion if timely upgrades are not undertaken.
	Physical / Transition Risk	Transition Risk
	Time Horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, sustainability-related technological adoption within the group value chain is evident but remains incremental and not yet fully embedded across the portfolio. Energy efficiency improvements are progressively being driven through planned refurbishment programmers, including upgrades to lighting systems, HVAC equipment, and broader infrastructure enhancements. In parallel, several properties have already adopted renewable energy solutions, such as solar installations, reflecting an increasing shift towards cleaner energy sources.

Climate Related Risk (CRRO) -: Technological Obsolescence Due to Green Market Shifts		
Business Model and Value Chain	Anticipated effects on business model and value chain	The group business model is expected to face increasing pressure to transition toward a low-carbon, resource-efficient hospitality platform, requiring broader integration of sustainable practices across operations. The value chain is likely to evolve through greater adoption of renewable energy, smart energy management systems, and gradual integration of low-carbon mobility solutions for fleet and guest transportation. Green building principles and sustainable procurement practices may be more consistently embedded, supporting improved energy efficiency, reduced emissions, and environmentally responsible sourcing across properties. Shifting customer preferences toward eco-tourism and wellness-oriented experiences may drive the repositioning of offerings and require a broader transformation of operational processes and asset configuration across the portfolio.
	Where is it concentrated	Operational Risk Compliance Risk
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate- related Targets	Technology-related decisions are primarily driven by operational efficiency, asset maintenance requirements, and cost considerations, with selective investment in sustainability-related upgrades. Sustainability-linked technological transformation remains at an early stage of integration within portfolio-level strategic planning.
Strategy and Decision Making	How the Company is Resourcing and Planning to Resource Activities	Future strategy is expected to increasingly embed green hospitality transformation as a core strategic priority, focusing on aligning the portfolio with evolving eco-tourism and low-carbon hospitality standards. Capital allocation decisions are likely to prioritize investment in advanced sustainability technologies, including smart building management systems, energy optimisation solutions, and integrated digital platforms for real-time environmental performance monitoring. Strategic decision-making may increasingly incorporate ESG-driven criteria across asset development, refurbishment cycles, and operational planning, including adoption of smart logistics planning, route optimization, and transition toward electric or hybrid vehicles and low-emission machinery to support more efficient and low-carbon operations and will improve energy cost stability, and enhance resilience against fuel price volatility and future carbon-related regulatory pressures. Greater emphasis is expected on capability building, including upskilling and recruitment of talent with expertise in sustainable hospitality operations, digital sustainability systems, and green technology adoption to support long-term transformation.

Climate Related Risk (CRRO) -: Technological Obsolescence Due to Green Market Shifts		
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial effects are reflected through ongoing capital expenditure on refurbishment and energy efficiency improvements, including upgrades to lighting, HVAC systems, and general infrastructure, which are capitalized on the balance sheet and require continuous cash outflows. However, as renewable energy integration remains limited, relatively high utility costs that are exposed to energy price fluctuations and directly impact operating margins.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased capital expenditure may be required to adopt advanced green hospitality technologies, including smart energy systems and sustainable infrastructure upgrades. Failure to keep pace with technological advancements may result in competitive pressure on occupancy rates, pricing power, and long-term asset performance. Potential long-term benefits include operational efficiency gains and improved market positioning through technology-enabled sustainability performance.
Related Metric	Percentage of hotel properties using energy-efficient technology	BHR is currently assessing the energy-efficient technologies deployed across its hotel properties and establishing the necessary data collection and monitoring processes to calculate this metric accurately.

Consumer shift toward Green Hospitality

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
Impact on Prospects	Description	Consumer Shift Toward Green Hospitality refers to the increasing preference among global travellers, corporate clients, and travel platforms for environmentally responsible and sustainability-certified accommodation, which may impact demand, pricing power, and competitiveness of hospitality assets within the portfolio that are not fully aligned with evolving sustainability expectations.
	Physical / Transition Risk	Transition Risk
	Time Horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, the group portfolio demonstrates a growing awareness of sustainability trends, with initiatives such as energy efficiency improvements, solar installations at certain properties, and environmental conservation activities. These efforts contribute positively to brand perception; however, sustainability is not yet uniformly embedded as a core component of the customer value proposition across all properties. Guest experience design, marketing strategies, and service offerings are primarily driven by traditional hospitality attributes such as location, comfort, and pricing, with sustainability not yet fully embedded as a core element.
	Anticipated effects on business model and value chain	Consumer demand is expected to shift further toward green hospitality, with travellers placing greater emphasis on transparency, measurable sustainability performance, and authentic eco-friendly experiences, requiring LOLC Leisure to increasingly integrate sustainability into its business model to remain competitive. This shift may necessitate a transition toward integrating sustainability as a core element of the value proposition, including the development of eco-certified properties, expansion of renewable energy usage, and incorporation of sustainable practices across all operational areas. In addition, guest offerings may increasingly focus on wellness, nature-based experiences, and low-impact tourism, aligning with broader global trends. The value chain may also evolve to support this transition, with increased emphasis on sustainable sourcing, environmentally responsible service delivery, and enhanced communication of sustainability credentials through digital platforms and travel intermediaries.

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
Business Model and Value Chain	Where is it concentrated	Market Risk Operational Risk
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate- related Targets	Sustainability considerations are incorporated into broader corporate responsibility initiatives; however, they are not yet fully integrated into customer-facing strategy or brand positioning across the leisure segment. Marketing and product development decisions continue to prioritize traditional performance drivers, with sustainability factors considered where they support operational efficiency or enhance reputation. Investment decisions related to sustainability initiatives, such as renewable energy or eco-friendly upgrades, are generally evaluated based on cost savings and return on investment, rather than as strategic enablers of demand growth or market differentiation.
	How the Company Resourcing and Planning to Resource Activities	In response to evolving consumer preferences, group may increasingly integrate sustainability into core strategic and commercial decision-making processes. This may include repositioning selected properties as eco-friendly or sustainable destinations, pursuing recognized environmental certifications, and embedding sustainability into brand identity and marketing communications. Capital allocation may shift toward investments that enhance the environmental performance and visibility of properties, including sustainable design features, and guest-facing green initiatives. In addition, decision-making frameworks may increasingly incorporate customer-driven sustainability metrics, enabling the Group to align product offerings with emerging market expectations. Over time, sustainability may transition from a supporting function to a key driver of competitive advantage, influencing portfolio development, pricing strategies, and customer engagement models.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	At present, financial impacts are relatively limited and indirect, primarily reflected through modest capital expenditure on sustainability initiatives and incremental marketing benefits associated with improved brand perception. Revenue streams remain largely driven by traditional demand factors, with limited differentiation based on sustainability performance. Operating costs may benefit marginally from efficiency improvements; however, the absence of a fully developed green value proposition limits the ability to capture premium pricing or significantly influence occupancy levels.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the short term, financial impacts may include increased capital expenditure on sustainability enhancements, certification processes, and marketing initiatives aimed at strengthening green positioning. These investments may place modest pressure on cash flows and short-term returns. In the medium term, failure to align with consumer preferences may result in revenue-related risks, including reduced occupancy rates, lower average daily rates, and diminished competitiveness in key international markets. Conversely, proactive adaptation may support improved demand, stronger customer loyalty, and enhanced pricing power. In the long term, successful integration of sustainability into the core business model is expected to contribute to stronger financial performance through increased revenue resilience, premium positioning, and improved asset valuation. In contrast, properties that lag behind in meeting consumer expectations may face declining market relevance and potential value erosion.

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
Related Metric	Number of guest requests for environmentally friendly options	Group is currently establishing the necessary processes to identify, record and consolidate guest requests for environmentally friendly options across its hotel properties.

Eco-tourism and sustainable product development

Transition Opportunity - Eco-tourism and sustainable product development		
Impact on Prospects	Description	Eco-tourism and sustainable product development present an opportunity for Group to align with the growing demand for environmentally responsible travel by integrating eco-friendly infrastructure, renewable energy, and nature-focused offerings, thereby enhancing brand differentiation and long-term value creation.
	Physical / Transition	Transition Opportunity
	Time Horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	Sustainability is incorporated selectively through initiatives such as energy efficiency, renewable energy adoption, and conservation activities. Guest offerings and value chain activities remain largely aligned with traditional hospitality models, with limited integration of eco-tourism–focused products.
	Anticipated effects on business model and value chain	Group has the opportunity to reposition its business model by integrating sustainability as a central component of its product and service offerings. The Group's business model is expected to increasingly incorporate eco-tourism and sustainable hospitality concepts, including eco-friendly accommodation, nature-based and wildlife experiences, wellness tourism, community-based tourism programmes, and local cultural experiences. Guest value propositions may evolve into sustainable food and beverage concepts, farm-to-table dining experiences, locally sourced and organic food offerings, plastic-free guest experiences, low-carbon travel packages, and environmentally responsible recreational activities, enhancing differentiation in the hospitality market. Opportunities may also emerge through the development of green-certified hotels, climate-resilient resort infrastructure, renewable energy-integrated properties, and digital low-impact guest services such as paperless and smart-energy-enabled hospitality solutions and enhanced use of digital tools to communicate sustainability performance to customers.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate- related Targets	Eco-tourism and sustainable product development are supported through selected initiatives and property-level programs; however, they are not yet fully integrated into core strategic planning or portfolio-wide product development. Investment decisions related to sustainability are primarily driven by operational efficiency and cost considerations, rather than being positioned as key drivers of revenue growth and market differentiation. The eco-tourism segment presents significant potential for further structured and coordinated development across the portfolio.

Transition Opportunity - Eco-tourism and sustainable product development		
Strategy and Decision Making	How the Company Resourcing and Planning to Resource Activities	Group may increasingly incorporate eco-tourism and sustainable product development into its core growth strategy. Strategy is expected to increasingly focus on repositioning selected properties as eco-friendly destinations, including pursuing recognized certifications (Green Globe, Travelife) and strengthening sustainability-led branding in line with evolving global eco-tourism trends and enhanced marketing of sustainable offerings. Capital allocation is likely to strengthen renewable energy investments, green building upgrades, and the development of eco-tourism products such as wellness, nature-based, and conservation-focused experiences. Decision-making is expected to further integrate ESG considerations across operations, supported by sustainable supplier selection, environmentally responsible service design, enhanced digital communication of sustainability initiatives, and targeted talent development and upskilling to support sustainable hospitality capabilities. This shift may position sustainability not only as a risk mitigation tool but as a key driver of innovation, differentiation, and long-term value creation.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts are relatively modest and primarily reflected through incremental capital expenditure on sustainability initiatives and operational improvements. While these investments contribute to cost efficiencies and brand enhancement, their direct impact on revenue growth remains limited at present due to the absence of a fully developed eco-tourism product portfolio.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the short term, the development of eco-tourism offerings may require increased capital investment in sustainable infrastructure, property upgrades, and marketing initiatives, resulting in higher cash outflows and potential pressure on short-term returns. In the medium term, these investments are expected to support revenue growth through improved occupancy rates, enhanced pricing power, and stronger customer loyalty, particularly among environmentally conscious travelers and premium market segments. In the long term, successful integration of eco-tourism and sustainable product development is likely to enhance overall financial performance by strengthening brand equity, increasing asset value, and improving resilience to changing market conditions. This may also support access to ESG-linked financing and partnerships, further contributing to long-term value creation.

Metric	Period	Base Year	Interim Milestone	FY2025/26 Performance
Scope 1 GHG Emissions	FY2027 onwards	FY2025/26	Roadmap under development	Inventory completed
Scope 2 GHG Emissions	By FY2030	FY2025/26	Annual emissions reduction	Baseline established

During the reporting period, Palm Garden Hotels PLC and the Group completed a comprehensive greenhouse gas (GHG) inventory for five key hotel properties using operational data collected in accordance with internationally recognised GHG accounting principles. Based on the verified results, room-based emission factors were established and applied to estimate greenhouse gas emissions for the remaining operational properties where complete data were not yet available. Using this methodology, the Group's total estimated Scope 1 and Scope 2 GHG emissions for the reporting period were approximately 9,178 tCO2e. Palm Garden Hotels PLC and the Group recognises that these estimates will be further refined as data collection systems continue to mature. The Group is committed to expanding property-level GHG quantification and verification across all hotels in future reporting periods to enhance the accuracy, consistency and completeness of its climate-related disclosures.

For each target, progress is monitored annually through the Corporate Sustainability Function and reported to Executive Management and the Board. Baselines will continue to be refined as sustainability data maturity improves across the Group.

Annual Report of the Board of Directors

The Board of Directors of Palm Garden Hotels PLC takes pleasure in presenting its Report together with the Audited Financial Statements of the Company for the year ended 31 March 2026.

The Financial Statements and the disclosures made herein conform to the requirements of the Companies Act No. 7 of 2007. The Report also includes relevant disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and is guided by the recommended best practices on accounting and corporate governance.

PALM GARDEN HOTELS PLC

Palm Garden Hotels PLC is a Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 05th April 1973 under the Companies Ordinance (Cap 145) and re-registered under the Companies Act No. 7 of 2007 as required under the provisions of the Companies Act No. 07 of 2007 on 08th April 2008. The Company was listed on the Main Board of the Colombo Stock Exchange on 08th March 1993. It is currently listed on the Secondary Board of the Exchange. The Registered Office of the Company is No. 100/1 Sri Jayewardenapura Mawatha, Rajagiriya. The Company is a part of the Browns Hotels and Resorts group.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment and investment management. The Directors to the best of their knowledge and belief confirm that the Company has not been engaged in any activity that contravenes laws and regulations.

CORPORATE GOVERNANCE & INTERNAL CONTROL

Through participation in various workshops / forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to the Listing Rules and applicable capital market provisions. The Corporate Governance practices of the Company are given on pages 33 to 40 of the Annual Report.

The Board of Directors declare that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management through the Audit Committee.

The Enterprise Risk Management Division (ERM) periodically assesses procedures in relation to established guidelines for risk management and internal controls. The Audit Committee receives the ERM findings and any flaws or vulnerabilities found are communicated with the pertinent operational staff to ensure that the gravity of the position is understood by all and to expedite remedial action. Decisions are followed up on at later Board or Committee meetings. For the year under review, the Directors affirm that they have received a reasonable guarantee of their effectiveness and successful adherence.

FIT & PROPER ASSESSMENT

All Directors have submitted written declarations confirming that they are fit and proper to serve as Board Members.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that the financial statements have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The financial statements together with the notes thereon are given on pages 50 to 127.

GOING CONCERN

The Board having considered the financial position, operating conditions, regulatory and other factors and such matters required to be addressed by the Corporate Governance Rules, have a reasonable expectation that the Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company continues to adopt the 'Going Concern basis in preparing the Financial Statements.

MATERIAL ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from pages 63 to 78.

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on pages 84 - 87.

MARKET VALUE OF PROPERTIES

Revaluations are made with sufficient regularity for land and buildings owned by the Group and the Company by independent professional valuers. A detailed description is given in Notes 11 and 13 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 amounted to Rs. 20,175,560,770/- divided into 475,937,000 ordinary shares.

RESERVES

The total Group Reserves as at 31st March 2026 amounts to Rs. 17.4 Bn by comparison to Rs. 22.3 Bn in the previous year.

The total Company Reserves as at 31st March 2026 amounts to Rs. 1.76 Bn by comparison to Rs. 1.76 Bn in the previous year.

TAXATION

Tax expense for the Company is Rs. 102 Mn compared to Rs. 547.2 Mn in the previous year. Taxation has been provided at the appropriate rates indicated in Note No 09 of the Financial Statements.

SHARE HOLDINGS / SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2026 was Rs. 56.10 (31st March 2025 – Rs. 63.50). The number of shareholders as at 31st March 2026 was 2,249(31st March 2025 – 2,253).

The information in respect of earnings, dividends, net assets per share is given on page 133.

SHAREHOLDERS

It is the Group's policy to treat its shareholders equitably and maximise shareholder wealth. Quarterly returns of financial results with any developments or changes are hosted on the CSE website.

EMPLOYMENT POLICIES

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The Company promotes a culture of teamwork, integrity and dedication and remuneration is linked to performance by annual appraisals of both qualitative and quantitative performance of all employees.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at the reporting date have been paid, or where relevant, provided for in the Financial Statements.

The Company has also ensured that it has complied with the applicable laws and regulations including the Listing Rules of the Colombo Stock Exchange except minimum public holding requirement stipulated by the CSE Rule 7.13.1(i) (b) Option 2 of the CSE Listing Rules.

DIRECTORS

The Directors of the Company during the year under review were as follows:

W D K Jayawardena	- Chairman
Mrs. K U Amarasinghe	- Non-Executive Director
D S K Amarasekera	- Non-Executive Director
Dr. J M Swaminathan	- Non-Executive Director
R L E C Wijeratne	- Non-Executive Director
T. Dharmarajah	- Independent Director
J Selvaratnam	- Independent Director

DIRECTORS' MEETINGS

The Directors conduct Board Meetings at least once in a Quarter and as an when necessary. Board decisions are resolved by resolutions at meetings and by circulation. The Minutes of the Board Meetings, the Agenda for the next meeting and the Management Reports are circulated to all the Directors in advance of the meetings.

The Board and committee membership as well as the schedule of Directors' attendance at Board meetings and subcommittee meetings are appended below:

Directors	Date Appointed to the Board	Independent/ NED	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination & Governance Committee	Board Meeting Attendance			
								29.05.2025	14.08.2025	13.11.2025	12.02.2026
W. D. K. Jayawardena	12.12.2011	NED	✓*	✓	✓	✓	✓	✓	✓	✓	✓
Mrs. K. U. Amarasinghe	24.09.2012	NED	✓	-	✓	-	-	-	✓	✓	-
D. S. K. Amarasekera	24.09.2012	NED	✓	-	-	-	-	✓(online)	-	-	✓(online)
R. L. E. C. Wijeratne	14.06.2024	NED	✓	-	-	-	-	✓	✓	✓	✓
Dr. J. M. Swaminathan	24.09.2012	NED	✓	-	-	-	-	✓	✓	✓	-
T Dharmarajah	01.10.2024	Independent Director	✓	✓**	✓**	✓**	✓	✓	✓	✓	✓
J Selvaratnam	01.01.2025	Independent Director	✓	✓	-	✓	✓**	✓	✓	✓	✓

* Chairman
** Committee Chairman

INTEREST REGISTER

In compliance with the requirements of the Companies Act No. 07 of 2007 an interest Register was maintained by the Company during the accounting period ended 31 March 2026.

The Directors confirm that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director is materially interested in a contract or proposed contract with the Company, they would refrain from voting on such contracts. During the year under review, the Company did not enter into any contracts in which any Director was materially interested.

The declarations made by the directors confirm that there are no financial, business, family or other material/ relevant relationship(s) between Mr W D K Jayawardena, Chairman and amongst the other members of the Board. Other directorships held by the Directors in Sri Lanka are disclosed on pages 41 - 42. Directors of subsidiaries and associate companies are given on pages 119.

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 (2) of the Companies Act, the Directors have declared their interest in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' interest in contracts with the Company is disclosed on page 41 - 42 of the Annual report.

DIRECTORS' INTEREST IN SHARES

In compliance the Section 200 of the Companies Act, the Directors have disclosed their relevant interest in shares of the Company.

The Shareholding of the Directors during the financial year was as follows.

	As at 31.03.2026	As at 31.03.2025
W D K Jayawardena	-	-
Mrs. K U Amarasinghe	-	-
D S K Amarasekera	-	-
Dr. J M Swaminathan	-	-
R L E C Wijeartne	-	-
T Dharmarajah	-	-
J Selvaratnam	-	-

DIRECTORS' REMUNERATION

The Directors of the Company were paid Rs. 2,120,000/- during the period under review. At Group level, the Directors were paid Rs. 11,750,000/- during the period under review. The Remuneration Committee Report is given on page 44.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 86 of the Articles of Association of the Company, Mrs. K U Amarasinghe retires by rotation and being eligible, offers herself for re-election. The Directors recommend her re-election.

In terms of Section 210 of the Companies Act No. 7 of 2007, Dr. J M Swaminathan who reached the age of 70 years in 2011 retires.

The Company has received notice from a shareholder of its intention to move a resolution to re-appoint Dr. Swaminathan as an Independent Director until the conclusion of the next Annual General Meeting in accordance with Section 211 of the Companies Act. The Board recommends his re-appointment, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director.

In terms of Section 210 of the Companies Act No. 7 of 2007, Mr. T Dharmarajah who reached the age of 70 years in 2026 retires.

The Company has received notice from a shareholder of its intention to move a resolution to re-appoint Mr. T Dharmarajah as an Independent Director until the conclusion of the next Annual General Meeting in accordance with Section 211 of the Companies Act. The Board recommends his re-appointment, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director.

BOARD SUB COMMITTEES

The Board has appointed the following sub committees for better monitoring and guidance of different aspects of operations and control:

» Audit Committee

» Remuneration Committee

» Related Party Transactions Review Committee

» Nominations & Governance Committee

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically, and that all necessary information is called for.

On occasion, senior management officers are invited to Board Sub Committee meetings. This enhances discussion and the resolving of issues in a manner that facilitates not only improved performance but also strengthened controls.

The minutes of the committee meetings are tabled at Board meetings, so the entire Board can be kept aware and informed of the detailed discussions and be confident that relevant issues are receiving the focused attention they need.

The Reports of these Committees can be found on pages 43 - 48 and provide further details.

TRANSACTIONS WITH RELATED PARTIES

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24. Related Party Transactions are disclosed in Note 32 to the Financial Statements. The

Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the Listing Rules of the Colombo Stock Exchange.

DIVIDENDS

The Directors have not recommended a payment of a dividend for the year under review.

AUDITORS

During the year under review Messrs. Deloitte Partners Chartered Accountants, served as the External Auditors of the Company.

In accordance with Section 154(1) of the Companies Act No. 7 of 2007, a resolution proposing the re-appointment of Messrs. Deloitte Partners, Chartered Accountants, as the Auditors of the Company for the ensuing financial year will be proposed at the Annual General Meeting.

In terms of Section 155 (a) of the Companies Act No. 7 of 2007, a resolution authorising the Directors to fix the remuneration of the Auditors for the ensuing financial year will be proposed at the forthcoming Annual General Meeting.

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries apart from acting as external Auditors. The Auditors were paid Rs. 609,840 as audit fee.

AUDITOR'S REPORT

The Auditor's report appears on pages 52 - 56.

RISK MANAGEMENT

The Company has put in place a process to identify, evaluate and manage any significant risks faced by the entity, where annual risk reviews had been carried out by the Group's Enterprise Risk Management Department. The principal risks and mitigating actions have been reviewed by the Audit Committee on a quarterly basis.

DECLARATION BY THE BOARD OF DIRECTORS IN TERMS OF RULE 9.17 OF THE LISTING RULES

The Directors declare that;

» as stated above under "Directors' Interest in Contracts", the Directors have declared all material interests in contracts with the Company and have refrained from voting on matters in which they were materially interested;

Internal Control & Risk Management

» the review of the internal controls framework covering financial, operational, compliance and risk management is conducted by the Internal Audit team, the results of which are reported to the Board Audit committee quarterly. Through the Audit committee, the Directors have obtained a reasonable assurance of the effectiveness of such Internal Controls and adherence thereto. The Risk Management review can be found on pages 11 to 14.

» any change to applicable laws, rules and regulations including the Listing Rules and applicable capital market provisions are disseminated to the Board by the Company Secretaries which are discussed by the Board to ensure awareness, conformity and compliance with such laws and regulations.

Compliance with laws and regulations

» the Company has not engaged in any activity that contravenes any applicable law or regulation. There is no material non-compliance with laws or regulations and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations in.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held as a virtual meeting emanating from the LOLC Board Room at 100/1 Sri Jayawardenapura Mawatha, Rajagiriya. The notice of meeting is included in this Annual Report.

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

As required by Section 168 (1) (K) of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this Report.

For and on behalf of the Board of Palm Garden Hotels PLC.

W. D. K. Jayawardena
Chairman

Mrs. K U Amarasinghe
Non-Executive Director

18 August 2026

Corporate Governance

The Board of Directors endorse the principles of good corporate governance. While there were no operations during the year under review, the Board met regularly to review compliance with regulatory and statutory requirements.

BOARD OF DIRECTORS

The Board comprises the following Directors :

W D K Jayawardena	- Chairman
D S K Amarasekera	- Non-Executive Director
Dr. J M Swaminathan	- Non-Executive Director
Mrs. K U Amarasinghe	- Non-Executive Director
R L E C Wijeratne	- Non-Executive Director
T Dharmarajah	- Independent Director
J Selvaratnam	- Independent Director

BOARD INDEPENDENCE

The Board has determined that M/s T Dharmarajah and J Selvaratnam can appropriately be classified Independent Directors as of report date. This determination is based on their professionalism, conduct, expertise and experience which are of great value in decision making.

In accordance with the requirements of the Listing Rules of the Colombo Stock Exchange, the above Directors have submitted their declarations relating to independence.

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on pages 29 - 32.

BOARD SUB COMMITTEES

The Board has delegated specific responsibilities to sub committees. The main statutory committees are each chaired by an Independent Director, focusing on specific areas of the Board's responsibilities.

AUDIT COMMITTEE

Provides independent Assessment and oversight of financial reporting processes. It oversees, on behalf of the Board, the risk management strategy, risk appetite and the effectiveness of internal control processes. It also oversees the effectiveness of the internal and external audit functions.

REMUNERATION COMMITTEE

Reviews and recommends the policy on remuneration of the Board. Monitors the implementation of the Remuneration Policy. Oversees general pay practices across the Group.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Reviews and recommends the policy on all Related Party Transactions practices across the Group

NOMINATIONS & GOVERNANCE COMMITTEE

Reviews and recommends all new Board appointments/re-elections.

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically and that all necessary information is called for.

AUDITORS

M/s Deloitte Partners, Chartered Accountants served as the External Auditors of the Company for the reporting year. The Company has the necessary mechanisms in place to ensure the independence of the External Auditors, and the Audit Committee verifies that the services provided by the Auditors comply with applicable legislation. The Auditors have confirmed that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries other than that of being External Auditors.

During the year under review Deloitte Partners Chartered Accountants were paid Rs. 609,840/- as Audit fees.

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

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically and that all necessary information is called for. On occasion, senior management officers are invited to Board Sub Committee meetings.

The composition of the Board sub-committees as at date are as follows:

Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nominations & Governance Committee
02 Independent Directors	02 Independent Directors	02 Independent Directors	02 Independent Directors
01 Non-Executive Director	01 Non-Executive Director	01 Non-Executive Director	01 Non-Executive Director

The Reports of these Committees can be found on pages 43 - 48 and provide further details.

ASSURANCE OF COMPLIANCE

The Board, through the Secretarial Division, the Group Finance Division and its other operating structures, monitors and assesses the level of compliance of the Company with laws and regulations. It also reviews the changes in regulations and strives to ensure that the Company is in compliance with the regulatory requirements of the country. The Board receives updated reports on compliance at each Board meeting held after a Financial Quarter with regard to the significant legal and regulatory frameworks that are applicable to its operations. When carrying out the function of compliance, the Internal and External audit as well as Board Committees also play a vital role in the governance structure of the Company

The Board confirms that the Company is compliant with the Corporate Governance requirements of the Colombo Stock Exchange ("CSE"), SEC and the Companies Act No. 7 of 2007, the Articles of Association and rules and regulations of other Authorities such as the Department of Inland Revenue.

Set out below is the extent to which the Company complies with Section 9 of the Listing Rules of the Colombo Stock Exchange

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	**Complied with.** The Company's commitment to the Corporate Governance Code of the CSE is detailed herein.
9.2	Policies	
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; 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 Control 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	**Complied with** All policies are now hosted in the Corporate Website https://www.brownshotels.com/investor-Relations.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.3	Board Committees	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	**Complied with** The Committees are already in place and are functioning effectively:
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	**Complied with**
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	**Complied with.** Mr W D K Jayawardena serves as the Chairman of the Company while T Dharmarajah -Independent Director serves as the Committee Chairman
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained.	**Complied with** Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
(a)	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity	In terms of Rule 9.2.1, a policy on Relations with Shareholders and Investors is in place and hosted on the website.
(b)	Listed Entities shall disclose the contact person for such communication.	**Complied with.** The contact person is notified to the public on the Group's website.
9.5	Policy on matters relating to the Board of Directors	
	Listed Entities to establish and maintain a formal policy governing matters relating to the Board of Directors.	**Complied with.** » In terms of Rule 9.2.1. a policy on Matters relating to the Board of Directors is in place and hosted on the website. » The Company has a well composed Board as required by the rule.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.6	Chairman and CEO	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	**Complied with.** The Chairman, Mr Kapila Jayawardena is a Non-Executive Director. The positions of Chairman and CEO are held by two separate individuals.
9.6.3	The Requirement for a SID	
(a)	A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Noted for compliance should the need arise.
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.4	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	**Complied with.** All the Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board comprises 7 Directors
9.8.2	**Minimum Number of Independent Directors:** The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	**Complied with.** The Board comprises 2 Independent Directors and 5 Non-Executive Directors

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.8.5	The Board of Directors of Listed Entities shall require: a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be' independent' in the Annual Report. c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	**Complied with.** All Independent Directors have submitted annual declarations confirming their independence against the criteria specified in Appendix 9A **Complied with.** The following board members serve as Independent Directors » T Dharmarajah » J Selvaratnam Agree to comply should the need arise.
9.9	Alternate Directors	
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity: a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.	No Alternate Directors have been appointed to the Board thus far. Agree to comply should the need arise.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.10	Disclosures Relating to Directors	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1.	**Complied with.** The maximum number of directorships a Board member is permitted to hold includes 10 Specified Business Entities (SBE) and 10 non-SBEs. This is specified in the Policy on Matters Relating to the Board of Directors which is hosted on the corporate website.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	**Complied with** All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee
9.11	Nominations and Governance Committee	
9.11.1	Listed Entities shall have a Nomination and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Rules.	**Complied with** A Nominations & Governance Committee is in place. As of 31 March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are Independent. Please refer the Report of the Nominations & Governance Committee published in this report.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	
9.11.4	Composition : (1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.12	**Remuneration Committee**	
9.12.1 - 9.12.4	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Rules.	**Complied with.** Please refer the report of the Remuneration Committee for details.
9.12.6	Composition: 1) The members of the Remuneration Committee shall; a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent b) not comprise of Executive Directors of the Listed Entity 2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	**Complied with.** Please refer Committee Report for details.
9.13	**Audit Committee**	
9.13.1 & 9.13.2	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	**Complied with.** The Audit Committee has oversight of the Risk function, in addition. The Audit Committee functions in terms of a board approved Audit Charter.
9.13.3	Composition : 1) The members of the Audit Committee shall; a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b) not comprise of Executive Directors of the Listed Entity.	**Complied with** As of 31 March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are independent.
	2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	**Complied with**
	3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	The Committee met 4 times during the financial year ended 31 March 2026
	4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Mr T Dharmarajah-Independent Director functions as the Audit Chair.
	5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	CEO BHRL & Head of Finance attend the Audit Committee meetings by invitation
	6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	**Complied with.** Mr T Dharmarajah-Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of AAT and Fellow Member of the Institution of Public Finance and Development Accountancy

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee.	**Complied with.** Please refer Committee Report on Page 47 - 48.
9.14	**Related Party Transactions Review Committee**	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	**Complied with.**
9.14.2 & 9.14.3	**Composition & Functions:** The Related Party Transactions Review Committee shall comprise of a minimum of three (3) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	**Complied with.** As of 31 March 2026 the Committee comprised 3 Non-Executive Directors of whom 2 are Independent and is chaired by Mr T Dharmaraja- Independent Director. The Committee functions in accordance with the recommended rules.
9.14.4	General Requirements	
	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	**Complied with.** The Committee met 4 times during the financial year ended 31 March 2026 with minutes accurately documents and communicated to the board during board meetings.
	2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	Noted for compliance
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Noted for compliance
	4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not be present while the matter is being considered at the meeting; and vote on the matter.	Noted for compliance should the need arise.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	**Complied with.** All related party transactions are reviewed prior to obtaining board approval and tabled at quarterly committee meetings, in addition. These Minutes are also noted by the board at the following board meeting.
9.14.6	**Shareholder Approval** The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations	During the year under review, there were no such transactions, which required shareholder approval. Noted for compliance should the need arise.
9.17	Additional Disclosures	Please refer report of the Board of Directors on page 7 - 8.

Directors' Disclosures in Terms of Section 9.10.4 (e)

Name of the Director	Number of Board Seats held in Other Companies in Sri Lanka	Designation
W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLC	Non-Executive Chairman
	Serendib Hotels PLC	Non-Executive Chairman
	Dolphin Hotels PLC	Non-Executive Chairman
	Hotel Sigiriya PLC	Non-Executive Chairman
	Brown & Company PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	LOLC International (Pvt) Ltd	Non-Executive Director
	LOLC Life Assurance Ltd	Non Executive Chairman
	LOLC Advanced Technologies (Pvt) Ltd	Non- Executive Director
	LOLC Global Pvt Ltd	Non- Executive Director
	LOLC Asia (Pvt) Ltd	Non- Executive Director
	Ceylon Graphene Technologies (Pvt) Ltd	Non- Executive Director
	Patronus Wealth Holdings Ltd	Non-Executive Director
	LOLC Africa Holdings (Pvt) Ltd	Non- Executive Director
	Leapstitch Technologies (Pvt) Ltd	Non- Executive Director
	LOLC Securities Ltd	Non-Executive Chairman
Dr. J M Swaminathan	Eden Hotel Lanka PLC	Non-Executive Director
	Serendib Land PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
	CIC Agri Business (Pte) Ltd	Non-Executive Director
	Frontier Capital Lanka (Pvt) Ltd	Non-Executive Director
	Kammala Hoteliers (Pvt) Ltd	Non-Executive Director
	Sanctuary Resorts Lanka (Pvt) Ltd	Non-Executive Director
	Serendib Leisure Management Ltd	Non-Executive Director
	LOLC Securities Ltd	Non-Executive Director
	Finetex (Pvt) Ltd	Non-Executive Director
	LOLC Ceylon holdings Ltd	Non-Executive Director
	Lanka Aluminium Industries Ltd	Non-Executive Director
	Lanka Investment & Management Service (Pte) Ltd	Non-Executive Director
	Alpha Apparels Ltd	Non-Executive Director
	Colonial Motors (Ceylon) Ltd	Non-Executive Director
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Sierra Cables PLC	Non-Executive director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Hapugastenne Planatations PLC	Non-Executive Director
	Udapusellawa Plantations PLC	Non- Executive Director
	Tea Smallholder Factories PLC	Non- Executive Director
	Sun & Fun Resorts Ltd	Non- Executive Director
	Green Paradise (Pvt) Ltd	Non- Executive Director
	Frontier Capital Lanka (Pvt) Ltd	Non- Executive Director
	Excel Restaurants (Pvt) Ltd	Non- Executive Director
	Riverina Resorts (Pvt) Ltd	Non- Executive Director
	Samudra Beach Resorts (Pvt) Ltd	Non- Executive Director
	Sanctuary Resorts Lanka (Pvt) Ltd	Non- Executive Director
	Sansun Boutique Hotels Ltd	Non- Executive Director
	Serendib Leisure Management Ltd	Non- Executive Director
	Three Tips Ella (Pvt) Ltd	Non- Executive Director

Directors' Disclosures in Terms of Section 9.10.4 (e) (Contd.)

Name of the Director	Number of Board Seats held in Other Companies in Sri Lanka	Designation
Mrs. K U Amarasinghe	Eden Hotel Lanka PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	LOLC Holdings PLC	Executive Director
	LOLC General Insurance PLC	Non-Executive Director
	Brown & Company PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Danya Capital (Pvt) Ltd	Non-Executive Director
	P L Resorts Ltd	Non-Executive Director
	Melana Capital (Pvt) Ltd	Non-Executive Director
	Green Paradise (Pvt) Ltd	Non-Executive Director
	Ultimate Sports (Pvt) Ltd	Non-Executive Director
	Browns Holdings Ltd	Non-Executive Director
	Three Tips Ella (Pvt) Ltd	Non-Executive Director
T Dharmarajah	Hotel Sigiriya PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Eden Hotel Lanka PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Browns Investments PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Hapugastenna Plantations PLC	Independent Director
	Renuka City Hotels PLC	Non Executive Director
	Tea Smallholder Factories PLC	Independent Director
	Amerasekera & Company	Non Executive Director
	DHS Medical Group (Pvt) Ltd	Non Executive Director
	Management Applications (Pvt) Ltd	Non Executive Director
	Lotus Tower Management (Pvt) Ltd	Non Executive Director
R L E C Wijeratne	Dolphin Hotels PLC	Non Executive Director
	Three Tips Ella (Pvt) Ltd	Non Executive Director
	Millennium Development (Pvt) Ltd	Non Executive Director
	Excel Restaurants (Pvt) Ltd	Non Executive Director
	Green Paradise (Pvt) Ltd	Non Executive Director
	Riverina Resorts (Pvt) Ltd	Non Executive Director
	Sun & Fun Resorts Ltd	Non Executive Director
	Sansun Boutique Hotels Ltd	Non Executive Director
	Samudra Beach Resorts (Pvt) ltd	Non Executive Director
	Browns Hotels & Resorts Ltd	Executive Director
	Dickwella Resorts (Pvt) Ltd	Non Executive Director
	Tropical Villa (Pvt) Ltd	Non Executive Director
J. Selvaratnam	Eden Hotel Lanka PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Siyapatha Finance PLC	Non Executive Director

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) is a sub-committee of the Board, established to ensure that all Related Party Transactions (RPTs) are conducted in compliance with regulatory requirements and in the best interest of the Company and its stakeholders.

KEY HIGHLIGHTS – FY 2025/26

» Four Committee meetings held to review related party transactions.

» Monitored compliance with RPT Policy and CSE Listing Rules

» Reviewed transactions to ensure arm's length basis and transparency.

» Ensured timely and accurate disclosures in financial statements.

» No material transactions requiring shareholder approval.

» No instances of regulatory non-compliance identified.

COMPOSITION

T Dharmarajah	Committee Chairman	Independent Director
J Selvaratnam	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director

The Board is satisfied that the Committee maintains an appropriate level of independence and expertise to oversee Related Party Transactions effectively.

ROLES AND RESPONSIBILITIES

The Committee assists the Board in the following areas:

» Reviewing all Related Party Transactions to ensure they are conducted on Management Agreed terms.

» Ensuring compliance with applicable Listing Rules and regulatory requirements

» Approving transactions within delegated thresholds

» Recommending transactions requiring shareholder approval

» Overseeing timely and accurate disclosures

POLICY FRAMEWORK

The Committee has established a Related Party Transactions Policy consistent with Rule 9.14.6 of the Listing Rules of the Colombo Stock Exchange.

Key principles include:

» **Management Agreed Basis:** All transactions must be conducted on management agreed terms comparable to third-party arrangements.

» **Transparency:** Clear and timely disclosures must be made

» **Approval Thresholds:** Transactions exceeding specified thresholds are subject to Board or shareholder approval.

» **Aggregation Rules:** Transactions with the same related party are aggregated for threshold assessment

Approvals and Disclosure Framework includes;

(a) Shareholder Approval

» Non-recurrent transactions exceeding one-third (1/3) of total assets require shareholder approval

» Recurrent transactions exceeding one-third (1/3) of gross revenue require shareholder approval

» Aggregation rules apply for transactions with the same related party within a financial year

(b) Disclosure Requirements

» Immediate market disclosures are made for material transactions exceeding prescribed thresholds

» All Related Party Transactions are disclosed in note 32 to the Financial Statements in this Report in accordance with Section 9.14.8 of the Listing Rules and are found on page 114 - 119 of the Annual Report.

KEY ACTIVITIES DURING THE YEAR

During the financial year ended 31 March 2026, the Committee:

» Reviewed transactions presented by management to assess compliance with policy and regulatory requirements.

» Monitored adherence to the RPT Policy

» Ensured that appropriate disclosures were made in the Financial Statements

In terms of Rule 9.14.8 (4) the Committee confirms that:

» No transactions were identified that required shareholder approval.

» No transactions were identified which required immediate disclosures.

» No material non-compliance with applicable regulations was observed.

MEETINGS AND ATTENDANCE

The Committee met four times during the financial year ended 31 March 2026.

Director	Attendance
T Dharmarajah	4/4
W D K Jayawardena	4/4
J Selvaratnam	4/4

Minutes of the Committee Meetings are noted at Board meetings, which enables the Committee to keep the Board informed of its comments and observations.

CONCLUSION

The Committee is satisfied that:

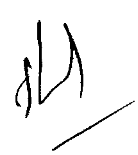
» Related Party Transactions are conducted in a transparent and compliant manner.

» Adequate processes are in place to identify, review, and monitor such transactions.

» Disclosure requirements have been met in accordance with applicable regulations.

The Committee will continue to strengthen oversight to ensure the highest standards of governance are maintained.

On behalf of the Committee



T Dharmarajah

Chairman - Related Party Transactions Review Committee

18 August 2026

Report of the Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors of the Company and reports directly to the Board.

The Committee supports the Board in establishing a fair, transparent, and performance-driven remuneration framework aligned with the Company's long-term strategic objectives and shareholder interests.

COMMITTEE COMPOSITION AND INDEPENDENCE

As of 31 March 2026, the Committee comprised entirely of Non-Executive Directors, with a majority being Independent and thereby satisfies the criteria specified in the standards of Corporate Governance for listed companies.

T Dharmarajah	Independent Director	Committee Chairman
J Selvaratnam	Independent Director	Committee Member
W D K Jayawardena	Non Executive Director	Committee Member

TERMS OF REFERENCE

The Company has a Board approved Remuneration Policy and the principles of this policy are taken into account in committee deliberations. In terms of this Policy, the Committee reviews the Directors' remuneration annually and director's fees decided upon are meant to serve as a recognition of the Directors' contribution to Board and Board sub- committee discussion and decision making.

The aggregate remuneration paid to the Non-Executive Directors during the period under review was Rs. 2,120,000/. It is also noteworthy that the Board does not have any Executive Directors.

The Committee met once during the financial year, on 12 February 2026, with full attendance by all members. Minutes of the Committee Meetings are noted at Board meetings, which enables the Committee to keep the Board informed of its comments and observations.

On Behalf of the Committee;

T Dharmarajah
Chairman - Remuneration Committee

18 August 2026

Report of the Nominations and Governance Committee

The Nomination & Governance Committee is a sub-committee of the Board, established to support the Board in maintaining effective governance practices and ensuring an appropriate composition of the Board and its committees. The Committee plays a key role in promoting high standards of corporate governance and ensuring compliance with regulatory requirements.

COMPOSITION AND INDEPENDENCE

As of 31 March 2026, the Committee comprised entirely of Non-Executive Directors, with a majority being Independent Directors.

All members were appointed to the Committee on 1st January 2025.

J Selvaratnam	Committee Chairman	Independent Director
T Dharmarajah	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director

The Board is satisfied that the Committee members possess the appropriate balance of skills, experience, and independence required to effectively discharge their responsibilities.

TERMS OF REFERENCE

The Company has a board approved Terms of reference which sets out its authority, composition, scope and responsibilities taking into consideration the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange and are reviewed periodically to ensure continued relevance.

ROLE AND RESPONSIBILITIES

The primary mandate of the Committee is to assist the Board in fulfilling its oversight responsibilities regarding:

» Identifying and evaluating candidates qualified to become Board members.

» Revising the structure, size, and composition of the Board.

» Overseeing succession planning for the Board and Key Management Personnel (KMP).

» Reviewing and monitoring the company's corporate governance framework and code of conduct.

» Evaluating the overall effectiveness and independence of the Board, its committees, and individual directors.

KEY ACTIVITIES DURING THE YEAR

During the financial year ended 31st March 2026, the Committee successfully executed the following key initiatives:

» **Governance and Regulatory Compliance:** The Committee monitored evolving corporate governance regulations and ensured that the Policy on Disclosure and Maintenance of Beneficial Ownership was reviewed and recommended for board approval in line with the amended Companies Act No. 12 of 2025.

» **Board Evaluation & Independence :** During the year under review, the Board conducted its Fit & Proper Evaluations and Declaration of Independence on the directions of the Committee. Results of the Board evaluation were discussed by the committee and noted by the Board.

» **Board Diversity:** To ensure a well-rounded and effective Board, the Committee continued to implement the Board Diversity Policy, prioritising diversity in professional experience, skill sets, geographic knowledge, age, and gender.

» **Re-election of Directors:** The Committee reviewed the performance, fitness, and propriety of directors seeking re-election at the Annual General Meeting (AGM) and recommended their continuation on the Board.

As required by the Articles of Association of the Company the Committee recommended the following Directors for re-election at the Annual General Meeting:

» Mrs. K U Amarasinghe - re-election in terms of Article No. 86

» Dr. J M Swaminathan who reached age 70 in 2011 and recommended him for re-appointment in terms of Section 210 of the Companies Act no. 7 of 2007 subject to shareholder approval.

» Mr. T Dharmarajah who reached age 70 in 2026 and recommended him for re-election in terms of Section 210 of the Companies Act No.7 of 2007 subject to shareholder approval.

The Committee ensures that all Directors are required to submit themselves for re-election at regular intervals and at least once in every three years in accordance with the provisions of the Articles of Association of the Company.

Information pertaining to Directors who have been proposed for re-election in terms of the Articles of Association (as required by Rule No. 9.11.6 of the Corporate Governance Rules of the Colombo Stock Exchange) are appended below:

Description	Mrs. K U Amarasinghe (Article 86)	Dr. J M Swaminathan (Sec. 210 of the CA)	Mr. T Dharmarajah (Sec 210 of the CA)
Date of first appointment as a Director	07.06.2010	11.02.2021	01.10.2024
Date of last re-election as a Director at an AGM	2023	2025	2025
Board Committees Served on during the year under review	Rem. Com	-	Audit Com, RPTRC, NGC Rem.com.
Present directorships in listed Companies	Please refer page 7 - 8	Please refer page 7 - 8	Please refer page 7 - 8
Any relationships including close family relationships between the Director proposed for re-election and other directors, the Company or its shareholders holding more than ten per centum (10%) of the shares of the Company	Mrs. Amarasinghe has a 5% shareholding in the ultimate parent LOLC Holdings PLC and shares a family relationship with the Beneficial Owner Mr. I C Nanayakkara	None	None

ASSESSMENT OF INDEPENDENCE

The Committee is of the opinion that Mr. T Dharmarajah and Mr. J Selvaratnam have met the criteria for determining their independence based on their professionalism, conduct, expertise and experience. The said Directors have also submitted declarations in accordance with the requirements of the revised CSE Listing Rules 9.8.5. Based on the recommendation of the Committee the Board has endorsed that Mr. T Dharmarajah & Mr. J Selvaratnam can appropriately be classified Independent Directors as of report date.

COMPLIANCE WITH LISTING RULES OF THE COLOMBO STOCK EXCHANGE

The Committee has received and reviewed reports from management regarding the Company's compliance with the corporate governance framework. Based on this review, the Committee confirms that, to the best of its knowledge, the Company has complied with all applicable Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange during the year under review.

MEETINGS

The Committee met once during the year under review.

All Committee members were present at the meeting, ensuring full participation in discussions and decision-making. Minutes of the Committee Meetings are noted at Board meetings, which enables the Committee to keep the Board informed of its comments and observations.

CONCLUSION

The Committee is satisfied that:

- The Board composition remains appropriate and effective.
- Governance frameworks and policies are robust and compliant.
- Processes relating to Board evaluation, succession, and independence are operating effectively.

The Committee will continue to support the Board in strengthening governance practices and maintaining high standards of accountability and transparency.

On behalf of the Committee

J Selvaratnam
Chairman-Nominations & Governance Committee

18 August 2026

Report of the Audit Committee

The Audit Committee is a sub committee of the Board formally constituted in compliance with the Listing Rules of the Colombo Stock Exchange.

The Committee supports the Board in ensuring the integrity of financial reporting, the effectiveness of internal controls, and the independence of audit functions.

Key Highlights – FY 2025/26

- Four Committee meetings held with strong attendance
- Reviewed quarterly and annual financial statements
- Evaluated independence and performance of External Auditors
- No material weaknesses identified in financial reporting or controls

COMPOSITION

As at 31 March 2026, the Committee comprised solely of Non-Executive Directors, with a majority being Independent Directors. The Committee is chaired by an Independent Non-Executive Director.

T Dharmarajah	Committee Chairman	Independent Director
J Selvaratnam	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director

The Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka with extensive expertise in finance and accounting. The Board is satisfied that the Committee collectively has the necessary financial literacy, industry knowledge, and governance experience required to discharge its responsibilities effectively.

TERMS OF REFERENCE (TOR)

The Committee operates under a Board-approved Charter, which defines its authority, composition, and responsibilities. The Charter is reviewed periodically to ensure alignment with evolving regulatory requirements and emerging best practices.

ROLE AND RESPONSIBILITIES

The Audit Committee assists the Board in fulfilling its oversight responsibilities in the following areas:

i) Ensuring the quality and integrity of the Company's Financial Statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

ii) Monitoring the system of internal accounting and financial controls of the Company.

iii) Ensuring compliance with legal and statutory requirements including financial reporting requirements, disclosure requirements of the Companies Act and other relevant financial reporting related regulations and requirements.

iv) Assessing the independence and performance of the External Auditors of the Company and make recommendations to the Board pertaining to the appointment, re appointment or removal of External Auditors and their remuneration and approve terms of engagement.

GOVERNANCE & COMPLIANCE FRAMEWORK

External Audit

M/s. Deloitte Partners continued as the Group's External Auditors for the 2025/26 financial year. The Committee reviewed the role of the External Auditors and the scope of its work. The Committee also considered the effectiveness of the External Auditors on an ongoing basis during the year. Amongst others, the review covered the Auditors' independence, objectivity and professional aspects. The Committee is satisfied that the External Auditors have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, based on their annual declaration provided to the Committee.

The Committee oversees the process for approving all non-audit work provided by the External Auditors to safeguard the objectivity and independence of the auditors and comply with regulatory and ethical guidance. Details of fees charged by the External Auditors during the year under review are set out in Note 07 to the Financial Statements.

M/s. Deloitte Partners were first appointed in 2022 and re-appointed each year at the AGM. The Committee reviews the re-appointment of the External Auditors annually. Having considered the matters detailed above, the Committee recommended to the Board the reappointment of Deloitte Partners as the External Auditors of the Company for the financial year ending 31st March 2027 subject to the approval of the shareholders, at a remuneration to be agreed by the Board.

Risk Management

The Committee plays an active role in overseeing the Company's risk management framework.

During the year, the Committee:

- Reviewed principal and emerging risks
- Assessed the adequacy of mitigation strategies.

- Monitored developments in IT governance, cybersecurity, and control systems.
- Evaluated responsiveness to evolving business and regulatory environments.

The Committee is satisfied that a robust process is in place to identify, evaluate, and manage the Company's key risks.

Meetings & Attendance

Meetings of the Committee are scheduled to take place four times a year and occur in line with the financial and reporting cycles of the Company. Meetings are generally held prior to Board meetings so that optimum collaboration with the Board is maintained. Members and their attendance at meetings during the year are set out in the table below. Each meeting followed a distinct agenda to reflect the financial reporting cycle and particular matters for the Committee's consideration.

The invitations to attend Audit committee meetings are extended to all Directors including the Chair of the Board, the Group Chief Executive Officer, the Company Secretary, Head of Finance and DGM-Enterprise Risk Management. The External Auditors are invited prior to releasing the interim financial statements for the last quarter as well as to discuss key audit matters.

During the year under review four meetings were held and the attendance were as follows:

Meeting Attendance

Director	Attendance
T Dharmarajah (Committee Chairman)	4/4
J Selvaratnam	4/4
W D K Jayawardena	4/4

Conclusion:

Based on the work performed during the year, the Committee is satisfied that:

- Financial reporting processes are robust and reliable.
- Internal controls and risk management systems are effective.
- Audit functions operate independently and efficiently.

The Committee continues to support the Board in strengthening governance and maintaining high standards of transparency and accountability.

On behalf of the Committee

T Dharmarajah
Chairman - Audit Committee

18 August 2026

FINANCIAL STATEMENTS

Directors' Responsibility for Financial Reporting

The Directors confirm that the Company's Financial Statements for the year ended 31 March 2026 are prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange, the and the Companies Act No.07 of 2007. They believe that the Financial Statements present a true and fair view of the state of the affairs of the Company as at the end of the financial year.

The Directors also accept responsibility for the integrity and accuracy of the Financial Statements presented and confirm that appropriate accounting policies have been selected and applied consistently and reasonable and prudent judgment has been exercised so as to accurately report transactions.

The Directors have taken reasonable steps to safeguard the assets of the Company, to prevent, deter and detect fraud, and to ensure the integrity, accuracy and safeguarding of operational and financial records.

The Directors confirm that to the best of their knowledge, all statutory payments due in respect of the Company and its subsidiaries as at the Reporting date have been paid for, or where relevant, provided for.

The External Auditors, M/s Deloitte Partners were provided with the opportunity to make appropriate inspections of financial records, minutes and other documents to enable them to form an opinion of the Financial Statements. The Report of the Auditors is set out on page 52 - 56.

W D K Jayawardena

Chairman

18 August 2026

Chairman’s and Head of Finance's Responsibility Statement

The Financial Statements are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.07 of 2007 and any other applicable statues to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions reasonably present the Company’s state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The financial statements were audited by M/s Deloitte Partners Chartered Accountants, the Company’s External Auditors. The audit committee of your company meets periodically with the External auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing and financial reporting issues. To ensure complete independence, the external auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

W D K Jayawardena
Chairman

Jeewantha Perera
Head of Finance

18 August 2026

Deloitte.

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Independent auditor's report

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Palm Garden Hotels PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2026, and of their financial performance and their 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 and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The Company:

Key audit matter	How our audit addressed the Key audit matter
Impairment assessment of investments in subsidiaries *Refer to notes 3.2.1 and 15 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.* The carrying value of the Company's investments in subsidiaries as at 31 March 2026 amounted to Rs. 14,037 Mn. Where indications of impairment exist, the carrying value of investment is assessed for impairment by determining the recoverable value of the investments and where applicable an impairment provision is recognised. During the year ended 31 March 2026, the Company has recognised additional provision for impairment amounting to Rs 2,230Mn in the statement of profit or loss.	Our audit procedures included the following: Obtaining an understanding of the process by which management evaluates the recoverability of investments in subsidiaries; Evaluating the design and implementation of the controls over management's assessment in determining whether there are any indicators that the carrying amounts of investments in subsidiaries may not be recoverable; Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; Checking the appropriateness of the selection of the impairment testing technique;

C S Manoharan FCA, **T U Jayasinghe** FCA, **M D B Boyagoda** FCA, **H A C H Gunarathne** FCA, **M P M T Gunasekara** FCA, **N R Gunasekera** FCA, **M S J Henry** FCA, **M M R Hilmy** FCA, **H P V Lakdeva** FCA, **K M D R P Manatunga** ACA, **M M M Manzeer** FCA, **L A C Tillekeratne** ACA, **D C A J Yapa** ACA

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Independent auditor's report (Contd.)

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD.)

Report on the audit of financial statements (Contd.)

The Company (Contd.)

Key audit matter	How our audit addressed the key audit matter
We focused on this matter because the: » Carrying value of the investments in subsidiaries in the statement of financial position is significant; and » Determination of recoverable value for impairment assessment involves significant management judgment and estimates such as future expected level of operations and related forecast of cash flows, market conditions, discount rates, growth rate etc.	Challenging and testing the reasonableness of the key assumptions used by the management in the calculations which included discount rates, long-term growth rate, forecasted gross margins etc. by performing the below procedures: » Comparing the forecasted information to management approved budgets and business plans; » Assessing the long-term growth rate by comparing it to the economic forecasts publicly available; » Testing the reasonableness of the calculation of the discount rate by assessing the cost of capital for the companies and comparable organisations, as well as considering territory-specific factors; » Testing the mathematical accuracy of the discounted cashflow model; and » Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate. Evaluating the adequacy of the disclosures made in the financial statements of the Company with respect to the impairment provision recognized.

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Independent auditor's report (Contd.)

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD.)

Report on the audit of the financial statements (Contd.)

The Company (Contd.)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property *Refer to notes 3.10 and 12 of the consolidated financial statements for disclosures of related accounting policies judgments, estimates and balances.* As at 31 March 2026, the carrying value of the land, classified as investment property of the Company amounted to Rs. 6,506 Mn. The Company determines the fair value of its investment property in accordance with the Company's valuation policy. This policy requires all investment properties to be valued by an independent valuation expert, at least, annually. During the year ended 31 March 2026, the Company recognised a gain of Rs. 343 Mn on change in fair value of the investment property. The fair value of the investment property is dependent on the valuation methodology adopted by the valuation expert and the inputs into the valuation model. Factors such as prevailing market conditions, the nature, condition and location of the property, recent comparable property sales transactions and the expected future income from the property directly impact the fair value. We focused on this matter because the: » Investment property balance in the statement of financial position is significant; » Quantum of fair value gain reported in the financial statements; and » Inherently subjective nature of investment property valuation due to the use of assumptions, estimates and judgments in the valuation methodology.	Our audit procedures included the following key procedures: » Evaluating the design and implementation of controls over the process used to determine the fair value of investment property; » Through inquiries with management, and by inspecting the underlying supporting documents obtaining an understanding of the specific characteristics of the investment property including, amongst other things, any changes, if any, in the use of the investment property; » Meeting with management's independent valuer, who performed the investment property valuation, to assess the appropriateness of the methodologies adopted and the reasonableness of assumptions and estimates used in the valuations; » Assessing the independence, qualifications, experience, and objectivity of management's valuation expert: » Testing the completeness and accuracy of the information provided to the valuer by the management » Comparing a sample of the recent transactions used by the valuation expert to ascertain the valuation of the Company's property with other publicly available sales transactions and sales listings for similar properties in proximity; » Inspecting the final valuation reports and agreeing the fair values, including the fair value gains recognized to the accounting records and to the financial statements; » Engaging our internal valuer to confirm the assumptions and methodology used by the management's valuation expert; » Obtaining evidence over the ownership and the existence of the investment property recorded at the statement of financial position date; and » Reviewing the adequacy and appropriateness of management's disclosures in the financial statements in relation to investment property.

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Independent auditor's report (Contd.)

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD.)
Report on the audit of the financial statements (Contd.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Palm Garden Hotels PLC annual report but does not include the financial statements and our auditor's report thereon.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

» Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group 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/ Group to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

» Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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Independent auditor's report (Contd.)

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD.)

Report on the audit of the financial statements (Contd.)

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 audit of the financial statements of the Company and the consolidated financial statements of the Group 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 4414.

Deloitte Partners

CHARTERED ACCOUNTANTS
COLOMBO
18 August 2026

Statement of Profit or Loss

For the year ended 31 March 2026

For the year ended 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
Continuing operation					
Revenue	4	6,997,151,962	6,067,478,602	-	-
Direct costs		(1,860,443,759)	(1,754,119,571)	-	-
Change in fair value of investment property	12	8,000,000	5,000,000	343,000,000	1,837,000,000
Other income	5	137,703,533	24,523,111	2,179,758	2,219,183
Profit before operating expenses from continuing operation		5,282,411,736	4,342,882,142	345,179,758	1,839,219,183
Operating expenses					
Personnel costs	6	(988,296,954)	(914,705,388)	(175,042)	(22,785)
Depreciation and amortisation	7	(1,269,339,237)	(1,064,838,496)	-	-
Other operating expenses		(2,337,098,182)	(1,777,955,267)	(2,247,014,036)	(8,599,129)
Advertising and promotional expenses		(161,493,265)	(128,607,921)	-	-
Results from operating activities from continuing operation	7	526,184,098	456,775,070	(1,902,009,320)	1,830,597,269
Finance expense	8	(4,927,063,312)	(6,439,513,960)	(464,560,997)	(349,095,345)
Finance income	8	453,778,053	1,331,373,552	155,575,506	989,830,488
Profit/ (Loss) before taxation from continuing operation		(3,947,101,161)	(4,651,365,338)	(2,210,994,811)	2,471,332,412
Tax (expense)/ reversal from continuing operations	9	(435,553,942)	433,632,316	(102,900,000)	(547,200,300)
Profit/ (Loss) for the year from continuing operation		(4,382,655,103)	(4,217,733,022)	(2,313,894,811)	1,924,132,112
Discontinued operation					
Loss before tax the year from discontinued operations	31	(210,156,015)	(257,677,456)	-	-
Tax reversal from discontinuing operations	31	536,833,555	77,980,708	-	-
Profit /(loss) for the year from discontinued operations		326,677,540	(179,696,748)	-	-
Profit/ (loss) for the year		(4,055,977,563)	(4,397,429,770)	(2,313,894,811)	1,924,132,112
Profit / loss attributable to: (Continuing operation)					
Equity holders of the Company		(2,912,483,626)	(3,330,228,856)	(2,313,894,811)	1,924,132,112
Non controlling interests		(1,470,171,477)	(887,504,166)	-	-
		(4,382,655,103)	(4,217,733,022)	(2,313,894,811)	1,924,132,112
Loss attributable to: (Discontinued operation)					
Equity holders of the Company		224,115,754	(123,280,199)	-	-
Non controlling interests		102,561,786	(56,416,549)	-	-
		326,677,540	(179,696,748)	-	-
Profit / loss attributable to					
Equity holders of the Company		(2,688,367,872)	(3,453,509,055)	(2,313,894,811)	1,924,132,112
Non controlling interests		(1,367,609,691)	(943,920,715)	-	-
		(4,055,977,563)	(4,397,429,770)	(2,313,894,811)	1,924,132,112
Earnings / (loss) per share					
Earnings / (loss) per share	10	(5.65)	(7.26)	(4.86)	4.04
Earnings / (loss) per share from continuing operation	10	(6.12)	(7.00)	(4.86)	4.04
Earnings / (Loss) Per Share from discontinuing operation	10	0.47	(0.26)	-	-

The notes annexed on pages 63 through 127 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Comprehensive Income

For the year ended 31 March 2026

For the year ended 31 March	Note	GROUP		COMPANY	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit / (loss) for the year		(4,055,977,563)	(4,397,429,770)	(2,313,894,811)	1,924,132,112
Other comprehensive income from continuing operations					
Items that will not be reclassified to profit or loss					
Revaluation gain (net of tax)	11 / 9.4	343,000,000	11,151,213,280	-	-
Actuarial gain /(losses) on defined benefit obligations (net of tax)	25 / 9.4	(2,553,902)	3,100,166	-	-
Fair value losses that arose during the year (net of tax)	17 / 9.4	(4,385,065)	(2,202,356)	(160,512)	(80,250)
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		909,836,682	(203,389,304)	-	-
Other comprehensive income / (loss) for the year, (net of tax) from continuing operation		1,245,897,715	10,948,721,786	(160,512)	(80,250)
Other comprehensive income from discontinuing operations					
Deferred tax reversal on revaluation surplus		(555,946,002)	-	-	-
Exchange differences on translation of foreign operations		283,926,896	(64,813,040)	-	-
		(272,019,106)	(64,813,040)	-	-
Total Comprehensive Income/(expenses) from continuing operations					
Profit/(loss) after tax from continuing operations		(4,382,655,103)	(4,217,733,022)	(2,313,894,811)	1,924,132,112
Other comprehensive income / (loss) continuing operations		1,245,897,715	10,948,721,786	(160,512)	(80,250)
		(3,136,757,388)	6,730,988,764	(2,314,055,323)	1,924,051,862
Total Comprehensive Income/(expenses) from discontinued operations					
Profit/(loss) after tax from discontinued operations		326,677,540	(179,696,748)	-	-
Other comprehensive loss discontinuing operations		(272,019,106)	(64,813,040)	-	-
		54,658,434	(244,509,788)	-	-
Total Comprehensive Income/(expenses)					
Profit/(loss) after tax		(4,055,977,563)	(4,397,429,770)	(2,313,894,811)	1,924,132,112
Other comprehensive income / (loss)		973,878,609	10,883,908,746	(160,512)	(80,250)
		(3,082,098,954)	6,486,478,976	(2,314,055,323)	1,924,051,862
Total comprehensive income attributable to:					
Equity holders of the Company		(2,113,417,889)	2,747,839,690	(2,314,055,323)	1,924,051,862
Non controlling interests		(968,681,065)	3,738,639,286	-	-
		(3,082,098,954)	6,486,478,976	(2,314,055,323)	1,924,051,862

The notes annexed on pages 63 through 127 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March 2026

As at 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
Assets					
Non-Current Assets					
Property, plant and equipments	11	53,868,239,045	73,314,340,632	-	-
Investment properties	12	93,000,000	85,000,000	6,506,000,000	6,163,000,000
Right-of-use assets	13	6,329,104,371	8,549,675,517	-	-
Intangible assets	14	64,176,095	68,787,939	-	-
Investment in subsidiaries	15	-	-	14,037,447,447	16,267,464,100
Trading assets - fair value through profit or loss	16	9,692,475	5,720,550	864,775	607,210
Investment securities	17	158,927,038	161,239,293	74,439	234,952
Deferred tax assets	26	511,878,632	972,163,187	-	-
Total Non-Current Assets		61,035,017,656	83,156,927,118	20,544,386,661	22,431,306,262
Current Assets					
Inventories	18	309,322,099	276,642,518	-	-
Trade and other receivables	19	19,847,455,239	6,136,279,179	1,073,333,535	916,464,083
Current tax receivables	20	256,223,050	718,679,114	11,491,236	11,488,480
Cash and cash equivalents	21.1	1,351,549,076	2,097,494,386	3,201,173	4,697,755
Total Current Assets		21,764,549,464	9,229,095,197	1,088,025,944	932,650,318
Total Assets		82,799,567,120	92,386,022,315	21,632,412,605	23,363,956,580
Equity and Liabilities					
Stated capital	22	20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770
Reserves	23	17,425,180,502	22,304,073,916	1,769,262,603	1,769,423,115
Accumulated losses		(22,819,701,085)	(23,040,262,915)	(4,811,099,566)	(2,497,204,755)
Equity attributable to equity holders		14,781,040,187	19,439,371,771	17,133,723,807	19,447,779,130
Non controlling interests		15,986,995,405	18,114,509,411	-	-
Total equity		30,768,035,592	37,553,881,182	17,133,723,807	19,447,779,130
Liabilities					
Non-Current Liabilities					
Interest bearing borrowings	24	13,144,035,145	12,871,529,959	-	-
Defined benefit obligations	25	121,918,754	104,115,633	-	-
Deferred tax liabilities	26	7,396,046,668	8,664,982,086	1,086,138,300	983,238,300
Total Non-Current Liabilities		20,662,000,567	21,640,627,678	1,086,138,300	983,238,300
Current Liabilities					
Trade and other payables	27	27,674,311,911	26,178,690,909	2,828,133,047	2,932,295,874
Interest bearing borrowings	24	3,227,724,593	5,782,192,745	583,048,212	-
Current tax payables	28	392,525,299	1,139,547,661	1,369,239	643,276
Bank overdrafts	21.2	74,969,158	91,082,140	-	-
Total Current Liabilities		31,369,530,961	33,191,513,455	3,412,550,498	2,932,939,150
Total Liabilities and Equity		82,799,567,120	92,386,022,315	21,632,412,605	23,363,956,580

The notes annexed on pages 63 through 127 form an integral part of these financial statements.
Figures in brackets indicate deductions.
These financial statements have been prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.

Jeewantha Perera
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

Mr. W D K Jayawardena
Chairman

Mrs. K U Amarasinghe
Director

18 August 2026
Colombo

Statement of Changes in Equity

For the Year ended 31 March 2026

Group	Equity attributable to the shareholders of the company							
	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Foreign Currency Translation Reserve Rs.	Capital Reserve Rs.	Accumulated Losses Rs.	Non Controlling Interest Rs.	Total Equity Rs.
As at 1 April 2024	20,175,560,770	11,315,585,158	(1,671,296)	5,217,703,622	(429,025,594)	(19,226,157,654)	13,883,354,888	30,935,349,894
Total comprehensive income/ (loss) for the year								
Loss for the year	-	-	-	-	-	(3,453,509,055)	(943,920,715)	(4,397,429,770)
Other comprehensive income								
Fair value gains that arose during the year	-	-	(612,292)	-	-	-	(1,590,064)	(2,202,356)
Revaluation gain (net of tax)	-	6,340,853,036	-	-	-	-	4,810,360,244	11,151,213,280
Actuarial gains/(losses) on defined benefit obligations (net of tax)	-	-	-	-	-	(133,282)	3,233,448	3,100,166
Foreign currency translation differences of foreign operations	-	-	-	(138,758,718)	-	-	(129,443,627)	(268,202,345)
Total comprehensive income for the year	-	6,340,853,036	(612,292)	(138,758,718)	-	(3,453,642,337)	3,738,639,287	6,486,478,976
Other movements in equity								
Further issue of shares	-	-	-	-	-	-	132,052,312	132,052,312
Changes in ownership that do not resulted in change in control	-	-	-	-	-	(360,462,924)	360,462,924	-
Total other movements in equity	-	-	-	-	-	(360,462,924)	492,515,236	132,052,312
As at 31 March 2025	20,175,560,770	17,656,438,194	(2,283,588)	5,078,944,904	(429,025,594)	(23,040,262,915)	18,114,509,411	37,553,881,182
As at 1 April 2025	20,175,560,770	17,656,438,194	(2,283,588)	5,078,944,904	(429,025,594)	(23,040,262,915)	18,114,509,411	37,553,881,182
Total comprehensive income/ (loss) for the year								
Loss for the year	-	-	-	-	-	(2,688,367,872)	(1,367,609,691)	(4,055,977,563)
Other comprehensive income								
Fair value losses that arose during the year	-	-	(1,204,683)	-	-	-	(3,180,382)	(4,385,065)
Revaluation gain	-	343,000,000	-	-	-	-	-	343,000,000
Actuarial gains/(losses) on defined benefit obligations (net of tax)	-	-	-	-	-	(1,858,263)	(695,639)	(2,553,902)
Foreign currency translation differences of foreign operations	-	-	-	616,391,886	-	-	577,371,693	1,193,763,579
Deferred tax reversal on revaluation surplus	-	-	-	-	-	(381,378,957)	(174,567,045)	(555,946,002)
Transfer in / (out)	-	(68,492)	-	-	-	68,492	-	-
Total comprehensive income for the year	-	342,931,508	(1,204,683)	616,391,886	-	(3,071,536,600)	(968,681,065)	(3,082,098,954)
Other movements in equity								
Net impact on realisation of revalued assets	-	(5,837,012,125)	-	-	-	3,289,866,329	(1,165,894,723)	(3,713,040,519)
Dividend forfeited	-	-	-	-	-	2,232,101	7,061,782	9,293,883
Total other movements in equity	-	(5,837,012,125)	-	-	-	3,292,098,430	(1,158,832,941)	(3,703,746,636)
As at 31 March 2026	20,175,560,770	12,162,357,577	(3,488,271)	5,695,336,790	(429,025,594)	(22,819,701,085)	15,986,995,405	30,768,035,592

The notes annexed on pages 63 through 127 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

For the Year ended 31 March 2026

COMPANY	Equity attributable to the shareholders of the company					
	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Capital Reserve Rs.	Accumulated Losses Rs.	Total Equity Rs.
As at 1 April 2024	20,175,560,770	1,930,775,680	(250,006)	(161,022,309)	(4,421,336,867)	17,523,727,268
Total comprehensive income / (loss) for the year						
Profit for the year	-	-	-	-	1,924,132,112	1,924,132,112
Other comprehensive income						
Fair value losses that arose during the year	-	-	(80,250)	-	-	(80,250)
Total comprehensive income for the year	-	-	(80,250)	-	1,924,132,112	1,924,051,862
	-	-	-	-	-	-
As at 31 March 2025	20,175,560,770	1,930,775,680	(330,256)	(161,022,309)	(2,497,204,755)	19,447,779,130
As at 1 April 2025	20,175,560,770	1,930,775,680	(330,256)	(161,022,309)	(2,497,204,755)	19,447,779,130
Total comprehensive income / (loss) for the year						
Loss for the year	-	-	-	-	(2,313,894,811)	(2,313,894,811)
Other comprehensive income						
Fair value losses that arose during the year	-	-	(160,512)	-	-	(160,512)
Total comprehensive income for the year	-	-	(160,512)	-	(2,313,894,811)	(2,314,055,323)
As at 31 March 2026	20,175,560,770	1,930,775,680	(490,768)	(161,022,309)	(4,811,099,566)	17,133,723,807

The notes annexed on pages 63 through 127 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year ended 31 March 2026

For the Year Ended 31 March	Note	GROUP		COMPANY	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/ (Loss) before taxation from continuing operation		(3,947,101,161)	(4,651,365,338)	(2,210,994,811)	2,471,332,412
Loss before taxation from discontinued operation		(210,156,015)	(257,677,456)	-	-
		(4,157,257,176)	(4,909,042,794)	(2,210,994,811)	2,471,332,412
Adjustment for:					
Gain on disposal of property, plant and equipment	5 / 31	(214,400)	(29,388)	-	-
Depreciation and amortisation	7 / 31	1,782,526,455	1,802,836,566	-	-
Provision for retirement benefit obligations	25	22,792,621	22,477,708	-	-
Finance expense	8 / 31	4,927,063,312	6,439,513,960	464,560,997	349,095,345
Interest income	8 / 31	(453,778,053)	(1,331,373,552)	(155,575,505)	(989,830,488)
Dividend income	5	(228,353)	(17,359)	(11,475)	(17,359)
Change in fair value of investment properties	12	(8,000,000)	(5,000,000)	(343,000,000)	(1,837,000,000)
Impairment of trade receivable	19	27,737,846	15,923,199	-	-
Gain on fair valuation of other FVTPL instruments	5	(3,971,925)	(1,581,160)	(257,565)	(171,580)
Impairment of Investment in subsidiaries	15	-	-	2,230,016,653	-
Operating profit/(loss) before working capital changes		2,136,670,327	2,033,707,180	(15,261,706)	(6,591,670)
Working capital changes					
(Increase)/decrease in trade and other receivables		(12,984,165,290)	3,047,672,533	(1,337,665)	4,094,681,410
(Increase)/decrease in inventories		(32,679,581)	(7,499,349)	-	-
Increase/(decrease) in trade and other payables		(4,675,286,750)	(5,346,077,532)	(537,614,461)	500,097,262
Cash generated from /(used in) operations		(15,555,461,294)	(272,197,168)	(554,213,833)	4,588,187,002
Finance cost paid		(1,153,384,337)	(93,440,047)	(6,696,759)	-
Tax paid		(95,625,326)	(75,114,747)	(738,429)	-
Retirement benefit obligations paid	25	(8,637,928)	(14,795,659)	-	-
Net cash generated from/(used in) operating activities		(16,813,108,885)	(455,547,621)	(561,649,021)	4,588,187,002
CASH FLOWS FROM INVESTING ACTIVITIES					
Issue of shares by subsidiaries to non controlling interests		-	132,052,312	-	-
Investment in subsidiaries		-	-	-	(6,356,000,000)
Acquisition of property, plant and equipment	11	(671,702,243)	(1,184,139,113)	-	-
Acquisition of right-of-use asset	13	(45,802,680)	-	-	-
Acquisition of intangible assets	14	-	(14,887,664)	-	-
Proceeds from the disposal of property, plant and equipment		18,112,500,000	9,799,309	-	-
Interest income received		47,287,793	1,331,373,552	40,964	989,830,488
Dividend income received		228,353	17,359	11,475	17,359
Net cash generated from/(used in) investing activities		17,442,511,223	274,215,755	52,439	(5,366,152,153)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from interest bearing loans and borrowings		6,873,136,812	-	893,900,000	-
Net Repayments of interest bearing loans and borrowings		(7,637,491,581)	(1,349,468,160)	(333,800,000)	-
Lease rentals paid during the year		(594,879,897)	(53,651,009)	-	-
Fund transfers from ultimate parent		-	130,111,391	-	-
Net cash generated from/(used in)financing activities		(1,359,234,666)	(1,273,007,778)	560,100,000	-
Net increase/(decrease) in cash and cash equivalents		(729,832,328)	(1,454,339,644)	(1,496,582)	(777,965,151)
Cash and cash equivalents at the beginning of the year		2,006,412,246	3,460,751,890	4,697,755	782,662,906
Cash and cash equivalents at the end of the year		1,276,579,918	2,006,412,246	3,201,173	4,697,755
Analysis of cash and cash equivalents at the end of the year					
Cash in hand and favourable bank balances	21.1	1,351,549,076	2,097,494,386	3,201,173	4,697,755
Unfavourable bank balances	21.2	(74,969,158)	(91,082,140)	-	-
		1,276,579,918	2,006,412,246	3,201,173	4,697,755

The notes annexed on pages 63 through 127 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

Year ended 31 March 2026

1. REPORTING ENTITY

1.1 General

Palm Garden Hotels PLC ('the Company') is a public quoted company incorporated on 05th April 1993 and domiciled in Sri Lanka. The address of the Company's registered office and principal place of business is No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya.

The financial statements as at, and for the year ended 31 March 2026 comprise the separate financial statements of the Company and consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Ordinary shares of the Company are listed on the secondary board of the Colombo Stock Exchange (CSE).

1.2 Principal activities and nature of operations

The principal activity of the Company is investment and investment management and there were no significant changes in the nature of the operations of the Company during the financial year under review.

As at 31st March 2026, the Company had following subsidiaries.

Company Name	Nature of Operation	Holding (%)	Principal Place of Business
Eden Hotel Lanka PLC	Hoteliering	52.61%	Kaluwamodara, Aluthgama
Dickwella Resorts (Pvt) Ltd	Hoteliering	100.00%	Batheegama, Dickwella
Riverina Resorts (Pvt) Ltd	Hoteliering	100.00%	Moragalle, Beruwala
Sun and Fun Resorts Limited	Hoteliering	51.00%	Passikudha
Green Paradise (Pvt) Ltd	Hoteliering	100.00%	Kubukkadanwala, Dambulla
Serendib Hotels PLC	Hoteliering	58.23%	Kalowamodara, Aluthgama
Dolphin Hotels PLC	Hoteliering	69.33%	Waikkal
Hotel Sigiriya PLC	Hoteliering	64.29%	Sigiriya
Serendib Leisure Management Ltd	Hotel Management	100.00%	Colombo
Sanctuary Resorts Lanka (Pvt) Ltd	Non-Operating	100.00%	Colombo
Frontier Capital Lanka (Pvt) Ltd	Hoteliering	100.00%	Mirissa, Matara
Bodufaru Beach Resorts (Pvt) Ltd	Hoteliering	76.63%	Republic of Maldives
Browns Ari Resort (Pvt) Ltd	Hoteliering	90.00%	Republic of Maldives
Browns Raa Resort (Pvt) Ltd	Hoteliering	99.00%	Republic of Maldives
Browns Kaafu N Resort (Pvt) Ltd	Hoteliering	99.00%	Republic of Maldives

1.3 PARENT AND ENTITY AND ULTIMATE PARENT ENTITY

In the opinion of the Board of Directors, the Group's immediate parent company is Browns Hotels and Resorts Limited and ultimate parent undertaking and controlling party as at the date of financial position is LOLC Holdings PLC, a Company incorporated and domiciled in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets, certain classes of property, plant and equipment, investment property measured at fair value.

2.3 Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company" and "Director's Responsibility for Financial Reporting".

These financial statements include the following components;

» A statement of financial position providing the information on the financial position of the Group and the Company as at the year end.

» A statement of profit or loss providing the information on the financial performance of the Group and the Company for the year under review.

» A statement of comprehensive income providing the information of the other comprehensive income and total comprehensive income of the Group and the Company.

» A statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.

- A statement of cash flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of entities to utilise those cash flows, and
- Notes to the financial statements comprising accounting policies and other explanatory information.

2.4 Approval of financial statements by the Board of Directors

The consolidated financial statements of the Group and the separate financial statements of the Company for the year ended 31 March 2026 were approved and authorised for issue by the Board of Directors on 18 August 2026, The Board of Directors has the power to amend and reissue the financial statements.

2.5 Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupee (Rs.), which is Company's functional and Group's presentation currency.

Functional currency of all the Group companies is Sri Lankan Rupees, other than the following companies whose functional currency is given below.

Company Name	Country of Incorporation	Functional Currency
Bodufaru Beach Resorts (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)
Browns Ari Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD
Browns Raa Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)
Browns Kaafu N Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)

See note 3.4 for the accounting policy relating to foreign currency translation.

2.6 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable 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. Income and expenses are not offset in the statement of profit or loss, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies.

2.9 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial statements continue to be prepared on the going concern basis.

2.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

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

The Group classifies all other liabilities as non-current.

2.11 Use of accounting estimates and judgements

The preparation of the financial statements of the Group and Company in conformity with SLFRSs/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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 and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes to these financial statements.

Critical accounting estimate/judgement	Note
Useful lives of property, plant and equipment	3.9.1
Revaluation of lands and buildings	11
Right-of-use-assets	13
Useful lives of intangible assets	3.12.5
Determination of fair value of investment properties	12
Goodwill on acquisition	14
Retirement benefit obligations	25
Deferred tax assets/ liabilities	26
Fair value of financial instrument	32

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1.1 New and amended standards adopted by the Group

In the current year, the group/company has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 01 April 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

I. **Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

3.1.2 New standards and interpretations not yet adopted

The following standards and interpretations had been issued by CA Sri Lanka, but not mandatory for annual reporting periods ending 31 March 2026. Further, the group has not early adopted these new standards and/or amendments.

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

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the company anticipate that the application of these amendments may have/not have an impact on the group's/ company's consolidated financial statements in future periods.

ii. **SLFRS 18 Presentation and Disclosures in Financial Statements.**

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:

» Present specified categories and defined subtotals in the statement of profit or loss

» Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements

» Improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

iii. **SLFRS 19 Subsidiaries without Public Accountability: Disclosures**

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

» It is a subsidiary (this includes an intermediate parent)

» It does not have public accountability, and

» Its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply SLFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the company do not anticipate that SLFRS 19 will be applied for purposes of the consolidated financial statements of the Group/ company.

iv. **Amendment to LKAS 21 - Translation to a Hyperinflationary Presentation Currency**

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

» Its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or

» It is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The directors of the company anticipate that the application of these improvements may have/not have an impact on the group's/ company's consolidated financial statements in future periods.

3.2 Principles of consolidation and equity accounting

3.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group refer to note 3.2.3.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, comprehensive income, changes in equity and financial position respectively.

3.2.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

» Fair values of the assets transferred;

» Liabilities incurred to the former owners of the acquired business;

» Equity interests issued by the Group;

» Fair value of any asset or liability resulting from a contingent consideration arrangement; and

» Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

» Consideration transferred,

» Amount of any non-controlling interest in the acquired entity, and

» Acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.2.4 Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 31. The Group includes proceeds from disposal in cash flows from discontinued operations. Additional disclosures are provided in Note 31. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

3.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. The management has assessed and concluded that there are no separately identifiable segments that require disclosure in accordance with SLFRS 8 Operating Segments.

3.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/ other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

3.4.1 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

» Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

» Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

» All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange, differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Revenue and Income

Group revenue represents sales to customers outside the Group and excluding taxes.

3.5.1 Revenue

SLFRS 15 established a comprehensive framework for determining whether how much and when revenue recognised. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognise when a customer obtains control of the goods or services - Determining the timing of the transfer of control - at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

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

» Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.

» Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.

» Bar revenue are accounted for at the time of sale.

» Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognised gross after completion of service / treatments.

» Transfers and excursions include the consideration earned from providing excursions to customers. Revenue is recognised for at the time of rendering the service.

» Telephone, laundry, and diving represents the services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.

3.5.2 Other Income

Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is accounted for on accrual basis on a straight-line basis over the term of the leases.

Dividend income is recognised when the right to receive payment is established which generally when the dividend is declared.

Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Gain on disposal of property, plant and equipment and other non-current assets, including investments held by the Group have been accounted for in the statement of profit or loss, after deducting from the net sales proceeds on disposal of the carrying amount of such assets.

3.5.3 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3.6 Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Revenue grants are recognised in the profit or loss in the period in which they are receivable.

3.7 Expenses recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Group's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the statement of profit or loss.

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

3.8 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.8.1 Companies enjoying tax holidays

Group companies enjoying a tax exemption period shall only recognise deferred tax in their financial statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred tax shall not be considered nor provided for assets/ liabilities for which tax impacts and reversals take place within the tax exemption period. If there will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognising deferred tax.

3.8.2 Withholding tax on dividends

Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognised at the same time as the liability to pay the related dividend is recognised.

3.8.3 Sales Taxes (Value Added Tax and Turnover Tax)

Revenues, expenses and assets are recognised net of the amount of sales tax except for the following;

» Sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

» Receivables and payables that are stated with the amount of sales tax included.

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

3.9 Property, plant and equipment

3.9.1 Freehold property, plant and equipment

i) Basis of recognition

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

ii) Basis of measurement

Items of property, plant and equipment other than freehold land and building, are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalised borrowing costs.

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

iii) Cost model

The Group applies the cost model to all property, plant and equipment except freehold land and buildings which are recorded at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

iv) Revaluation model

The Group revalue its freehold land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of land and buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

v) 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

vi) Depreciation

Depreciation is based on the cost/revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted if appropriate. The estimated useful lives for the current year are listed below.

Property, plant & equipment	No. of years
Building	Over a Maximum period of 50 years
Reclaimed island	50 years
Plant and machinery	8-13 years
Motor vehicles	4-5 Years
Furniture and Fittings	5-10 Years
Office Equipment	4-5 Years
Computer equipment	5-8 Years
Swimming pool	10 years
Cutlery, crockery and glassware	5 Years
Linen	3 Years
Marine Vessel	10 Years
Sewage system	20 Years
Improvements to Land	20 Years
Road & Bridge	50 Years

vii) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.9.2 Capital work-in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of capital assets.

3.10 Investment properties

3.10.1 Basis of recognition

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

3.10.2 Basis of measurement

i) Fair value model

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for as per LKAS 16 - Property, Plant and Equipment.

ii) De-recognition

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

iii) Subsequent transfers to/from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

iv) Determining Fair Value

External and independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

3.11 Leases

The Group leases various land for its business activities. Rental contracts are typically made for fixed terms. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of properties and present as separate line items in the Statement of Financial Position.

3.11.1 Right-of-use Assets

i) Initial Recognition

The Group recognises right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognised at cost.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at cost comprising the following:

» The amount of the initial measurement of lease liability

» Any lease payments made at or before the commencement date less any lease incentives received

» Any initial direct costs, and

» Restoration costs.

ii) Subsequent Measurement

Right-of-use assets in the consolidated financial statements are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities except in following;

The Group apply fair value model to right-of-use assets that meet the definition of investment property in LKAS 40.

If right-of-use assets relate to a class of property, plant and equipment to which the group applies the revaluation model in LKAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The Group has voluntarily changed the accounting policy on Right-Of-Use Assets relating to Lands which meets the definition of a property, plant and equipment from cost model to revaluation model with effect from 1st October 2020, by carrying out a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the lands being valued. This was done to provide more reliable and more relevant information by reflecting the Fair Market Value of Right-Of-Use Assets. These assets are presented under Property Plant and Equipment in the Statement of Financial Position.

3.11.2 Lease Liabilities

i) Initial Recognition

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

ii) Subsequent Measurement

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

iii) Incremental Borrowing Rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

In the absence of specific guidance in SLFRS 16, the Group determines the incremental borrowing rate by referring to the "Application Guidance Notes on SLFRS 16 – Leases" issued by CA Sri Lanka. As per the guideline, Group determines Incremental Borrowing Rate by incorporating following key elements.

» Risk free rate (Basis rate for economic factors)

» Financial Factors (Lessee specific factors)

» Asset Factor

iv) Timing of the lease payments

We assumed that the rent payments will occur at the end of the month/quarter (paid in arrears). Therefore, discount factors adjusted accordingly.

v) Short term leases and leases of low value assets

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

3.12 Intangible assets

3.12.1 Goodwill

Goodwill is measured as described in note 3.2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

3.12.2 Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

» It is technically feasible to complete the software so that it will be available for use;

» Management intends to complete the software and use or sell it;

» There is an ability to use or sell the software;

» It can be demonstrated how the software will generate probable future economic benefits;

» Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

» The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

3.12.3 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied by these assets. All other expenditure is expensed when incurred.

3.12.4 De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

3.12.5 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	8 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.13 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.14 Investments and other financial assets and liabilities

3.14.1 Investments and other financial assets

(i) Classification

Group classifies its financial assets in the following measurement categories:

» Those to be measured subsequently at fair value (either through OCI or through profit or loss), and

» Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

» **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

» **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.14.2 Non-derivative financial liabilities

i) Other financial Liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

All other financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

ii) Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

3.14.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only 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.

3.15 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion of selling expenses.

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

Spares and Consumables	Weighted Average Cost Basis
Food and Beverages	Weighted Average Cost Basis

3.16 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of before 31st March 2026 or 01st April 2025 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments according an agreed repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.19 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.22 Employee benefits

3.22.1 Defined contribution plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognised as an employee benefit expense to profit or loss in the periods during which services are rendered by employees.

i) Employee provident fund and employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

ii) Employees pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

3.22.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed every year by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

The Group recognises all actuarial gains and losses arising from the defined benefit plan in Statement of Comprehensive Income and all other expenses related to defined benefit plans are recognised in profit loss. The retirement benefit obligation is not externally funded.

The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

3.22.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.23 Stated capital and equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.25 Related party transactions

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". Disclosure has been made in respect of the related party transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.25.1 Transactions with key management personnel

According to LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

3.26 Earnings per share

3.26.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

3.26.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.27 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

3.27.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3.27.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value assets and liabilities include:

i) Property, plant and equipment acquired in business combinations

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair value of items of plant, equipment fixtures and fittings are based on market prices for similar items when available and depreciated replacement cost when appropriate.

ii) Property, plant and equipment owned by the Group

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

iii) Investment property

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

iv) Equity securities

The fair value of the equity securities is determined by reference to their quoted share price at the reporting date if quoted; or if unquoted either using discounted cash flow analysis using expected future cash flows and a market related discounted rate, or based on the adjusted net assets of the investee company.

4 REVENUE

For the year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Total revenue excluding service charges and taxes	4.1	6,997,151,962	6,067,478,602	-	-
		6,997,151,962	6,067,478,602	-	-

4.1 Composition of total revenue

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Accommodation revenue	5,815,622,637	4,435,676,442	-	-
Food & Beverage revenue	967,940,180	1,328,980,691	-	-
Other revenue	213,589,145	302,821,469	-	-
	6,997,151,962	6,067,478,602	-	-

4.2 Timing of revenue recognition

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At a point in time	6,997,151,962	6,067,478,602	-	-
Over time	-	-	-	-
	6,997,151,962	6,067,478,602	-	-

5 OTHER INCOME / (EXPENSES)

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Shop rental income	12,357,517	9,390,248	-	-
Dividend income	228,353	17,359	11,475	17,359
Gain/(loss) on disposal of property, plant and equipment	(128,000)	29,388	-	-
Foreign exchange gain/(loss)	111,675,383	(6,540,333)	28	-
Foreign currency encashment	2,292,240	1,850,827	-	-
Rental income from investment properties	-	-	1,815,000	1,815,000
Other operational income	7,306,115	18,194,462	95,690	215,244
Gain/(loss) on fair valuation of other FVTPL instruments	3,971,925	1,581,160	257,565	171,580
	137,703,533	24,523,111	2,179,758	2,219,183

6 PERSONNEL COSTS

For the year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Salaries, wages and other benefits		888,253,767	824,217,840	175,042	22,785
Contribution to EPF		62,697,635	55,123,023	-	-
Contribution to ETF		14,552,931	12,886,818	-	-
Retirement benefit cost	25.2	22,792,621	22,477,708	-	-
		988,296,954	914,705,388	175,042	22,785

7 RESULTS FROM OPERATING ACTIVITIES

For the year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Results from operating activities are stated after charging all expenses including following:					
Depreciation and amortisation	7.1	1,269,339,237	1,064,838,496	-	-
Auditors' fees and expenses	7.2	12,994,071	11,179,398	609,840	580,800
Legal expenses		4,776,430	5,211,172	720,344	800,783
Secretarial fees		8,675,011	9,315,652	1,428,000	1,428,000
Professional fees		141,800,254	-	2,617,643	286,142
Advertising related expenses		27,369,530	27,343,115	-	-
Donations		5,077,090	4,622,114	-	-
Directors Fee		11,750,000	8,370,000	2,120,000	540,000

7.1 Depreciation and amortisation

For the year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Depreciation of property, plant and equipment	11 / 31	1,041,196,070	927,059,485	-	-
Amortisation of right-of-use asset	13 / 31	218,014,073	129,681,260	-	-
Amortisation of intangible assets	14	10,129,094	8,097,751	-	-
		1,269,339,237	1,064,838,496	-	-

7.2 Auditors' fees and expenses

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Remuneration for				
Audit related services	12,194,071	10,896,388	609,840	580,800
Non-audit related services	800,000	283,010	-	-
	12,994,071	11,179,398	609,840	580,800

8 NET FINANCE COSTS

For the year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest expense on;					
Overdraft and other short-term borrowings		2,690,638,834	4,002,124,312	464,560,997	349,095,345
Long term borrowings		1,204,703,347	1,395,575,105	-	-
Interest on lease obligations	13.2	1,031,721,131	1,041,814,543	-	-
		4,927,063,312	6,439,513,960	464,560,997	349,095,345
Less: Interest income from deposits and loans		(453,778,053)	(1,331,373,552)	(155,575,506)	(989,830,488)
		4,473,285,259	5,108,140,408	308,985,491	(640,735,143)

9 INCOME TAX EXPENSE/(REVERSAL)

The business profit of Sun and Fun Resorts Ltd is exempted from income tax under BOI agreement dated October 27, 2011 for a period of 15 years from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, which year is earlier. The business profits and income of other hotels as well as other sources of income are liable at the standard rate of 30% as per the first schedule of the Inland Revenue Act No.24 of 2017 and amendment thereto.

Bopdufaru Beach resort (Pvt) Ltd, Browns Ari Resort (Pvt) Ltd, Browns Raa Resort (Pvt) Ltd and Browns Kaafu N Resort (Pvt) Ltd a Company incorporated in the Republic of Maldives is liable for corporate tax in Maldives at a rate of 15% as per Business Profit Tax Act of Republic of Maldives.

9.1 Major components of income tax expense are as follows:

For the year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current tax expense	9.3	118,565,502	121,850,138	-	-
Deferred tax expense/(reversal)	26.5 / 31	316,988,440	(555,482,454)	102,900,000	547,200,300
Income tax expense reported in the statement of profit or loss		435,553,942	(433,632,316)	102,900,000	547,200,300

9.2 Numerical Reconciliation of accounting profits to income tax expense

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit/(Loss) before taxation from continuing operation	(3,947,101,161)	(4,651,365,339)	(2,210,994,811)	2,471,332,412
(+) Disallowable expenses	3,220,506,847	1,928,958,116	2,230,016,653	-
(-) Allowable expenses	183,482,724	286,947,000	-	-
(-) Non business income	(409,148,481)	(111,970,483)	(343,269,068)	(1,837,188,939)
(+) Tax losses incurred	1,934,352,651	4,177,768,167	481,637,731	357,502,015
(-) Tax losses utilised	(565,295,224)	(1,224,740,679)	(157,390,505)	(991,645,488)
Taxable income	416,797,356	405,596,783	-	-
Income tax				
@ 30%	125,039,207	121,679,035	-	-
Tax expense on current year profits	125,039,207	121,679,035	-	-

9 INCOME TAX EXPENSE (CONTD.)

9.3 Current tax expense

For the year ended 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Tax expense on current year profits	9.2	125,039,207	121,679,035	-	-
Over provision in respect of previous years		(6,473,705)	171,103	-	-
		118,565,502	121,850,138	-	-

9.4 Income tax recognised in other comprehensive income

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Deferred tax on revaluation	-	(3,032,677,122)	-	-
Tax on defined benefit plan actuarial gain/(loss)	1,094,526	(1,328,643)	-	-
	1,094,526	(3,034,005,765)	-	-

9.5 Tax losses carried forward

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Losses brought forward	22,374,258,458	20,830,992,255	4,323,451,346	4,967,273,266
Adjustments for brought forward tax losses	(1,140,804,901)	(1,409,761,285)	19,356,893	(9,678,447)
Losses incurred	1,934,352,654	4,177,768,167	481,637,731	357,502,015
Losses utilised	(565,295,224)	(1,224,740,679)	(157,390,505)	(991,645,488)
Losses carried forward	22,602,510,987	22,374,258,458	4,667,055,465	4,323,451,346

10 EARNINGS / (LOSS) PER SHARE

10.1 Basic Earnings / (Loss) per share

The calculation of basic loss per share is based on loss for the year attributable to the ordinary shareholders and the weighted average number of ordinary shares being outstanding during the year and calculated as follows;

	Group		Company	
	2026	2025	2026	2025
Amounts Used as the Numerator:	Rs.	Rs.	Rs.	Rs.
Profit/(loss) attributable to ordinary shareholders	(2,688,367,872)	(3,453,509,055)	(2,313,894,811)	1,924,132,112
Profit/(loss) attributable to ordinary shareholders of the year from continuing operation	(2,912,483,626)	(3,330,228,856)	(2,313,894,811)	1,924,132,112
Profit/(loss) attributable to ordinary shareholders of the year from discontinuing operation	224,115,754	(123,280,199)	-	-

	Group		Company	
	2026	2025	2026	2025
Number of Ordinary Shares Used as the Denominator:	Number	Number	Number	Number
Weighted average number of ordinary shares in issue				
Applicable to basic earnings per share	475,937,000	475,937,000	475,937,000	475,937,000
Earnings / (loss) per share	(5.65)	(7.26)	(4.86)	4.04
Earnings / (loss) per share from continuing operation	(6.12)	(7.00)	(4.86)	4.04
Earnings / (loss) Per Share from discontinuing operation	0.47	(0.26)	-	-

There were no potentially dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, diluted loss per share is equal to basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENTS

11.1 PROPERTY, PLANT AND EQUIPMENT - GROUP

As at 31 March	Land and Improvements to Land	Reclaimed Land	Buildings	Motor Vehicles	Furniture & Fittings	Computers	Plant & Machinery	Cutlery, Crockery & Glassware	Linen & Furnishing	Swimming Pool	Marine Vessel	Roads & Bridges	Capital Work-in-Progress (CWIP)	Total
Cost/Valuation														
As at 01 April 2024	9,563,013,185	23,719,096,133	22,687,801,531	57,719,356	1,909,932,004	373,004,409	2,981,976,172	249,027,691	239,249,979	404,099,810	129,806,310	-	6,598,506,372	68,913,232,952
Additions	-	-	115,877,954	54,533,833	57,359,575	12,938,992	172,441,992	49,388,380	41,240,432	435,000	18,722,348	-	661,202,607	1,184,141,113
Revaluation	4,518,402,000	864,843,992	2,299,196,686	4,511,344	-	-	-	-	-	32,641,799	-	-	-	7,719,595,821
Disposals	-	-	-	(64,732)	-	-	(9,705,189)	-	-	-	-	-	-	(9,769,921)
Transfers	(18,348,843)	-	32,612,730	-	58,509	(58,509)	(109,714,235)	-	-	(28,500,000)	84,162,224	18,348,843	(125,624,947)	(147,064,228)
Effect of movement in exchange rate	-	(385,413,161)	(174,937,487)	(586,360)	(10,301,101)	(3,183,226)	(14,235,521)	(1,643,333)	(774,560)	(2,374,074)	-	-	(7,001,421)	(600,450,244)
As at 31 March 2025	14,063,066,342	24,198,526,964	24,960,551,414	116,113,441	1,957,048,987	382,701,666	3,020,763,219	296,772,738	279,715,851	406,302,535	232,690,882	18,348,843	7,127,082,611	77,059,685,493
As at 01 April 2025	14,063,066,342	24,198,526,964	24,960,551,414	116,113,441	1,957,048,987	382,701,666	3,020,763,219	296,772,738	279,715,851	406,302,535	232,690,882	18,348,843	7,127,082,611	77,059,685,493
Additions	3,841,195	-	246,129,673	91,468,609	59,131,305	682,443	132,485,923	28,448,730	26,339,149	4,553,995	12,898,600	-	65,722,621	671,702,243
Revaluation	343,000,000	-	-	-	-	-	-	-	-	-	-	-	-	343,000,000
Disposals	-	(7,855,407,480)	(11,661,977,854)	(65,158,794)	(650,341,517)	(200,316,543)	(936,504,830)	(104,130,703)	(48,742,179)	(149,397,615)	-	-	(43)	(21,671,977,558)
Transfers	-	-	-	-	-	(5,581,244)	-	-	-	-	12,802,787	-	-	7,221,543
Effect of movement in exchange rate	-	1,259,031,518	306,842,191	1,714,412	17,056,670	5,270,601	24,221,618	2,720,938	1,282,470	3,930,852	-	-	52,105,114	1,674,176,384
As at 31 March 2026	14,409,907,537	17,602,151,002	13,851,545,424	144,137,668	1,382,895,445	182,756,923	2,240,965,929	223,811,703	258,595,291	265,389,767	258,392,269	18,348,843	7,244,910,303	58,083,808,104
Accumulated depreciation and impairment losses														
As at 01 April 2024	23,643,568	1,851,726,244	607,694,744	33,590,430	1,032,834,942	171,325,505	1,462,836,855	95,929,340	123,801,637	38,097,120	73,319,309	-	-	5,514,799,694
Charge for the year	1,468,965	545,764,555	491,733,671	7,265,966	134,850,227	42,987,773	233,523,495	56,655,209	37,907,942	28,682,429	19,532,860	1,223,511	-	1,601,596,604
Revaluation	-	(2,225,653,490)	(1,030,330,084)	(26,126,822)	-	-	-	-	-	(43,548,075)	-		-	(3,325,658,471)
Transfers	(9,273,732)	-	-	-	-	-	(77,690,266)	-	-	-	59,813,920	9,273,732	-	(17,876,346)
Effect of movement in exchange rate	-	(20,946,805)	(1,738,811)	(79,499)	(932,611)	(581,814)	(2,584,658)	(297,384)	(140,168)	(214,870)	-		-	(27,516,620)
As at 31 March 2025	15,838,801	150,890,504	67,359,520	14,650,075	1,166,752,558	213,731,464	1,616,085,427	152,287,166	161,569,411	23,016,603	152,666,089	10,497,243	-	3,745,344,861
As at 01 April 2025	15,838,801	150,890,504	67,359,520	14,650,075	1,166,752,558	213,731,464	1,616,085,427	152,287,166	161,569,410	23,016,603	152,666,089	10,497,243	-	3,745,344,860
Charge for the year	2,897,697	502,278,288	462,385,525	24,053,086	102,669,981	34,473,459	216,214,450	60,871,103	53,220,621	34,877,561	20,525,539	1,223,868	-	1,515,691,178
Depreciation on disposals	-	(136,044,336)	(269,823,026)	(15,529,724)	(152,763,040)	(92,423,845)	(323,691,970)	(48,264,177)	(22,409,977)	(34,353,788)	-		-	(1,095,303,883)
Transfers	-	-	-	-	-	(43,194)	-	-	-	-	12,802,787	-	-	12,759,593
Effect of movement in exchange rate	-	22,633,336	1,818,501	240,880	2,699,855	1,675,956	6,120,305	860,803	405,728	621,946	-		-	37,077,310
As at 31 March 2026	18,736,498	539,757,792	261,740,520	23,414,317	1,119,359,354	157,413,840	1,514,728,212	165,754,895	192,785,783	24,162,322	185,994,415	11,721,111	-	4,215,569,059
Carrying amount														
As at 31 March 2025	14,047,227,541	24,047,636,460	24,893,191,894	101,463,366	790,296,429	168,970,202	1,404,677,792	144,485,572	118,146,440	383,285,932	80,024,793	7,851,600	7,127,082,611	73,314,340,632
As at 31 March 2026	14,391,171,039	17,062,393,210	13,589,804,905	120,723,351	263,536,091	25,343,083	726,237,717	58,056,808	65,809,508	241,227,445	72,397,854	6,627,732	7,244,910,304	53,868,239,045

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. Rs. 2,472,934,936 as at 31st March 2026. (2024/25 - Rs.2,428,373,533).

11.2 The capitalised depreciation costs related to the construction of property, plant & equipment during the year is Rs. Nil (2024/25 - Rs. 9,137,923).

11.3 Capital work-in-progress represent the amount of expenditure recognised under property plant and equipment during the construction in Kaluwamodara, Aluthgama Sri Lanka and Bodufarufinolhu Island, Bodufinolhu in South Ari Atoll Island, Plots of Lagoons in Male Atoll in Republic of Maldives.

11.4 The Group engaged Mr. W M Chandrasena, as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its land, buildings and reclaimed lands.

11.5 The Group has 212 Buildings as at 31st March 2026. (2024/25 - 313 Buildings).

11.6 The Group's land and buildings are stated at revalued amounts. The revaluation performed once in 03 years and last revaluation was performed as at 31 March 2025.

Property	Land extent	Revalued amount	Revalued date
Palm Garden Hotels PLC			
Main land - Aluthgama	17A-3R-38.69P	6,163,000,000	31.03.2025
Eden Hotel Lanka PLC			
Hotel land - Aluthgama	5A-0R-30P	2,075,000,000	31.03.2025
Staff quarters land- Aluthgama	0A-0R-40P	60,000,000	31.03.2025
Staff quarters land- Moragalla	0A-3R-10P	130,000,000	31.03.2025
Bare land - Aluthgama	0A-0R-20P	30,000,000	31.03.2025
Dickwella Resorts (Pvt) Ltd			
Hotel land- Dickwella	6A-2R-3.93P	2,296,000,000	31.03.2025
Beach front land- Dickwella	1A-3R-29.25P	309,000,000	31.03.2025
Green Paradise (Pvt) Ltd			
Hotel land- Dambulla	11A-0R-13.27P	620,000,000	31.03.2025
Serendib Hotels PLC			
Hotel land - Bentota	0A-0R-20P	14,000,000	31.03.2025
Dolphin Hotels PLC			
Hotel land - Waikkal	15A-3R-27P	1,528,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd			
Lantern Botique land - Mirissa	0A-1R-30.80P	212,000,000	31.03.2025
Ubuntu 1 Beach Villa land - Mirissa	0A-1R-34P	222,000,000	31.03.2025
Ubuntu 2 Beach Villa land - Mirissa	0A-1R-38.40P	235,000,000	31.03.2025
Ubuntu 1 Beach Villa bare land - Mirissa	0A-1R-5.24P	136,000,000	31.03.2025

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

Property	Building extent	Revalued amount	Revalued date
Hotel Building & Swimming Pool			
Eden Hotel Lanka PLC	251,615 sqft	4,084,000,000	31.03.2025
Dickwella Resorts (Pvt) Ltd	100,648 sqft	1,336,000,000	31.03.2025
Green Paradise (Pvt) Ltd	115,216 sqft	1,896,000,000	31.03.2025
Sun & Fun Resorts Ltd	121,655 sqft	1,817,000,000	31.03.2025
Serendib Hotels PLC	72,532 sqft	1,037,000,000	31.03.2025
Dolphin Hotels PLC	235,824 sqft	2,423,000,000	31.03.2025
Hotel Sigiriya PLC	70,177 sqft	669,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Lantern Botique	11,149 sqft	186,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 1 Beach Villa	10,403 sqft	180,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 2 Beach Villa	10,403 sqft	180,000,000	31.03.2025
		13,808,000,000	

Property disposed as at 31 March 2026	Land extent	Building extent	Revalued amount (USD)	Revalued date
Browns Ari Resort (Pvt) Ltd	21A-1R-1.47P	189,901 sqft	38,317,000	31.03.2025
			38,317,000	

11.7 The Group's reclaimed land are stated at revalued amounts. The revaluation performed once in 03 years and last revaluation was performed as at 31 March 2025.

Property	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd				
Kaafu islands (3) located at North Male Atoll	73A-3R-16P	USD	50,830,000	31.03.2025
Browns Raa Resort (Pvt) Ltd				
Bodufarufinolhu island in Raa Atoll	12A-3R-35.20P	USD	5,016,000	31.03.2025

Property disposed as at 31 March 2026	Land extent	Currency	Revalued amount	Revalued date
Browns Ari Resort (Pvt) Ltd				
Bodufinolu island in South Ari Atoll	21A-1R-1.47P	USD	25,810,500	31.03.2025

11.8 If the land and buildings were stated on the historical cost basis, the amount would be as follows.

Property	Cost	Acc. depreciation	Net book value
Land	254,119,472	-	254,119,472
Buildings	15,542,169,460	2,043,185,179	13,498,984,281
	15,796,288,932	2,043,185,179	13,753,103,753

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.9 The fair value measurement of land, reclaimed land and building of the Group is categorised under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Land of Palm Garden Hotels PLC	**Sales comparison approach -** A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch Rs. 1.85 MN - Rs. 2.50 MN	Positively correlated
Land of Eden Hotel Lanka PLC		Estimated price per perch Rs. 1.0 MN - Rs. 2.50 MN	Positively correlated
Land of Dickwella Resorts (Pvt) Ltd		Estimated price per perch Rs. 1.0 MN - Rs. 2.20 MN	Positively correlated
Land of Green Paradise (Pvt) Ltd		Estimated price per perch Rs. 350,000	Positively correlated
Land of Serendib Hotels PLC		Estimated price per perch Rs. 700,000	Positively correlated
Land of Dolphin Hotels PLC		Estimated price per perch Rs. 600,000	Positively correlated
Land of Frontier Capital Lanka (Pvt) Ltd		Estimated price per perch Rs. 3.00 MN	Positively correlated
Reclaimed Land Bodufaru Beach Resort (Pvt) Ltd	**Sales comparison approach -** A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 4,302	Positively correlated
Reclaimed Land Browns Raa Resort (Pvt) Ltd		Estimated price per perch USD. 2,417	Positively correlated
Buildings of Eden Hotel Lanka PLC	**Depreciated replacement cost -** Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.	Estimated price per square foot Rs. 1,000 - Rs.27,000	Positively correlated
Buildings of Dickwella Resorts (Pvt) Ltd		Estimated price per square foot Rs. 1,000 - Rs.27,000	Positively correlated
Buildings of Green Paradise (Pvt) Ltd		Estimated price per square foot Rs. 2,000 - Rs.30,000	Positively correlated
Buildings of Sun & Fun Resorts Ltd		Estimated price per square foot Rs. 1,600 - Rs.24,000	Positively correlated
Buildings of Serendib Hotels PLC		Estimated price per square foot Rs. 3,500 - Rs.21,000	Positively correlated
Buildings of Dolphin Hotels PLC		Estimated price per square foot Rs. 3,000 - Rs.18,000	Positively correlated
Buildings of Hotel Sigiriya PLC		Estimated price per square foot Rs. 500 - Rs.18,000	Positively correlated
Buildings of Frontier Capital Lanka (Pvt) Ltd		Estimated price per square foot Rs. 6,000 - Rs.25,000	Positively correlated

Property disposed as at 31 March 2026	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Reclaimed Land Browns Ari Resort (Pvt) Ltd	**Sales comparison approach -** A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 7,588	Positively correlated

12 INVESTMENT PROPERTIES

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
As at 01 April	85,000,000	80,000,000	6,163,000,000	4,326,000,000
Change in fair value during the year	8,000,000	5,000,000	343,000,000	1,837,000,000
As at 31 March	93,000,000	85,000,000	6,506,000,000	6,163,000,000

During the financial year 2016/17 property of the Company valued at Rs. 2,585,286,000 was transferred from property, plant and equipment to investment property, since this is leased out to Riverina Resorts (Pvt) Ltd, for a non-cancellable period of 25 years.

An analysis of the rentals to be received on such operating leases are as follows - Company

As at 31 March	2026	2025
	Rs.	Rs.
Receivable within one year	1,996,500	1,815,000
Receivable within 1-5 years	10,381,800	10,381,800
Receivable after 5 years	31,690,757	33,687,257
Total	44,069,057	45,884,057

12.1 Details of the Companies's investment property valuation

Property	Land extent	Revalued amount	Revalued date
Land at Aluthgama	17A-3R-38.69P	6,506,000,000	31.03.2026

12.2 Details of the Group's investment property portfolio

Property	Land extent	Revalued amount	Revalued date
Land at Wattala	0A-1R-25.66P	93,000,000	31.03.2026

12.3 Relevant income and expenditure relating to investment property

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Rent income earned	-	-	1,815,000	1,815,000

12.4 Valuation of investment property - Company

The fair value measurement of investment property of the Company is categorised under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

The Company engaged Mr. W M Chandrasena,as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its investment property.

12 INVESTMENT PROPERTY (CONTD.)

12.4 Valuation of investment property - Company (CONTD.)

Details of the Companies's investment property valuation;

Property	Method of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Land of Palm Garden Hotels PLC	Sales comparison approach	Estimated price per perch Rs. 1.90 MN - Rs. 2.70 MN	Positively correlated

12.5 Valuation of investment property - Group

The fair value measurement of land and building of the Group is categorised under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

The Group engaged Mr. W M Chandrasena,as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its investment property.

Details of the Group's investment property valuation;

Property	Method of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Wattala Land	Sales comparison approach	Estimated price per perch Rs. 1.0 MN - Rs. 1.7 MN	Positively correlated

13 RIGHT-OF-USE ASSETS

As at 31 March	Group	
	2026 Rs.	2025 Rs.
Cost / Valuation		
As at 01 April	8,600,384,415	7,833,401,843
Additions	45,802,680	24,865,965
Assets Disposal of Subsidiaries	(2,442,754,763)	-
Revaluation	-	1,816,826,428
Reversal on early termination	-	(49,752,435)
Adjustment on changes in the estimation	-	(939,801,225)
Effect of movement in exchange rate	386,440,990	(85,156,162)
As at 31 March	6,589,873,322	8,600,384,414
Accumulated amortisation		
As at 01 April	50,708,897	844,951,933
Charge to income statement	256,706,184	184,004,288
Reversal on early termination	-	(49,752,436)
Revaluation	-	(920,477,459)
Assets Disposal of Subsidiaries	(53,578,688)	-
Effect of movement in exchange rate	6,932,558	(8,017,431)
As at 31 March	260,768,951	50,708,897
Carrying amount as at 31 March	6,329,104,371	8,549,675,517

13 RIGHT-OF-USE ASSETS (CONTD.)

13.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Group	
	2026	2025
	Rs.	Rs.
Less than one year	531,103,392	1,377,380,750
Between one and five years	5,379,960,781	5,444,384,250
More than five years	22,050,943,783	29,220,579,693
	27,962,007,956	36,042,344,693

13.2 Amount recognised in income statement

As at 31 March	Group	
	2026	2025
	Rs.	Rs.
As per SLFRS 16 – Leases		
Interest on lease liabilities	819,949,925	756,527,955
Recognised in interest expenses	819,949,925	756,527,955
Depreciation – right-of-use assets	256,706,184	184,004,288
Recognised in other expenses	256,706,184	184,004,288

13.3 The Group's right of use assets are stated at revalued amounts. The revaluation performed once in 03 years and last revaluation was performed as at 31 March 2025.

Property	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd				
Kaafu islands (3) located at North Male Atoll	73A-2R-8.125P	USD	11,696,900	31.03.2025
Browns Raa Resort (Pvt) Ltd				
Bodufarufinolhu island in Raa Atoll	12A-2R-16.875P	USD	5,400,000	31.03.2025
Green Paradise (Pvt) Ltd				
Hotel land- Dambulla	4A-0R-1.04P	Rs.	57,000,000	31.03.2025
Sun & Fun Resorts Ltd				
Hotel land- Pasikudah	7A-1R-27.43P	Rs.	437,000,000	31.03.2025
Serendib Hotels PLC				
Hotel land - Bentota	3A-1R-23P	Rs.	491,200,000	31.03.2025
Hotel Sigiriya PLC				
Hotel land - Sigiriya	9A-2R-39.2P	Rs.	140,000,000	31.03.2025

Property disposed as at 31 March 2026	Land extent	Currency	Revalued amount	Revalued date
Browns Ari Resort (Pvt) Ltd				
Bodufinolu island in South Ari Atoll	21A-1R-1.55P	USD	8,026,205	31.03.2025

13 RIGHT-OF-USE ASSETS (CONTD.)

13.4 The Group engaged Mr. W M Chandrasena, as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its right-of-use assets.

13.5 The fair value measurement of right-of-use assets of the Group is categorised under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Right-of-use assets of Bodufaru Beach Resort (Pvt) Ltd	**Sales comparison approach -** A value indication is derived by comparing the property being appraised to similar properties that have been leased recently, applying appropriate units of comparison, and making adjustments to the leased price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 987	Positively correlated
Right-of-use assets of Browns Raa Resort (Pvt) Ltd		Estimated price per perch USD. 2,602	Positively correlated
Right-of-use assets of Green Paradise (Pvt) Ltd		Estimated price per perch Rs. 200,000	Positively correlated
Right-of-use assets of Sun & Fun Resorts Ltd		Estimated price per perch Rs. 1,000,000	Positively correlated
Right-of-use assets of Serendib Hotels PLC		Estimated price per perch Rs. 2,500,000	Positively correlated
Right-of-use assets of Hotel Sigiriya PLC		Estimated price per perch Rs Rs. 250,000 - Rs. 400,000	Positively correlated
Right-of-use assets of Frontier Capital Lanka (Pvt) Ltd		Estimated price per perch Rs 543,382	Positively correlated

Property disposed as at 31 March 2026	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Right-of-use assets of Browns Ari Resort (Pvt) Ltd	**Sales comparison approach -** A value indication is derived by comparing the property being appraised to similar properties that have been leased recently, applying appropriate units of comparison, and making adjustments to the leased price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 2,360	Positively correlated

14 INTANGIBLE ASSETS

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Goodwill	14.1	**25,115,580**	25,115,580	**-**	-
Other intangible assets	14.2	**39,060,515**	43,672,359	**-**	-
		64,176,095	68,787,939	**-**	-

14.1 Goodwill on acquisition

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.
As at 01 April	14.1.1	**116,873,973**	116,873,973
Allowance for impairment	14.1.2	**(91,758,393)**	(91,758,393)
As at 31 March		**25,115,580**	25,115,580

14 INTANGIBLE ASSETS (CONTD.)

14.1.1 Goodwill is attributable to the acquisitions of following subsidiaries

As at 31 March	Group	
	2026	2025
	Rs.	Rs.
Eden Hotel Lanka PLC	20,929,958	20,929,958
Dickwella Resorts (Pvt) Ltd	31,276,860	31,276,860
Green Paradise (Pvt) Ltd	4,185,622	4,185,622
Sun & Fun Resorts Ltd	60,481,533	60,481,533
	116,873,973	116,873,973

14.1.2 Allowance for impairment

As at 31 March	Group	
	2026	2025
	Rs.	Rs.
Dickwella Resorts (Pvt) Ltd	(31,276,860)	(31,276,860)
Sun & Fun Resorts Ltd	(60,481,533)	(60,481,533)
	(91,758,393)	(91,758,393)

The recoverable amounts of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering five year periods. The key assumptions used are given below;

Business growth rate – Based on the long term average growth rate of each cash generating unit and the industry. (2% -10%)

Inflation rate – Based on current inflation rate.

Discount rate – Risk free rate adjusted by the addition of an appropriate risk premium. (2025/26 - 13.15% & 2024/25 10.47%)

14.2 OTHER INTANGIBLE ASSETS

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Computer Software				
Cost				
As at 01 April	73,324,420	51,272,792	3,576,183	3,576,183
Additions	-	14,887,664	-	-
Disposals	(455,230)	(5,585,261)	-	-
Transfers	5,581,243	12,749,225	-	-
As at 31 March	78,450,433	73,324,420	3,576,183	3,576,183
Accumulated amortisation and impairment losses				
As at 01 April	29,652,061	22,243,107	3,576,183	3,576,183
Charge for the year	10,129,094	8,097,552	-	-
Disposals	(455,231)	(5,585,261)	-	-
Transfers	63,994	4,896,663		
As at 31 March	39,389,918	29,652,061	3,576,183	3,576,183
Carrying amount	39,060,515	43,672,359	-	-

Other intangible assets included fully amortised computer software that are still in use.

15 INVESTMENTS IN SUBSIDIARIES

As at 31 March	Note	Company 2026 Rs.	Company 2025 Rs.
As at 01 April	15.1	16,267,464,100	16,267,464,100
Allowance for impairment	15.2	(2,230,016,653)	-
As at 31 March		14,037,447,447	16,267,464,100

15.1 Company

As at 31 March	Company 2026 % Holding	2026 Rs.	2025 % Holding	2025 Rs.
Eden Hotel Lanka PLC	52.61%	8,806,489,100	52.61%	8,806,489,100
Riverina Resorts (Pvt) Ltd	100.00%	6,706,500,000	100.00%	6,706,500,000
Bodufaru Beach Resort (Pvt) Ltd	44.38%	435,075,000	44.38%	435,075,000
Browns Ari Resort (Pvt) Ltd	44.89%	319,400,000	44.89%	319,400,000
		16,267,464,100		16,267,464,100

15.2 Allowance for impairment - Company

As at 31 March	Company 2026 Rs.	Company 2025 Rs.
Browns Ari Resort (Pvt) Ltd	230,016,653	-
Riverina Resorts (Pvt) Ltd	2,000,000,000	-
	2,230,016,653	-

The impairment of the subsidiaries Riverina Resorts (Pvt) Ltd is estimated using appropriate valuation techniques. The significant unobservable inputs used in this valuation are given below:

As at 31 March	2026 Valuation technique	2026 Significant unobservable inputs	2026 Range (weighted average)	2025 Valuation technique	2025 Significant unobservable inputs	2025 Range (weighted average)
Riverina Resorts (Pvt) Ltd	DCF Method	Long-term growth rate for cash flows	3%	DCF Method	Long-term growth rate for cash flows	5%
		Cost of Equity(Ke)	10.74% - 12.03%		Cost of Equity(Ke)	13.02% - 14.84%

15 INVESTMENTS IN SUBSIDIARIES (CONTD.)

As at 31 March	Company Change in Impairment 2026 Rs.	2025 Rs.
+0.1% Change in Terminal Value	292,645,413	160,645,407
-0.1% Change in Terminal Value	(285,629,583)	(156,980,052)
+0.1% Change in WACC	(455,203,558)	(298,653,616)
-0.1% Change in WACC	467,150,931	306,117,250

15.3 Group Holdings in Subsidiaries

As at 31 March	Principal Activities	2026 No of Shares	2026 Control Holding	2025 No of Shares	2025 Control Holding
Eden Hotel Lanka PLC	Hotelier	833,308,792	52.61%	833,308,792	52.61%
Riverina Resorts (Pvt) Ltd	Pre-operational	670,650,000	100.00%	670,650,000	100.00%
Dickwella Resorts (Pvt) Ltd	Hotelier	481,314	100.00%	481,314	100.00%
Bodufaru Beach Resort (Pvt) Ltd	Pre-operational	180,700	76.63%	180,700	76.63%
Green Paradise (Pvt) Ltd	Hotelier	5,000,009	100.00%	5,000,009	100.00%
Sun & Fun Resorts Ltd	Hotelier	57,233,463	51.00%	57,233,463	51.00%
Browns Ari Resort (Pvt) Ltd	Hotelier	44,556	90.00%	44,556	90.00%
Browns Kaafu N Resort (Pvt) Ltd	Pre-operational	100	99.00%	100	99.00%
Browns Raa Resort (Pvt) Ltd	Pre-operational	100	99.00%	100	99.00%
Serendib Hotels PLC	Hotelier	446,103,176	58.23%	446,103,176	58.23%
Dolphin Hotels PLC	Hotelier	63,242,954	69.33%	63,242,954	69.33%
Hotel Sigiriya PLC	Hotelier	17,577,000	64.29%	17,577,000	64.29%
Serendib Leisure Management Ltd	Hotelier	6,050,000	100.00%	6,050,000	100.00%
Sanctuary Resorts Lanka (Pvt) Ltd	Non - Operating	2	100.00%	2	100.00%
Frontier Capital Lanka (Pvt) Ltd	Hotelier	3,216,295	100.00%	3,216,295	100.00%

15 INVESTMENTS IN SUBSIDIARIES (CONTD.)

15.4 Assets Disposal of Browns Ari (Pvt) Ltd

Browns Ari Resorts (Pvt) Limited, a subsidiary of Palm Garden Hotels PLC, completed the sale of the assets and business of Barcelo Whale Lagoon Maldives Resort to ASB Hotel Properties Maldives in terms of a Sale and Purchase Agreement entered into during the prior period. The transaction was completed on 19th December 2025, following the satisfaction of all conditions precedent set out in the Sale and Purchase Agreement, including the receipt of required regulatory and third-party approvals in the Maldives. The total consideration for the transaction amounted to USD 57,500,000. As a result of the completion of the disposal, results of Barcelo Whale Lagoon Maldives Resort have been classified and presented as a discontinued operation in accordance with SLFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

15.5 Riverina Resorts (Pvt) Ltd

Riverina Resorts (Pvt) Ltd, concluded its Rights Issue in the month of March 2025, raising Rs. 6,356,000,000 additional capital, issuing 635,600,000 new shares at Rs. 10 per share. Palm Garden Hotels PLC has subscribed 635,600,000 new shares.

15.6 Eden Hotel Lanka PLC

Eden Hotels Lanka PLC concluded its Rights Issue in the month of November 2023, raising Rs. 10,560,000,000 additional capital, issuing 1,056,000,000 new shares at Rs. 10 per share. Palm Garden Hotels PLC has subscribed additional 571,744,562 shares.

15.7 Acquisition of Dickwella Resort (Pvt) Ltd

In November 2013, Eden Hotel Lanka PLC (ERS), one of the subsidiaries of Palm Garden Hotels PLC acquired 99.99% of the voting rights of DRS whose principal activity is operating as a hotelier. The acquisition has been accounted for using the acquisition method.

15.8 Investment in Bodufaru Beach Resort (Pvt) Ltd

Bodufaru Beach Resort (Pvt) Ltd is a limited liability company incorporated in the Republic of Maldives to develop a resort hotel. As a result of the investment made by Palm Garden Hotels PLC, Eden Hotel Lanka PLC and Dickwella Resorts (Pvt) Ltd, Bodufaru Beach Resort (Pvt) Ltd treated as a subsidiary of Palm Garden Hotels PLC.

15.9 Acquisition of Green Paradise (Pvt) Ltd and Sun and Fun Resort Ltd

In April 2018, Eden Hotel Lanka PLC, a subsidiary of Palm Garden Hotels PLC acquired 100% stake in Green Paradise (Pvt) Ltd and 51% stake in Sun and Fun Resort Ltd both of whose principle activity is operating as hoteliers. The acquisition has been accounted for using the acquisition method. The purchase consideration on these acquisitions were effected through the current account, due to Browns Investment PLC.

15.10 Acquisition of Serendib Hotels PLC

In December 2020, Eden Hotel Lanka PLC, a subsidiary of the Palm Garden Hotels PLC acquired 56.84% voting shares and 53.48% non voting shares in Serendib Hotels PLC whose principal activity is operating as hotelier. With this acquisition Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Ltd, Sanctuary Resorts Lanka (Pvt) Ltd, Frontier Capital Lanka (Pvt) Ltd became subsidiries of Palm Garden Hotels PLC. The acquisition has been accounted for using acquisition method. The group recognised gain on bargain purchase which is amouting to Rs. 204,505,308 as a result of the acquisition of Serendib Hotels PLC.

15.11 The following table summarises the information relating to each of the Group's subsidiaries that has material NCI

As at 31 March	Eden Hotel Lanka PLC	Dickwella Resorts (Pvt) Ltd	Bodufaru Beach Resort (Pvt) Ltd	Green Paradise (Pvt) Ltd	Sun & Fun Resorts Ltd	Serendib Hotels PLC	Dolphin Hotels PLC	Hotel Sigiriya PLC	Total
Control Holding percentage	52.61%	52.61%	46.34%	52.61%	26.83%	30.63%	21.24%	19.70%	
NCI percentage	47.39%	47.39%	53.66%	47.39%	73.17%	69.37%	78.76%	80.30%	
Total Assets	15,084,741,873	5,244,887,808	24,831,208,015	2,715,175,679	2,464,532,462	4,134,231,504	6,441,842,033	2,464,532,462	
Total Liabilities	4,028,243,253	5,178,512,510	10,044,446,133	1,056,561,770	3,817,365,856	1,168,367,461	1,781,475,351	3,817,365,856	
Equity	11,056,498,620	66,375,297	14,786,761,883	1,658,613,909	(1,352,833,394)	2,965,864,043	4,660,366,682	(1,352,833,394)	
Carrying amount of NCI	(2,575,553,011)	156,884,145	8,098,690,026	204,006,831	(1,249,666,617)	742,157,895	3,125,838,487	185,950,744	8,688,308,499
Revenue	1,536,310,223	719,150,692	-	467,823,089	480,260,445	968,422,720	1,699,367,081	480,260,445	
Profit/(loss) after tax	(442,218,578)	(454,336,702)	(989,113,861)	(88,762,031)	(553,244,144)	129,632,872	221,118,140	(553,244,144)	
Other comprehensive income	(3,476,056)	438,170,556	-	(539,341)	629,300	(3,591,237)	1,664,114	629,300	
Total comprehensive income	**(445,694,634)**	**(16,166,145)**	**(989,113,861)**	**(89,301,372)**	**(552,614,844)**	**126,041,635**	**222,782,254**	**(552,614,844)**	
Profit/(loss) after tax allocated to NCI	(209,576,767)	(215,319,803)	(530,715,072)	(42,066,210)	(404,808,637)	89,920,589	174,152,010	(444,278,441)	(2,357,801,295)
Other comprehensive income allocated to NCI	(1,647,377)	207,658,323	-	(255,605)	460,459	(2,491,082)	1,310,651	505,355	(979,080,269)
Total comprehensive income allocated to NCI	**(211,224,143)**	**(7,661,479)**	**(530,715,072)**	**(42,321,815)**	**(404,348,178)**	**87,429,506**	**175,462,661**	**(443,773,086)**	**(3,336,881,564)**

16 TRADING ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Equity securities	9,692,475	5,720,550	864,775	607,210
	9,692,475	5,720,550	864,775	607,210

Details of the equity trading portfolio

As at 31 March	Group 2026			Group 2025		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Hapugastenna Plantation PLC	100	1,000	5,450	100	1,000	4,490
DFCC Bank PLC	4,718	-	649,905	4,530	-	486,540
Sierra Cables PLC	7,400	22,200	209,420	7,400	22,200	116,180
Vallibal Finance PLC	11,300	248,600	8,316,800	11,300	248,600	4,890,640
Raigam Wayamba Salterns PLC	26,200	65,500	510,900	26,200	65,500	222,700
		337,300	9,692,475		337,300	5,720,550

As at 31 March	Company 2026			Company 2025		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Hapugastenna Plantation PLC	100	1,000	5,450	100	1,000	4,490
DFCC Bank PLC	4,718	-	649,905	4,530	-	486,540
Sierra Cables PLC	7,400	22,200	209,420	7,400	22,200	116,180
		23,200	864,775		23,200	607,210

17 INVESTMENT SECURITIES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Financial assets measured at fair value through other comprehensive income	17.1	124,256,039	128,641,101	74,439	234,952
Financial assets at amortised cost	17.2	34,670,999	32,598,192	-	-
		158,927,038	161,239,293	74,439	234,952

17 INVESTMENT SECURITIES (CONTD.)

17.1 Designated FVOCI investment securities

As at 31 March	Group 2026			Group 2025		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value. Rs.
Rainforest Ecolodge (Pvt) Ltd	1,284,001	8,840,010	2,033,622	1,284,001	8,840,010	6,418,684
Jada Resort & Spa (Pvt) Ltd	24,449,480	244,494,800	122,222,417	24,449,480	244,494,800	122,222,417
		253,334,810	124,256,039		253,334,810	128,641,101

As at 31 March	Company 2026			Company 2025		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Rainforest Ecolodge (Pvt) Ltd	47,000	470,000	74,439	47,000	470,000	234,952
		470,000	74,439		470,000	234,952

17.1.1 The fair value of the unquoted equity shares in Jada Resorts & SPA (Pvt) Ltd is estimated using appropriate valuation techniques. The significant unobservable inputs used in this valuation are given below:

As at 31 March	2026			2025		
	Valuation technique	Significant unobservable inputs	Range (weighted average)	Valuation technique	Significant unobservable inputs	Range (weighted average)
Jada Resorts & SPA (Pvt) Ltd	DCF Method	Long-term growth rate for cash flows	3% - 5%	DCF Method	Long-term growth rate for cash flows	3% - 5%
			4%			4%
		Cost of Equity(Ke)	10.99% - 14.99%		Cost of Equity(Ke)	17.46% - 15.39%
			12.99%			16.44%

As at 31 March	Group Change In Fair Value 2026 Rs.	2025 Rs.
+5% Change in Terminal Value	34,087,401	1,964,571
-5% Change in Terminal Value	(13,224,423)	(1,856,016)
+5% Change in WACC	(29,890,142)	(11,097,895)
-5% Change in WACC	56,706,522	12,809,047

17 INVESTMENT SECURITIES (CONTD.)

17.1.2 Rainforest Ecolodge (Pvt) Ltd

As at 31 March	Group Rs.	Company Rs.
As at 31 March 2024	8,611,046	315,202
Change in Fair Value	(2,192,362)	(80,250)
As at 31 March 2025	6,418,684	234,952
Change in Fair Value	(4,385,062)	(160,512)
As at 31 March 2026	2,033,622	74,439

The group recorded a total fair value loss of Rs. 4,385,062 /- (Rs. 160,512/- by company) relating to this investment during the year ended 31 March 2026.

Investment in Equity Securities solely comprises application and allotment money paidby Group / Company to Rainforest Ecolodge (Pvt) Ltd for the purchase of 1,284,001 / 47,000 ordinary shares of Rs.10 each. The investment is designated at fair value through other comprehensive income (FVOCI) as it is held for strategic long-term purposes and not for trading. The investment is classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs.

The fair value of the unquoted equity investment in Rainforest Ecolodge (Pvt) Ltd has been determined using a Price-to-Book Value (P/BV) methodology, which is based on the net asset position of the investee company as at the reporting date. Management considers this valuation technique to be appropriate given the nature and current stage of operations of the investee.

The significant unobservable input used in determining the fair value is the adjusted net asset value of the investee company. An increase/(decrease) in the net asset value would result in a corresponding increase/(decrease) in the fair value of the investment. During the current year, the valuation methodology was revised from a market multiple approach to a net asset-based approach to better reflect the underlying value of the investee based on the information available at the reporting date.

No dividend income was recognised from equity investments designated at FVOCI during the year (2025 - Rs. Nil)

17.2 Financial assets at amortised cost

As at 31 March	Group 2026			Group 2025		
	No. of Shares	Cost Rs.	Amortized Cost Rs.	No. of Shares	Cost Rs.	Amortized Cost Rs.
Investments in debentures - B Commodities ME (FZE)	100,000	17,960,000	34,670,999	100,000	17,960,000	32,598,192
		17,960,000	34,670,999		17,960,000	32,598,192

The Group holds an investment in debentures issued by B. Commodities ME (FZE), amounting to Rs. 17,960,000. This investment was made on 26 February 2026 and carries a fixed interest rate of 10% per annum.

18 INVENTORIES

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Consumables, maintenance and spares	49,437,025	71,598,103	-	-
Food and beverages	122,508,394	178,734,924	-	-
Others	137,376,680	26,309,491	-	-
	309,322,099	276,642,518	-	-

19 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Trade receivables	19.1	1,187,713,602	1,689,563,379	-	-
Amounts due from related parties	19.2	18,401,107,292	3,763,694,181	1,069,482,464	912,199,393
Prepayments and other advances		258,634,345	683,021,619	3,851,071	4,264,690
		19,847,455,239	6,136,279,179	1,073,333,535	916,464,083

19.1 Trade receivables

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade receivables	1,305,785,818	1,779,897,749	-	-
Less: Impairment for trade receivable	(118,072,216)	(90,334,370)	-	-
	1,187,713,602	1,689,563,379	-	-

19.1.1 Movement of allowance for Trade Receivables

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
As at 01 April	90,334,370	74,411,171	-	-
Provisions/(Reversals) made during the year	27,737,846	15,923,199	-	-
As at 31 March	118,072,216	90,334,370	-	-

19 TRADE AND OTHER RECEIVABLES (CONTD.)

19.2 Amounts due from related parties

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tropical Villas (Pvt) Ltd	13,878,538	13,806,778	13,723,858	13,723,858
Browns Leisure (Pvt) Ltd	7,480,696	5,609,113	-	-
Millenium Development Ltd	37,554,137	12,237,986	-	-
Riverina Resorts (Pvt) Ltd	-	-	7,824,468	5,994,220
Sansun Boutique Hotels Ltd	697,986,813	587,466,068	-	-
Taprobane Plantations (Pvt) Ltd	24,956,469	702,265	-	-
Dickwella Resorts (Pvt) Ltd	-	-	5,965	6,305
Serendib Leisure Management Ltd	-	-	25,390	-
LOLC Holdings PLC	335,643,731	15,686,332	-	-
East Coast Land Holdings (Pvt) Ltd	3,483,685	3,483,685	-	-
NPH Investments Ltd	2,532,395,647	1,883,250,323	-	-
Browns Investments PLC	1,588,252,648	1,115,970,998	1,061,592,281	906,057,739
Chain Holding (Pvt) Ltd	126,027	-	-	-
Samudra Beach Resorts (Pvt) Ltd	15,812,126	15,918,895	1,710	108,479
Excel World Restaurant (Pvt) Ltd	40,568,686	28,576,934	-	-
Ishara Traders (Pvt) Ltd	250,000	-	-	-
B Commodities ME(FZE) *	12,267,155,651	15,825,752	-	-
Sun Yield Bio Ingredients (Pvt) Ltd	25,000,000	25,000,000	-	-
Three Tips Ella (Pvt) Ltd	824,253,646	53,850,260	-	-
Less: Impairment on amount due from related parties				
Tropical Villas (Pvt) Ltd	(13,691,208)	(13,691,208)	(13,691,208)	(13,691,208)
	18,401,107,292	3,763,694,181	1,069,482,464	912,199,393

Interest is charged on related party current account balances exceeding Rs. 10 Mn, at AWPLR plus a margin of 7.5%, subject to revision based on interest rate fluctuations, where applicable under such specific circumstances.

* Interest on the current account balance between Browns Ari Resort (Pvt) Ltd and B Commodities ME (FZE) is charged as per the Inter-Company Credit Facility Agreement, at 10% per annum, compounded quarterly. Default balances attract an additional 0.5% per month.

20 CURRENT TAX RECEIVABLES

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Value Added Tax	225,526,308	690,169,215	-	-
Withholding Tax	25,161,210	23,041,545	7,531,352	7,528,596
Income Tax	5,456,782	5,456,782	3,959,884	3,959,884
Other tax recoverables	78,750	11,572	-	-
	256,223,050	718,679,114	11,491,236	11,488,480

21 CASH AND CASH EQUIVALENTS

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
21.1 Cash in hand and favourable bank balances				
Cash in hand	8,066,718	47,327,248	135,150	135,150
Cash at banks	1,343,482,358	2,050,167,138	3,066,023	4,562,605
	1,351,549,076	2,097,494,386	3,201,173	4,697,755
21.2 Unfavourable bank balances				
Bank overdrafts	(74,969,158)	(91,082,140)	-	-
Net cash and cash equivalents	1,276,579,918	2,006,412,246	3,201,173	4,697,755

22 STATED CAPITAL

As at 31 March	No. Shares	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Issued and fully paid	475,937,000	20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770
		20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All shares are ranked equally with regard to the Company's residual assets.

23 RESERVES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revaluation reserve	23.1	12,162,357,577	17,656,438,194	1,930,775,680	1,930,775,680
Fair value reserve	23.2	(3,488,271)	(2,283,588)	(490,768)	(330,256)
Foreign currency translation reserve	23.3	5,695,336,790	5,078,944,904	-	-
Capital reserve	23.4	(429,025,594)	(429,025,594)	(161,022,309)	(161,022,309)
		17,425,180,502	22,304,073,916	1,769,262,603	1,769,423,115

23.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of property, plant and equipment. Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

23.2 Fair value reserve

Fair value reserve represents the cumulative net changes in fair value of financial assets until such investments are derecognised or impaired.

23 RESERVES (CONTD.)

23.3 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23.4 Capital reserve

Capital reserve wholly consists of the amalgamation reserve arising on amalgamation of Riverina Hotels PLC with Palm Garden Hotels PLC.

23.5 Other movement of equity

As at 31st March Consolidated	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Foreign Currency Translation Reserve Rs.	Capital Reserve Rs.	Accumulated Losses Rs.	Non Controlling Interests Rs.	Total Rs.
Shares issued by subsidiary to non-controlling shareholders	-	-	-	-	-	-	132,052,312	132,052,312
Changes in ownership that do not resulted in change in control	-	-	-	-	-	(360,462,924)	360,462,924	-
Total other movements in equity as at 31 March 2025	-	-	-	-	-	(360,462,924)	492,515,236	132,052,312
Shares issued by subsidiary to non-controlling shareholders	-	-	-	-	-	-	-	-
Changes in ownership that do not resulted in change in control	-	-	-	-	-	-	-	-
Net impact on realization of revalued assets	-	(5,837,012,125)	-	-	-	3,289,866,329	(1,165,894,723)	(3,713,040,519)
Dividend forfeited (Note 27.2)	-	-	-	-	-	2,232,101	7,061,782	9,293,883
Total other movements in equity as at 31 March 2026	-	(5,837,012,125)	-	-	-	3,292,098,429	(1,158,832,941)	(3,703,746,636)

On 21st March 2025, the Board of Directors of the subsidiary resolved to increase the subsidiary's stated capital through an issue of new shares to its non-controlling shareholders amounting to Rs. 132 Mn. Accordingly, as at 31 March 2025, the subscription amount of Rs. 132 Mn received from the non-controlling shareholders was presented separately within equity as Shares Pending Allotment, reflecting the fact that the shares had not yet been formally allotted to the non-controlling shareholders at the reporting date, despite the capital having been committed and received.

24 LOANS AND BORROWINGS

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Lease liabilities	24.1	9,390,108,587	11,424,241,829	-	-
Long term borrowings	24.2	4,972,749,921	2,672,327,952	-	-
Short term borrowings		2,008,901,230	4,557,152,923	583,048,212	-
		16,371,759,738	18,653,722,704	583,048,212	-

24 LOANS AND BORROWINGS (CONTD.)

24.1 Lease liabilities

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April	11,424,241,829	11,517,130,942	-	-
Obtained during the period	14,735,100	24,865,963	-	-
Adjustment on the lease term and consideration	2,340,644	(922,774,838)	-	-
Amortised interest	1,031,721,131	1,041,814,543	-	-
Lease rentals paid during the year	(594,879,897)	(53,651,009)	-	-
Effect of movement in exchange rate	621,084,459	(183,143,772)	-	-
Transfer of assets held for sale	(3,109,134,679)	-	-	-
Net lease liability as at 31 March	9,390,108,587	11,424,241,829	-	-
Repayable within one year				
Gross lease rentals payable	1,189,771,306	1,392,410,357	-	-
Less: Unamortised finance cost	(885,804,180)	(1,053,226,815)	-	-
Net lease liability	303,967,126	339,183,542	-	-
Repayable after one year before five years				
Gross lease rentals payable	4,040,087,605	5,541,444,861	-	-
Less: Unamortised finance cost	(2,843,356,154)	(4,077,372,684)	-	-
Net lease liability	1,196,731,451	1,464,072,177	-	-
Repayable after five years				
Gross lease rentals payable	22,927,813,872	29,276,887,347	-	-
Less: Unamortised finance cost	(15,038,403,862)	(19,655,901,237)	-	-
Net lease liability	7,889,410,010	9,620,986,110	-	-

24.2 Long Term Borrowings

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Gross as at 01 April	2,672,327,952	3,860,482,171	-	-
Obtained during the year	6,873,136,812	-	-	-
Repaid during the year	(5,089,239,887)	(1,609,897,407)	-	-
Effect of movement in exchange rate	88,761,813	(54,356,042)	-	-
Gross borrowings as at 31 March	4,544,986,690	2,196,228,722	-	-
Loan interest payable	427,763,231	476,099,230	-	-
As at 31 March	4,972,749,921	2,672,327,952	-	-

24 LOANS AND BORROWINGS (CONTD.)

24.2 Long Term Borrowings (contd.)

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Analysis of long term borrowings				
Repayable within one year	914,856,237	885,856,280	-	-
Repayable after one year	4,057,893,684	1,786,471,672	-	-
	4,972,749,921	2,672,327,952	-	-
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	1,227,596,354	1,212,995,984	-	-
Repayable after 3 years	2,830,297,330	573,475,688	-	-
	4,057,893,684	1,786,471,672	-	-

24.3 Analysis of loans and borrowings

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current	3,227,724,593	5,782,192,745	583,048,212	-
Non current	13,144,035,145	12,871,529,959	-	-
	16,371,759,738	18,653,722,704	583,048,212	-

24.4 Short term borrowings

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
LOLC Life Assurance Ltd - Commercial Papers	2,008,901,230	-	583,048,212	-
Browns Investments PLC	-	1,201,607,962	-	-
Browns Engineering and Construction (Pvt) Ltd	-	245,581,390	-	-
LOLC Holdings PLC	-	648,065,141	-	-
B Commodities ME (FZE)	-	566,234,820	-	-
LOLC Global (Pvt) Ltd	-	1,895,663,610	-	-
	2,008,901,230	4,557,152,923	583,048,212	-

24 LOANS AND BORROWINGS (CONTD.)

24.4 Details of the Group's loans are as follows;

Lender	Relationship	Interest Rate	Carrying Amount 2026	2025
Browns Investments PLC	Intermediate Parent	AWPLR + 7.5%	4,503,182,871	1,201,607,962
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Immediate Parent	AWPLR + 7.5%	-	245,581,390
People's Bank	Not Applicable	10%	-	1,357,437,380
LOLC Holdings PLC	Ultimate Parent	AWPLR + 7.5%	367,773,593	648,065,141
B Commodities ME (FZE)	Subsidiary of Ultimate Parent	AWPLR + 7.5%	101,793,457	566,234,820
LOLC Global (Pvt) Ltd	Subsidiary of Ultimate Parent	AWPLR + 7.5%	-	1,895,663,610
Bank of Maldives	Not Applicable	AWPLR + 10%	-	1,314,890,572
LOLC Life Assuarance Ltd	Subsidiary of Ultimate Parent	12% - 13%	2,008,901,229	-
			6,981,651,150	7,229,480,875

25 DEFINED BENEFIT OBLIGATIONS

25.1 Movement in the present value of the defined benefit obligation

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April		104,115,633	100,862,393	-	-
Benefits paid during the year		(8,637,928)	(14,795,659)	-	-
Expenditure recognised in profit or loss	25.2	22,792,621	22,477,708	-	-
Actuarial gains/(losses) recognised in other comprehensive income		3,648,428	(4,428,808)	-	-
As at 31 March		121,918,754	104,115,633	-	-

25.2 Expense recognised in profit or loss

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current service costs	10,502,047	9,365,598	-	-
Interest costs	12,290,574	13,112,110	-	-
	22,792,621	22,477,708	-	-

25 DEFINED BENEFIT OBLIGATIONS (CONTD.)

ACTUARIAL ASSUMPTIONS

Gratuity liability is based on the actuarial valuation carried out by Messrs Units Actuaries & Consultants, as at 31 March 2026. The projected unit credit method has been used for the valuation. The principal assumptions used are as follows.

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Discount rate	9.5%	12.0%	-	-
Salary increment rate	8.0%	10.0%	-	-
Staff turnover factor	18% - 33%	20.0%	-	-
Retirement age	60 Years	60 Years	-	-

It is also assumed that the Group will continue in business as a going concern and the liability is not externally funded.

25.3 Sensitivity of the actuarial assumptions

Sensitivity analysis on discount rate and salary increment rate to statement of financial position and statement of profit or loss and other comprehensive income.

	Rate change	Group Financial Position - Liability	Group Statement of profit or loss and OCI - Charge for the period	Company Financial Position - Liability	Company Statement of profit or loss and OCI - Charge for the period
Discount rate	+1	117,610,201	(4,308,555)	-	-
	-1	126,536,871	4,618,115	-	-
Future salary increases	+1	127,101,454	5,182,698	-	-
	-1	117,006,638	(4,912,118)	-	-

25.4 Maturity analysis of the payments

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

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Within the next 12 months	22,355,212	18,509,629	-	-
Between 1 and 2 years	32,207,829	26,882,203	-	-
Between 2 and 5 years	42,534,191	32,670,284	-	-
Between 5 and 10 years	20,058,314	20,324,990	-	-
Beyond 10 years	4,763,210	5,728,527	-	-
Total expected payments	121,918,754	104,115,633	-	-

The Group's weighted average duration of defined benefit obligation is 3.59 years. (2024/25 - 4.1 years)

26 DEFERRED TAX ASSETS AND LIABILITIES

26.1 Recognised Deferred Tax Assets

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deferred tax assets are attributable to the origination of following temporary differences:				
Unutilised tax losses	7,320,175,310	14,365,956,828	-	-
Defined benefit obligations	101,239,497	104,887,914	-	-
General provisions	55,540,808	47,141,557	-	-
Net lease liability	32,609,859	415,927,493	-	-
Net deductable temporary difference	7,509,565,474	14,933,913,792	-	-
Total recognised deferred tax assets	511,878,632	972,163,187	-	-

26.2 Movement in Recognised Deferred Tax Assets

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
As at 01 April		972,163,187	697,080,657	-	-
Recognised in statement of profit or loss	26.5	(504,263,961)	282,714,754	-	-
Effect of movement in exchange rate		43,442,709	(12,589,419)	-	-
Other adjustments/transfers		(2,019,680)	2,017,926	-	-
Recognised in other comprehensive income	26.6	2,556,377	2,939,269	-	-
As at 31 March		511,878,632	972,163,187	-	-

26.3 Recognised Deferred Tax Liabilities

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deferred tax liabilities are attributable to the origination of following temporary differences:				
Property, plant and equipment	4,590,119,062	6,612,975,778	-	-
Investment property	398,368,000	1,884,368,000	343,000,000	1,837,000,000
Revaluation of buildings	16,287,965,264	16,422,501,939	-	-
Revaluation of reclaimed lands	161,749,817	23,901,416,140	-	-
Unrealised loss on exchange	2,077	2,077	-	-
Net taxable temporary difference	21,438,204,220	48,821,263,934	343,000,000	1,837,000,000
Total recognised deferred tax liabilities	7,396,046,668	8,664,982,086	1,086,138,300	983,238,300

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

26.4 Movement in Recognised Deferred Tax Liabilities

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April		8,664,982,086	6,425,545,625	983,238,300	436,038,000
Recognised in statement of profit or loss	26.5	(724,109,308)	(350,748,408)	102,900,000	547,200,300
Effect of movement in exchange rate		183,183,685	(52,453,117)	-	-
Other adjustments/transfers		(1,287,606,699)	4,675,510	-	-
Recognised in other comprehensive income	26.6	559,596,904	2,637,962,476	-	-
As at 31 March		7,396,046,668	8,664,982,086	1,086,138,300	983,238,300

26.5 Deferred tax expense

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deferred tax assets				
Originations / reversal during the period	504,263,961	(282,714,754)	-	-
Deferred tax liabilities				
Originations / (reversals) during the period	(724,109,308)	(350,748,408)	102,900,000	547,200,300
	(219,845,347)	(633,463,162)	102,900,000	547,200,300

26.6 Deferred tax recognised in other comprehensive income

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deferred Tax Assets					
Deferred tax on acturial gain defined benefit obligations	9	2,556,377	2,939,269	-	-
Deferred tax liabilities					
Deferred tax on acturial loss defined benefit obligations	9	3,650,902	1,610,626	-	-
Deferred tax charge/(reversal) on revaluation surplus		-	2,636,351,850	-	-
Deferred tax reversal on revaluation surplus		555,946,002	-	-	-
		559,596,904	2,637,962,476	-	-

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

26.7 Deferred tax movement of discontinued operations

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.
26.7.1 Deferred tax expense			
Reversal during the period	31	536,833,554	77,980,708
		536,833,554	77,980,708
26.7.2 Deferred tax recognised in other comprehensive income			
Deferred tax charge/(reversal) on revaluation surplus		-	394,251,792
Deferred tax reversal on revaluation surplus	26.6	555,946,002	-
		555,946,002	394,251,792

27 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade payables		699,609,886	1,056,407,313	-	-
Amounts due to related parties	27.1	26,100,427,334	23,367,850,720	2,827,111,408	2,931,071,089
Retention payable		24,617,609	14,956,788	-	-
Unclaimed dividends	27.2	-	9,293,883	-	-
Advances received		4,171,550	328,106,087	-	-
Accrued expenses and other payable		845,485,533	1,402,076,118	1,021,639	1,224,785
		27,674,311,911	26,178,690,909	2,828,133,047	2,932,295,874

27 TRADE AND OTHER PAYABLES (CONTD.)

27.1 Amounts due to related parties

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
LOLC Holdings PLC	11,389,776,056	11,480,798,578	2,370,529,486	2,520,927,723
Browns Hotels and Resorts Ltd	1,141,639,983	806,305,562	-	-
Eden Hotel Lanka PLC	-	-	35,486,037	30,574,151
Tropical Villas (Pvt) Ltd	1,601,730	1,496,730	-	-
Excel Restaurants (Pvt) Ltd	585,700	-	-	-
Browns Investments PLC	5,833,511,921	4,511,493,999	138,927,750	138,927,750
LOLC Technologies Ltd	10,695,244	13,174,021	-	-
LOMO Services Ltd	253,007	369,469	-	-
LOLC Finance PLC	16,060	4,196	-	-
LOLC Corporate Services (Pvt) Ltd	905,000	591,000	357,000	119,000
Browns Engineering & Construction (Pvt) Ltd	7,625,587,865	6,479,468,334	281,811,135	240,522,465
Millenium Development Limited	175,871	44,516	-	-
Browns Leisure (Pvt) Ltd	5,592,535	7,823,080	-	-
Sansun Boutique Hotels Ltd	90,000,000	66,200,000	-	-
B Commodities ME(FZE)	86,362	81,235	-	-
	26,100,427,334	23,367,850,720	2,827,111,408	2,931,071,089

Interest is charged on related party current account balances exceeding Rs. 10 Mn, at AWPLR plus a margin of 7.5%, subject to revision based on interest rate fluctuations, where applicable under such specific circumstances.

27.2 Unclaimed dividends

During the year, unclaimed dividends amounting to Rs. 9,293,883 for Group were written back to retained earnings (2025 - Group / Company - Rs. Nil).

28 CURRENT TAX PAYABLES

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Income tax	112,374,650	96,438,271	-	-
Value Added Tax	49,311,202	589,434,982	459,180	459,180
Nation Building Tax	2,449,602	2,533,677	184,096	184,096
Other taxes	228,389,845	451,140,731	725,963	-
	392,525,299	1,139,547,661	1,369,239	643,276

29 COMMITMENTS AND CONTINGENCIES

There are no material capital commitments and contingent liabilities that require adjustment to or disclosure in the financial statements.

30 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no other material events occurring after the reporting date that requires adjustment to or disclosure in the Financial Statements.

31 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Group was disposed of the assets and business of Barceló Whale Lagoon Maldives Resort held by Browns Ari Resorts (Pvt) Ltd on 19 December 2025. The loss after tax of the discontinued operation has been presented separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Comparative information in the Consolidated Statement of Profit or Loss and Other Comprehensive Income has also been restated to present the operation as a discontinued operation in accordance with SLFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

31.1 The results of aforesaid operations for the year are presented below:

As at 31 March	Browns Ari Resort (Pvt) Ltd 2026 Rs.	2025 Rs.
Revenue	2,305,150,683	2,969,675,543
Direct costs	(918,200,508)	(1,090,043,695)
Profit before operating expenses	1,386,950,175	1,879,631,848
Other income	635,802,465	754,092,391
	2,022,752,640	2,633,724,239
Operating expenses		
Personnel costs	(486,589,630)	(710,606,463)
Depreciation and amortisation	(513,187,218)	(737,998,071)
Other operating expenses	(852,617,415)	(895,115,237)
Advertising and promotional expenses	(380,514,392)	(547,681,924)
Loss before tax from discontinued operations	(210,156,015)	(257,677,456)
Tax reversal	536,833,555	77,980,708
Profit / (loss) after tax for the year from discontinued operations	326,677,540	(179,696,748)

Browns Ari Resort (Private) Limited disposed of an item of property, plant and equipment on 19 December 2025, resulting in a gain on disposal of Rs. 342,400, recognized in the Statement of Profit or Loss.

The net finance cost of Browns Ari Resort (Private) Limited is recognized as a component of continuing operations in the Statement of Profit or Loss, in accordance with the requirements of SLFRS 5 - Non-current assets held for sale and discontinued operation.

The net finance cost recognized for the year ended 31 March 2026 amounted to Rs. 1,127,052,536 (2025: Rs. 1,932,587,217).

For the year ended 31 March	2026 Rs.	2025 Rs.
Finance cost	(1,138,909,910)	(1,933,776,764)
Finance income	11,857,374	1,189,547
Net Finance cost	(1,127,052,536)	(1,932,587,217)

31 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTD.)

31.2 Statement of cash flows

As at 31 March	Browns Ari Resort (Pvt) Ltd 2026 Rs.	2025 Rs.
Cash flow from operating activities		
Loss before tax	(1,337,208,550)	(2,190,264,673)
Adjustment for;		
Interest income	(11,857,374)	(1,189,547)
Interest expense	1,138,909,910	1,933,776,764
Depreciation & Amortization	(513,187,218)	(737,998,071)
Gain on disposal of the resort (property, plant and equipment, right-of-use asset and lease liability)	342,400	-
Operating loss before working capital changes	(723,000,832)	(995,675,527)
Working capital changes		
Increase in trade and other receivables	(12,050,137,103)	(545,246,878)
Increase in inventories	117,511,224	2,177,355
Increase/(decrease) in trade and other payables	(1,855,342,793)	1,576,322,395
Cash generated from /(used in) operations	(14,510,969,504)	37,577,345
Interest paid	(1,142,323,157)	(50,124,136)
Net cash used in generated from operating activities	(15,653,292,661)	(12,546,791)
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(76,561,784)
Net proceeds received from sale of the resort (property, plant and equipment, right-of-use asset and lease liability)	18,112,142,613	-
Interest income received	-	2,682,046
Net cash (used) / from in investing activities	18,112,142,613	(73,879,738)
Cash flows from financing activities		
Proceeds from loans and borrowings	5,788,830,254	1,181,494,294
Repayments of loans and borrowings	(7,072,892,381)	(534,794,809)
Lease payments	(557,294,987)	-
Net cash (used in) / from financing activities	(1,841,357,114)	646,699,485
Difference from the currency translation	(926,642,493)	(438,390,679)
Net increase in cash and cash equivalents	617,492,838	560,272,956
Cash and cash equivalents at the beginning of the year	598,461,106	476,578,829
Cash and cash equivalents at the end of the year	289,311,451	598,461,106

31 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTD.)

31.3 Losses on impairment of subsidiary recognized in Palm Garden Hotels PLC

As a result of the committed transfer of head lease and the operating assets of Browns Ari Resort (Pvt) Ltd, a wholly owned subsidiary of Palm Garden Hotels PLC, management has assessed that there is uncertainty over the recoverability of its investment as at 31 March 2026. Accordingly, Palm Garden Hotels PLC has recognised an impairment loss of Rs. 230,016,653 in the Statement of Profit or Loss.

31.4 Restatement of Statement of Profit or loss and Other Comprehensive Income

Statement of Profit or Loss	As disclosed Previous year 31.03.2025	Reclassification Rs.	Current Presentation 31.03.2025
Continuing operation			
Revenue	9,037,154,145	2,969,675,543	6,067,478,602
Direct costs	(2,844,163,267)	(1,090,043,695)	(1,754,119,571)
Change in fair value of investment property	5,000,000	-	5,000,000
Other income	778,615,502	754,092,391	24,523,111
Profit before operating expenses from continuing operation	6,976,606,380	2,633,724,239	4,342,882,142
Operating expenses			
Personnel costs	(1,625,311,851)	(710,606,463)	(914,705,388)
Depreciation and amortisation	(1,802,836,567)	(737,998,071)	(1,064,838,496)
Other operating expenses	(2,673,070,504)	(895,115,237)	(1,777,955,267)
Advertising and promotional expenses	(676,289,845)	(547,681,924)	(128,607,921)
Results from operating activities from continuing operation	199,097,613	(257,677,456)	456,775,070
Finance expense	(6,439,513,960)	-	(6,439,513,960)
Finance income	1,331,373,552	-	1,331,373,552
Loss before taxation from continuing operation	(4,909,042,795)	(257,677,456)	(4,651,365,338)
Tax reversal from continuing operations	511,613,025	77,980,708	433,632,316
Loss for the year from continuing operation	(4,397,429,770)	(179,696,748)	(4,217,733,022)
Discontinued operation			
Loss befor tax the year from discontinued operations	-	(257,677,456)	(257,677,456)
Tax reversal from discontinuing operations	-	77,980,708	77,980,709
Loss for the year from discontinued operations	-	(179,696,748)	(179,696,748)
Loss for the year	(4,397,429,770)	(179,696,748)	(4,397,429,770)

32 RELATED PARTY DISCLOSURES

32.1 Transactions with key management personnel

The Group and Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures), the details of which are reported below.

Terms and conditions of transactions with related parties

32 RELATED PARTY DISCLOSURES (CONTD.)

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiary companies have been disclosed in the Note 32.3.

Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at management agreed terms basis. Outstanding current account balances at year end are unsecured and settlement occurs in cash.

Recurrent and non-recurrent related party transactions

Non- recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c)of the Security Exchange Commission Act.

All the transactions which are disclosed under note 32.2 with Related Parties which are recurrent, and which is necessary for day-today operations of the company and subsidiaries, in the opinion of the Related Party Transactions Review Committee, terms for all these transactions are not favourable to the Related Party than those generally available to the public.

Except the above, there were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act.

Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard LKAS 24 – 'Related Party Disclosures', Key Management Personnel (KMP) 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. Accordingly, the Board of Directors, Director/Chief Executive Officer, Key Employees of the Company holding directorships in subsidiary companies have been classified as Key Management Personnel (KMP) of the Group.

Key management personnel compensation

The Directors of the Company were paid Rs. 2,120,000/- during the period under review. At Group level, the Directors were paid Rs.11,750,000/- during the period under review.

32.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures". The Pricing applicable to such transactions are based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

	Relationship	Nature of Transactions	Company		Aggregate value of Related Party Transactions as a % of Net Revenue/Income	
As at 31 March			2026	2025	2026	2025
Companies			Rs.	Rs.	%	%
LOLC Holdings PLC	Ultimate Parent	Fund transfers in	176,000,000	499,000,000	(< 50%)	< 50%
		Fund transfers out	724,000,000	-		
		Expenses shared	4,942,430	1,327,412		
		Interest on C/A	392,659,333	312,634,269		
Browns Hotels and Resorts Ltd	Immediate Parent	Fund transfers out	21,753	-	> 100%	> 100%
		Expenses shared	21,753	-		

As at 31 March Companies	Relationship	Nature of Transactions	Company 2026 Rs.	Company 2025 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue/Income 2026 %	2025 %
Eden Hotel Lanka PLC	Subsidiary	Interest C/A	229,593	-	< 2%	1%
		Expenses shared	317,707	154,092		
		Fund transfers in	5,000,000	-		
Dickwella Resorts (Pvt) Ltd	Subsidiary	Expenses shared	169,710	255,966	< 1%	> 100%
		Fund transfers in	170,050	256,258		
Riverina Resorts (Pvt) Ltd	Subsidiary	Expenses shared	15,248	26,720	< 1%	> 100 %
		Lease rental income	1,815,000	1,815,000		
Serendib Leisure Management Ltd	Subsidiary	Expenses shared	1,198,208	299,378	< 1%	> 100 %
		Fund transfer In	2,172,818	299,378		
		Fund transfers Out	1,000,000	-		
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	1,428,000	1,428,000	< 1%	> 100 %
		Fund transfers out	1,190,000	1,428,000		
Browns Investment PLC	Intermediate Parent	Fund Transfers In	175,200,000	5,000,000,000	> 100%	> 100%
		Fund Transfers Out	175,200,000	-		
		Interest on C/A	155,534,542	894,160,545		
Millennium Development Ltd	Subsidiary of Intermediate Parent	Expenses shared	-	2,080	0%	> 100 %
		Fund transfer In	-	2,080		
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Ultimate Parent	Interest on loans	41,288,670	36,349,895	< 15%	< 2%
Samudra Beach Resort (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	10,800	108,479	(< 1%)	<1%
		Fund Transfers In	117,569	-		
Green Paradise (Pvt) Ltd	Subsidiary	Expenses shared	-	10,267	0%	> 100 %
		Fund Transfers In	-	10,267		
Sun & Fun Resort Ltd	Subsidiary	Expenses shared	-	15,732	0%	> 100 %
		Fund Transfers In	-	15,732		
Browns Leisure (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	-	6,934	0%	> 100 %
		Fund Transfers In	-	6,934		
Hotel Sigiriya PLC	Subsidiary	Expenses shared	-	10,730	0%	> 100 %
		Fund Transfers In	-	10,730		
Frontier Capital Lanka (Pvt) Ltd	Subsidiary	Expenses shared	-	1,950	0%	> 100 %
		Fund Transfers In	-	1,950		
Serendib Hotel PLC	Subsidiary	Expenses shared	-	2,000	0%	> 100 %
		Fund Transfers In	-	2,000		
Sansun Boutique Hotels Ltd	Subsidiary of Intermediate Parent	Expenses shared	-	24,185	0%	> 100 %
		Fund Transfers In	-	24,185		

As at 31 March Companies	Relationship	Nature of Transactions	Group 2026 Rs.	Group 2025 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue/Income 2026 %	Aggregate value of Related Party Transactions as a % of Net Revenue/Income 2025 %
LOLC Holdings PLC	Ultimate Parent	Fund transfers in	996,381,093	1,673,734,269	> 100%	> 100%
		Fund transfers out	3,420,498,744	7,798,914,873		
		Expenses shared	190,866,736	91,762,171		
		Interest on C/A	1,822,270,993	3,560,015,954		
Browns Hotels and Resorts Ltd	Immediate Parent	Fund transfers in	410,000,300	4,500,000	> 100%	<100%
		Fund transfers out	202,616,943	227,849,243		
		Expenses shared	978,703,823	179,043,682		
		Interest on C/A	761,858,366	116,307,928		
Browns Investment PLC	Intermediate Parent	Fund transfers in	663,966,376	5,000,000,000	> 100%	> 100%
		Fund transfers out	537,454,100	4,886,009		
		Interest on C/A	816,393,358	-		
		Expenses shared	64,526,256	2,660,900		
		Interest income	157,695,617	255,875,251		
LOLC Finance PLC	Subsidiary of Ultimate Parent	Expenses shared	15,233,443	18,734,508	9%	< 5%
		Fund transfers out	15,221,579	24,366,462		
LOLC Technologies Ltd	Subsidiary of Ultimate Parent	Expenses shared	9,833,490	12,856,637	6%	< 5%
		Fund transfers out	12,312,267	22,203,142		
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	7,256,462	6,860,000	4%	< 1%
		Fund transfers out	6,942,462	8,445,250		
Excel Restaurant (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	9,457,075	5,837,365	6%	< 1%
		Fund transfers out	10,679,615	5,000,000		
		Fund transfer in	8,730,638	-		
Tropical Villas (Pvt) Ltd	Subsidiary of Immediate Parent	Expenses shared	13,409,587	527,960	8%	< 1%
		Fund transfers out	13,376,347	200,000		
LOMO Services Ltd	Subsidiary of Ultimate Parent	Expenses shared	-	116,462	<1%	> 1%
		Fund transfers out	116,462	-		
Brown & Company PLC	Intermediate Parent	Fund transfers out	-	23,725,746	0%	2%
East Coast Land Holdings Ltd	Subsidiary of Ultimate Parent	Fund transfers out	-	3,000,000	0%	> 1%
NPH Investments Ltd	Subsidiary of Immediate Parent	Expenses shared	112,859,431	88,005,139	> 100%	> 100%
		Interest on C/A	60,393,437	13,392,075		
		Fund transfers out	494,808,906	-		
		Fund transfers in	18,916,450	15,181,278		

As at 31 March Companies	Relationship	Nature of Transactions	Group 2026 Rs.	Group 2025 Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue/Income 2026 %	Aggregate value of Related Party Transactions as a % of Net Revenue/Income 2025 %
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Ultimate Parent	Interest on loans	424,678,796	40,264,839	> 100%	> 100%
		Expenses shared	721,440,735	1,398,696,526		
		Transfer to loan	-	208,600,495		
Millennium Development Ltd	Subsidiary of Ultimate Parent	Expenses shared	6,558,565	1,442,227	11%	< 1%
		Fund transfers out	31,743,361			
		Fund transfers in	13,117,131	-		
Samudra Beach Resorts (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	10,800	108,479	> 1%	> 1%
		Fund transfers in	(117,569)	-		
Browns Leisure (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers in	30,409,272	1,680,742	< 20%	< 30%
		Fund transfer out	1,825,984	60,121,664		
		Expense shared	32,685,418	38,396,587		
Sansun Boutique (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers in	45,000,000	58,203	> 50%	< 20%
		Fund transfers out	93,214,896	126,800,204		
		Expenses shared	29,883,669	166,396,464		
		Interest on C/A	8,622,179	53,942,985		
Taprobane Plantations (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	35,197,031	300,000	> 25%	< 1%
		Fund transfers in	10,942,827			
B Commodities ME FZE	Subsidiary of Ultimate Parent	Expenses shared	43,025,394	15,744,517	> 10%	< 5%
		Fund transfers in	82,951	-		
		Fund transfers out	12,025,831,092	-		
		Interest Income	182,551,236	-		
Sun Yield Bio Ingredients (Pvt) Ltd	Subsidiary of Ultimate Parent	Asset Transfer	-	25,000,000	0%	< 5%
Three Tips Ella (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	24,509,120	53,850,260	> 30%	< 5%
		Fund transfers in	82,204,402			
		Fund transfers out	782,640,217			
		Interest Income	45,458,450			
Chain Holding (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	126,027	-	> 1%	0%
Ishara Traders (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	250,000	-	> 1%	0%

* Closing balances of above related parties has been disclosed in Note 19.2 (Page 101) and Note 27.1 (Page 111).

32 RELATED PARTY DISCLOSURES (CONTD.)

32.3 Group Companies/Directors

Company Name/Relationship	Directors
LOLC Holdings PLC (Ultimate Parent)	I C Nanayakkara, W D K Jayawardena, Mrs. K U Amarasinghe, F K C P N Dias, K Sundararaj, K Sivanesan, G S Kalidasa
Brown & Company PLC (Intermediate Parent)	I C Nanayakkara, W D K Jayawardena, Mrs. K U Amarasinghe, D Abeyrathne, T Sanakan, K Sundararaj, C N Wijesinghe
Browns Investments PLC (Intermediate Parent)	I C Nanayakkara, D S K Amarasekera, Mrs. K U Amarasinghe, W D K Jayawardena, K Sivanesan, C N Wijesinha
Browns Hotels and Resorts Ltd (Immediate Parent)	D S K Amarasekera, N R Nanayakkara, R L E C Wijeratne
Eden Hotel Lanka PLC (Subsidiary)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, S Furkhan, Dr. J M Swaminathan, J Selvaratnam
Dickwella Resorts (Pvt) Ltd (Subsidiary)	P D G Jayasena, R L E C Wijeratne
Tropical Villas (Pvt) Ltd (Subsidiary of Immediate Parent)	D S K Amarasekera, P D G Jayasena, R L E C Wijeratne
Riverina Resorts (Pvt) Ltd (Subsidiary)	D S K Amarasekera, R L E C Wijeratne
Green Paradise (Pvt) Ltd (Subsidiary)	D S K Amarasekera, Mrs. K U Amarasinghe, R L E C Wijeratne, P D G Jayasena
Sun & Fun Resorts Ltd (Subsidiary)	V K Vemuru, D S K Amarasekera, T Selviah, R L E C Wijeratne, P D G Jayasena
Serendib Hotels PLC (Subsidiary)	E J D Rajakariar, W A T M Wijesinghe, S A Chojnacki (R.w.e.f 15.06.26), W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, Dr. J M Swaminathan, W R Williams (A.W.E.F. 15.06.26), T Dharmarajah
Dolphin Hotels PLC (Subsidiary)	W D K Jayawardena, D S K Amarasekera, Dr. J M Swaminathan, R L E C Wijeratne, S Furkhan, T Dharmarajah
Sigiriya Hotels PLC (Subsidiary)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, Dr. J M Swaminathan, S Furkhan, T Dharmarajah
Serendib Leisure Management Ltd (Subsidiary)	D S K Amarasekera, Dr. J M Swaminathan, E J D Rajakarriar
Frontier Capital Lanka (Pvt) Ltd (Subsidiary)	D S K Amarasekera, Dr. J M Swaminathan
Sanctuary Resorts Lanka (Pvt) Ltd (Subsidiary)	D S K Amarasekera, Dr. J M Swaminathan
Bodufaru Beach Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, K A K P Gunawardena, I Riswaan, M Niham
Browns Ari Resort (Pvt) Ltd (Subsidiary)	I C Nanayakkara, D S K Amarasekera, K A K P Gunawardena, M Niham, S Mohmed
Browns Raa Resort (Pvt) Ltd (Subsidiary)	I C Nanayakkara, D S K Amarasekera, K A K P Gunawardena, M Niham
Browns Kaafu N Resort (Pvt) Ltd (Subsidiary)	I C Nanayakkara, D S K Amarasekera, O A Razzak

33 VALUATION OF FINANCIAL INSTRUMENTS

33.1 Fair Value Hierarchy

The Group's accounting policy on fair value measurements is discussed in accounting policy Note 3.27

Group As at 31 March 2026	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	9,692,475	-	-	9,692,475
Investment securities	17.1	-	-	124,256,039	124,256,039
		9,692,475	-	124,256,039	133,948,514

Group As at 31 March 2025	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	5,720,550	-	-	5,720,550
Investment securities	17.1	-	-	128,641,101	128,641,101
		5,720,550	-	128,641,101	134,361,651

Company As at 31 March 2026	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss		864,775	-	-	864,775
Investment securities	17.1	-	-	74,439	74,439
		864,775	-	74,439	939,214

Company As at 31 March 2025	Note	Level 1	Level 2	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	607,210	-	-	607,210
Investment securities	17.1	-	-	234,952	234,952
		607,210	-	234,952	842,162

33.2 Financial instruments not measured at fair value

As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Financial assets					
Trade receivables	19.1	1,187,713,602	1,689,563,379	-	-
Amounts due from related parties	19.2	18,401,107,292	3,763,694,180	1,069,482,464	912,199,393
Cash and cash equivalents	21.1	1,351,549,076	2,097,494,386	3,066,023	4,697,755
		20,940,369,970	7,550,751,945	1,072,548,487	916,897,148
Financial liabilities					
Trade payables	27	699,609,885	1,056,407,313	-	-
Amounts due to related parties	27.1	26,100,427,335	23,367,850,722	2,827,111,408	2,931,071,089
Retention payable	27	24,617,609	14,956,787	-	-
Interest bearing borrowings and loans	24	16,371,759,738	18,653,722,704	583,048,212	-
Bank overdrafts	21.2	74,969,158	91,082,140	-	-
		43,271,383,725	43,184,019,667	3,410,159,620	2,931,071,089

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group's financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values using other valuation techniques that are commonly used by market participants.

The following table shows the valuation techniques used by the Group in measuring Level 3 fair value together with significant observable and unobservable inputs.

Entity	Valuation technique	Significant observable & unobservable inputs	Sensitivity of the input to the fair value
Rainforest Ecolodge (Pvt) Ltd	Net asset basis	Carrying value of the assets and liabilities adjusted for market participants assumptions.	Variability of inputs are insignificant to have an impact on fair value.
Jada Resorts & SPA (Pvt) Ltd	DCF Method	Projected future cash flows and the discount rate applied thereon, adjusted for market participants' assumptions	Variability of inputs are Long-term growth rate for cash flows & Cost of Equity(Ke) impact on fair value.

34 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

34.1 Maturity analysis of financial assets-Group

As at 31 March 2026	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	1,351,549,076	1,351,549,076	1,351,549,076	-	-	-	-
Other financial assets								
Trading assets - Fair value throgh profit or loss	16	9,692,475	9,692,475	-	-	-	9,692,475	-
Investment securities	17	158,927,038	158,927,038	-	-	-	158,927,038	-
Trade and other receivable								
Financial assets	19	19,588,820,894	19,588,820,894	-	1,187,713,602	18,401,107,292	-	-
		21,108,989,483	21,108,989,483	1,351,549,076	1,187,713,602	18,401,107,292	168,619,513	-

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	2,097,494,386	2,097,494,386	2,097,494,386	-	-	-	-
Other financial assets								
Trading assets - Fair Value Throgh Profit or Loss	16	5,720,550	5,720,550	-	-	-	5,720,550	-
Investment securities	17	161,239,293	161,239,293	-	-	-	161,239,293	-
Trade and other receivable								
Financial assets	19	5,453,257,560	5,453,257,560	-	1,689,563,379	3,763,694,181	-	-
		7,717,711,789	7,717,711,789	2,097,494,386	1,689,563,379	3,763,694,181	166,959,843	-

34.2 Maturity analysis of financial liabilities-Group

As at 31 March 2026	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Bank overdrafts	21.2	74,969,158	74,969,158	74,969,158	-	-	-	-
Loans and borrowings								
Operating lease obligations	24.1	9,390,108,587	9,390,108,587	-	297,442,827	1,189,771,306	4,040,087,604	3,862,806,850
Borrowings	24.2	4,972,749,921	4,972,749,921	6,485,326	27,856,310	880,514,601	1,171,797,823	2,886,095,860
Financial liabilities	27	26,824,654,830	26,824,654,830	174,130,457	98,016,765	26,552,507,608	-	-
		41,262,482,496	41,262,482,496	255,584,942	423,315,902	28,622,793,515	5,211,885,427	6,748,902,710

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Bank overdrafts	21.2	91,082,140	91,082,140	91,082,140	-	-	-	-
Loans and borrowings								
Operating lease obligations	24.1	11,424,241,829	11,424,241,829	-	348,102,589	1,392,410,357	5,541,444,861	4,142,284,022
Borrowings	24.2	2,672,327,952	2,672,327,952	3,611,113	32,657,975	479,554,104	1,986,954,202	952,041,662
Financial liabilities	27	24,439,214,822	24,439,214,822	174,130,457	98,016,765	24,167,067,597	-	-
		38,626,866,743	38,626,866,743	268,823,710	478,777,329	26,039,032,058	7,528,399,063	5,094,325,684

34.3 Maturity analysis of financial assets-Company

As at 31 March 2026	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	3,201,173	3,201,173	3,201,173	-	-	-	-
Other financial assets								
Trading assets - Fair Value Throgh Profit or Loss	16.0	864,775	864,775	-	-	-	864,775	-
Investment securities	17.0	74,439	74,439	-	-	-	74,439	-
Trade and other receivable								
Financial Assets	19	1,069,482,464	1,069,482,464	-	-	1,069,482,464	-	-
		1,073,622,851	1,073,622,851	3,201,173	-	1,069,482,464	939,214	-

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	4,697,755	4,697,755	4,697,755	-	-	-	-
Other financial assets								
Trading assets - Fair Value Throgh Profit or Loss	16.0	607,210	607,210	-	-	-	607,210	-
Investment securities	17.0	234,952	234,952	-	-	-	234,952	-
Trade and other receivable								
Financial Assets	19	912,199,393	912,199,393	-	-	912,199,393	-	-
		917,739,310	917,739,310	4,697,755	-	912,199,393	842,162	-

34.4 Maturity analysis of financial liabilities-Company

As at 31 March 2026	Note	Carrying amount (Rs.)	Gross cash inflow/ (outflow) (Rs.)	Less than 1 month (Rs.)	1-3 months (Rs.)	4 - 12 months (Rs.)	13 - 60 months (Rs.)	More than 60 months (Rs.)
Liabilities								
Loans and borrowings								
Borrowings	24.2	583,048,212	583,048,212	-	-	583,048,212	-	-
Financial liabilities	27	2,827,111,409	2,827,111,409	-	-	2,827,111,409	-	-
		3,410,159,621	3,410,159,621	-	-	3,410,159,621	-	-

As at 31 March 2025	Note	Carrying amount (Rs.)	Gross cash inflow/ (outflow) (Rs.)	Less than 1 month (Rs.)	1-3 months (Rs.)	4 - 12 months (Rs.)	13 - 60 months (Rs.)	More than 60 months (Rs.)
Liabilities								
Loans and borrowings								
Financial liabilities	27	2,931,071,089	2,931,071,089	-	-	2,931,071,089	-	-
		2,931,071,089	2,931,071,089	-	-	2,931,071,089	-	-

35. FINANCIAL RISK MANAGEMENT – GROUP/ COMPANY

The Group has exposure to the following risks from financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

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

RISK MANAGEMENT FRAMEWORK

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the audit committee, which is responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the board of directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Company Audit Committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit Committee.

1) CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

The Group's/Company's maximum exposure to credit risk on trade receivables as at the year-end based on the carrying value in the statement of financial position is given below.

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade receivables	1,305,785,818	1,779,897,749	-	-
Impairment	(118,072,216)	(90,334,370)	-	-
	1,187,713,602	1,689,563,379	-	-

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk.

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
0 to 60 days	675,964,230	756,894,232	-	-
61 to 180 days	375,966,030	536,965,412	-	-
181 to 365 days	155,099,318	356,985,324	-	-
Over 365 days	98,756,240	129,052,781	-	-
Gross trade receivable	1,305,785,818	1,779,897,749	-	-
Impairment	(118,072,216)	(90,334,370)	-	-
Net trade receivables	1,187,713,602	1,689,563,379	-	-

MANAGEMENT OF CREDIT RISK

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk, customers are grouped according to their business volumes and consider separately for granting credit limits. Based on the volume of the transaction and based on the relationship, the customers are ranked. For the customers who identified as "High Risks Customers", sales are made once they made an advance or full payment.

The group has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limits are established for each customer and these limits are reviewed frequently.

The following steps also taken to reduce the credit risk.

1) Outstanding credits are followed up on a daily basis.
2) Steps taken to obtain advances from travel agents and tour operators wherever possible.
3) Opting for legal action for customers defaulting settlements.

Regular audits of hotel and Company credit processes are undertaken by ERM. The Group treasury division overlooks cash and cash equivalent on regular basis to manage the credit risk.

IMPAIRMENT

The Group establishes an allowance for impairment that represents its estimate of incur losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding.

The group limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings.

Bank of Ceylon	AA- (lka)
Nations Trust Bank PLC	A (lka)
Cargills Bank PLC	A (lka)
Sampath Bank PLC	AA- (lka)
Citi Bank N. A	AAA (lka)
Seylan Bank PLC	A+ (lka)
National Development Bank PLC	A- (lka)
Hatton National Bank PLC	AA- (lka)

2) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company/Group continuously prepares and monitors rolling cash flow forecasts to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

As at the reporting date, the company has a higher liability in relation to the external. This is mainly due to the long-term loan obtained from Seylan bank and intercompany borrowings, financing the increase in investments into leisure sector locally and Maldives. Apart from that, short term loans obtained to meet the working capital requirements.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Non current portion of borrowings	13,144,035,145	12,871,529,959	-	-
Trade payables	699,609,885	1,056,407,313	-	-
Current portion of loans and borrowings	3,227,724,593	5,782,192,744	583,048,212	-
Bank overdrafts	74,969,158	91,082,140	-	-

3.) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group being involved in hoteliering operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US dollar, UK pound and Euro. More than 90% of room contracts are entered into in foreign currencies and invoiced in SLR using the conversion rates established by the industry. Purchases such as import of capital goods for hotel operations are also transacted in foreign currency. The Company very closely works with group treasury division and obtains their advice to reduce impact on foreign currency exposure.

In order to reduce the Foreign exchange risk, the Group implements the following strategies.

1) Negotiation of room rates and enters into agreements in strong currencies.
2) Matching inflows and outflows of the same currency to the extent that is permitted by prevailing laws.
3) Monitors exchange rates on a daily basis and use best rates for foreign currency conversions.

Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

In order to reduce the Interest rate risk, the Group implements the following strategies.

A) Negotiation of room rates and enters into agreements in strong currencies.
B) Matching inflows and outflows of the same currency to the extent that is permitted by prevailing laws.
C) Monitors exchange rates on a daily basis and use best rates for foreign currency conversions.

Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

In order to reduce the Interest rate risk, the group implements the following strategies.

1) Debt has been structured through fixed interest rates in order to manage the volatility in the market.
2) Proper mechanism to monitor the fluctuations in interest rates.
3) Work towards the low gearing ratio.
4) Internal funding sources rather than the external funding sources.

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

For the year ended 31st March	Interest Rate	Company
		Effect on profit before tax
2026	15%	435,525,934
	17%	493,596,059
2025	15%	327,276,886
	17%	370,913,804

Variable rate instruments

Related party borrowings are at AWPLR plus a margin of 7.5%.

Management is of the view that the Group's exposure to interest rate risk is minimal as Group does not expect significant changes in AWPLR.

Carrying amounts of these loans has been disclosed in loans & borrowings note.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with regard to operational activities, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

1) Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
2) Requirements for the reconciliation and monitoring of transactions;
3) Compliance with regulatory and other legal requirements;
4) Documentation of controls and procedures;
5) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
6) Requirements for the reporting of operational losses and proposed remedial action;
7) Development of contingency plans;
8) Training and professional development; and
9) Ethical and business standards

Capital Management

The Groups objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the company consists of the following

Equity Capital

» Ordinary share capital

Debt

» Long term borrowings

» Short term borrowings

The Group monitors capital on the basis of the debt to equity ratio. The following factors are also objectively taken into consideration in managing capital of the Group.

» Maintain sufficient capital to meet minimum regulatory requirements (Companies Act).

» Maintain strong equity base as opposed to debt capital Group's future developments, investments and business strategies.

» Group further developments, investment and business strategies.

36 GOING CONCERN

With the Impairment Provision which has been made for Browns Ari Resort (Pvt) Limited, the Company reported loss before tax of Rs. 2,210,994,811 for the year ended 31st March 2026 compare to profit before tax of Rs. 2,471,332,412 for the year 31st March 2025.

Beside all, being the Ultimate parent of Palm Garden Hotels PLC, LOLC Holdings PLC already provided a Financial Support Letter, emphasising the Ultimate Parent Company's intention to continue to provide adequate financial support either in the form of a contribution, a loan, or another form of support, to ensure business continuity of the company for at least 12 months from the date of signing financial statements.

Based on the above, the Directors have assessed the Company's/Group's ability to continue as a Going Concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainty that may cast a significant doubt upon the Company's/Group's ability to continue as a Going Concern and they do not intend either to liquate or to cease operations of the Company and subsidiaries of Palm Group. Therefore, the Board of Directors have concluded that the preparation of financial statements on a going concern basis is appropriate.

SUPPLEMENTARY INFORMATION

Ten Year Financial Review

(Figures in Rs.'000 unless otherwise stated)

Year ended 31 March	2016/2017 Rs.(000)	2017/2018 Rs.(000)	2018/2019 Rs.(000)	2019/2020 Rs.(000)	2020/2021 Rs.(000)	2021/2022 Rs.(000)	2022/2023 Rs.(000)	2023/2024 Rs. (000)	2024/2025 Rs. (000)	2025/2026 Rs. (000)
TRADING RESULTS										
Other Operating income	19,296	287,254	1,185	289,710	175,269	188,610	144,878	670,520	1,839,219	345,180
Administration Expenses	(13,021)	(4,277)	(6,064)	(5,189)	(11,983)	(5,475)	(7,119)	(20,098)	(8,622)	(2,247,189)
Earnings Before Interest & Tax	6,275	284,784	(4,879)	284,521	163,285	183,135	137,760	650,422	1,830,597	(1,902,009)
Finance Income/ (Expenses) - Net	(118,717)	(167,267)	(266,040)	(301,929)	(333,708)	(567,615)	(1,903,318)	(1,189,515)	640,735	(308,985)
Profit /(Loss) before Tax	(112,442)	117,517	(270,919)	(17,407)	(170,423)	(384,480)	(1,765,558)	(539,093)	2,471,332	(2,210,995)
Tax	(46)	(26)	-	-	-	(63,046)	(168,992)	(204,000)	(547,200)	(102,900)
Profit /(Loss) after Tax	(112,489)	117,490	(270,919)	(17,407)	(170,423)	(447,526)	(1,934,550)	(743,093)	1,924,132	(2,313,895)
ASSETS & LIABILITIES										
Non Current Assets	4,182,286	4,700,260	5,031,794	5,371,766	7,748,497	7,697,484	7,840,518	14,238,215	22,431,306	20,544,387
Current Assets	28,431	25,699	20,722	22,995	19,113	33,062	31,004	5,805,297	932,650	1,088,026
Borrowings	238,443	509,793	940,294	1,070,149	1,192,416	1,219,523	725,250	-	-	583,048
Deferred Tax Liabilities	-	-	-	-	-	63,046	232,038	436,038	983,238	1,086,138
Current Liabilities	985,155	1,382,287	1,967,033	2,272,515	4,740,092	5,205,299	7,112,133	2,083,737	2,932,939	3,412,550
CAPITAL & RESERVES										
Stated Capital	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	20,175,561	20,175,561	20,175,561
Reserves	789,471	907,581	649,393	686,156	591,426	25,810	(1,908,740)	(2,651,824)	(727,782)	(3,041,837)
RATIOS & STATISTICS										
Market Share (Rs.)	24.10	23.50	18.50	18.00	25.70	41.10	64.80	43.9	63.5	58.8
Earnings/(Loss) Per Share (Rs.)	(2.60)	2.72	(6.26)	(0.40)	(3.94)	(10.34)	(44.71)	(3.34)	4.04	(4.86)
RATIOS & STATISTICS										
Gearing (%)	7	15	30	34	39	50	138	-	-	3
Current Ratio	0.03	0.02	0.01	0.01	0.00	0.01	0.00	2.79	0.32	0.32
Net Assets Per Share (Rs.) - Company	74.55	77.28	71.31	72.16	69.97	56.90	12.19	36.82	40.86	36.00
Net Assets Per Share (Rs.) - Group	80.55	57.32	44.77	24.21	147.02	235.46	135.78	65.00	40.84	31.06

Summarised Quarterly Statistics

Statement of Profit or Loss and Other Comprehensive Income (Rs.'000)

For the 3 months ended	2025/26 30 - Jun	30 - Sep	31 - Dec	31- Mar
Other income	549	807	440	343,384
Other operating expenses	(3,193)	(4,048)	(5,392)	(2,234,607)
Results from operating activities	**(2,644)**	**(3,241)**	**(4,952)**	**(1,891,223)**
Net finance expenses	(74,730)	(77,145)	(77,081)	(79,979)
Loss before income tax expense	**(77,374)**	**(80,386)**	**(82,033)**	**(1,971,202)**
Income tax expense	-	-	-	(102,900)
Loss after tax	**(77,374)**	**(80,386)**	**(82,033)**	**(2,074,102)**

Statement of Financial Position (Rs.'000)

As At	2025/26 30 - Jun	30 - Sep	31 - Dec	31- Mar
Assets	23,398,822	23,435,464	23,474,498	21,632,413
Liabilities	4,028,417	4,145,445	4,266,512	4,498,689
Net assets	**19,370,405**	**19,290,019**	**19,207,986**	**17,133,724**
Share capital	20,175,561	20,175,561	20,175,561	20,175,561
Reserves	(805,156)	(885,542)	(967,575)	(3,041,837)
Share capital and reserves	**19,370,405**	**19,290,019**	**19,207,986**	**17,133,724**

Statements of Value Added

(Figures in Rs.'000 unless otherwise stated)

Year ended 31 March	2016/17 Rs.(000)	2017/18 Rs.(000)	2018/19 Rs.(000)	2019/20 Rs.(000)	2020/21 Rs.(000)	2021/22 Rs.(000)	2022/23 Rs.(000)	2023/24 Rs. (000)	2024/25 Rs. (000)	2025/26 Rs. (000)
Other income	19,296	289,061	1,185	289,710	175,269	188,610	144,878	670,520	1,839,219	343,000
Net Finance income	-	-	-	-	-	-	-	-	640,735	-
	19,296	289,061	1,185	289,710	175,269	188,610	144,878	670,520	2,479,954	343,000
Less: Value of bought out										
Materials and services	(12,766)	(4,277)	(6,064)	(5,155)	(11,966)	(5,458)	(7,077)	(20,099)	(8,622)	(2,553,995)
Value Added	6,530	284,784	(4,879)	284,555	163,302	183,152	137,801	650,421	2,471,332	(2,210,995)
Distributed as follows										
To government as taxes	46	26	-	-	-	-	-	-	-	-
To providers of loan capital	118,972	167,267	266,040	301,963	333,725	567,631	1,903,359	1,189,514	-	308,985
To business growth	(112,489)	117,490	(270,919)	(17,408)	(170,423)	(384,480)	(1,765,558)	(539,093)	2,471,332	(2,519,980)
	6,530	284,784	(4,879)	284,555	163,302	183,152	137,801	650,421	2,471,332	(2,210,995)

The 20 largest shareholders of the Company

NAME	2026		2025	
	No of Shares	%	No of Shares	%
BROWNS HOTELS AND RESORTS LIMITED	470,800,660	98.921	470,800,660	98.921
PEOPLE S LEASING AND FINANCE PLC/L P HAPANGAMA	358,688	0.075		
MES S. SHANGRI-LA-HOTELS	233,750	0.049	233,750	0.049
PEOPLE'S LEASING & FINANCE PLC/ L H L M P HARADASA	227,357	0.048	30,979	0.007
MERCANTILE INVESTMENTS AND FINANCE PLC	200,000	0.042	200,000	0.042
MR. T P AMBAGAHAKUMBURAGE	113,977	0.024	40,000	0.008
MISS. W SRIYANI	110,012	0.023	110,012	0.023
MR. L D N NAYANA	100,003	0.021	100,003	0.021
MR. K M S M RAZIK & MR. K S M RAJUBDEEN,MR. S M R MOHAMED	100,000	0.021	100,000	0.021
HATTON NATIONAL BANK PLC-SENFIN GROWTH FUND	92,810	0.02	92,810	0.02
MR. L H L T D HARADASA	87,380	0.018	30,087	0.006
MR. M Z H HASHIM & MR. N R M HASHIM	85,821	0.018	85,821	0.018
HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	85,246	0.018	97,542	0.02
PEOPLE'S LEASING & FINANCE PLC/DR. H S D SOYSA & MRS. G SOYSA	80,000	0.017	29,200	0.006
MR. A D I PUSHPAKUMARA	76,864	0.016		
SAMPATH BANK PLC/ T BAHEERATHAN	65,215	0.014	15,353	0.003
TUDAWE BROTHERS LIMITED	63,994	0.013	64,004	0.013
ASSETLINE FINANCE LIMITED/BRITISH AMERICAN TECHNOLOGIES PVT LTD	62,860	0.013	62,860	0.013
MR. A M DISSANAYAKE	61,495	0.013	61,495	0.013
MR. V N ABEYSEKARA	51,385	0.011		
OTHERS	473,057,517	99.395	472,154,576	99.204
TOTAL	2,879,483	0.605	3,782,424	0.796

2) PUBLIC SHAREHOLDING

As at 31 March 2026, 1.079% (2024/2025 – 1.079%) of the issued ordinary shares were held by 2,248 shareholders Ordinary Voting shares of Palm Garden Hotels PLC have been transferred from the Main Board to Diri Savi Board, with effect from 29 January 2018 and with effect from 11 June 2024 transferred to Second board.

3) FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2026 Float Adjusted market capitalisation is Rs. 302,016,792/-

The Float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said Option.

4. DIRECTORS' SHAREHOLDING

	No of Shares	(%)
W D K JAYAWARDENA	Nil	Nil
MS K U AMARASINGHE	Nil	Nil
D S K AMARASEKERA	Nil	Nil
DR J M SWAMINATHAN	Nil	Nil
T DHARMARAJAH	Nil	Nil
J SELVARATNAM	Nil	Nil

5. SHAREHOLDING SUMMARY AS AT 31ST MARCH

Number of shares	2026			2025		
	No. of Shareholders	No. of Shares	Shares %	No. of Shareholders	No. of Shares	Shares %
1 - 1000	1,835	329,555	0.07	1,829	341,664	0.07
1,001 - 10,000	328	1,094,304	0.24	342	1,174,313	0.24
10,001 - 100,000	78	2,368,694	0.49	75	2,317,982	0.48
100,001 - 1,000,000	7	1,343,787	0.28	6	1,302,381	0.27
Over 1,000,000	1	470,800,660	98.92	1	470,800,660	98.92
	2,249	475,937,000	100.00	2,253	475,937,000	100.00

6. CATEGORIES OF SHAREHOLDERS

Number of shares	2026			2025		
	No. of Shareholders	No. of Shares	Shares %	No. of Shareholders	No. of Shares	Shares %
Local Individuals	2,107	3,059,123	0.64	2,134	3,512,240	0.73
Local Institutions	109	472,822,754	99.35	119	472,424,760	99.27
Foreign Individuals	33	55,123	0.10	-	-	-
Foreign Institutions	-	-	-	-	-	-
	2,249	475,937,000	100.00	2,253	475,937,000	100.00

7. MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	As at 31 March 2026	As at 31 March 2025
Market price per share as at the last trading date	56.10	Rs. 63.50
Highest during the year	77.90(16.01.26)	Rs. 95.00
Lowest during the year	50.00(17.03.26)	Rs. 37.00
Earnings / (loss) per share	(4.86)	Rs. 4.04
Net asset per share	36.00	Rs. 40.86

	2025/26	2024/25
Number of Transactions during the year	565	5,892
Number of Shares traded during the year	132,717	3,944,073
Value of shares traded during the year (Rs.)	8,853,392	236,876,515

Notes

Notes

Notes

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE FIFTY SECOND (52ND) ANNUAL GENERAL MEETING of the Company will be held on **Wednesday, 23rd September 2026 at 10.00 a.m.** as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at the registered office of the Company at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes :

1. To receive the Report of the Directors and Statement of Accounts for the year ended 31 March 2026 with the Report of the Auditors thereon.

2. To re-elect as a Director Mrs. K U Amarasinghe who retires by rotation in terms of Article 86 of the Articles of Association of the Company.

3. To re-elect as a Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

4. To re-elect as a Director Mr. T Dharmarajah who retires in terms of Section 210 of the Companies Act No.7 of 2007 and reappointed as an Independent Director in terms of Rule No. 9..8.3 (ix) of the Listing Rules. (Refer Note 4(b))

5. To re-appoint M/s Deloitte Partners as External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors.

6. To approve in terms of the Companies (Donations) Act No.26 of 1951, the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By order of the Board
PALM GARDEN HOTELS PLC

LOLC CORPORATE SERVICES (PVT) LTD
Secretaries

24 August 2026
Rajagiriya (in the greater Colombo)

NOTE:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.

2. The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.

3. A Form of Proxy accompanies this Notice.

4. IMPORTANT NOTICE:

(a) **Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :

"Resolved that Dr J M Swaminathan who reached the age of 70 years in 2011, be and is hereby re-elected as a Non-Executive Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr J M Swaminathan."

(b) ** Special Notice was received by the Company from a shareholder of the Company giving notice of intention to move the following resolutions at the above Annual General Meeting:

Resolved that Mr. T Dharmarajah who reached the age 70 years in 2026, be and is hereby re-elected as an Independent Director of the Company and it is further specifically declared that the age limit 70 years referred to section 210 of the Companies Act. No.7 of 2007 shall not apply to the said Director Mr. T Dharmarajah.

(c) * Annual Report and Financial Statements of the Company are available on the:

1. Corporate Website – https://lolc.com/investor-relations
2. The Colombo Stock Exchange : https://www.cse.lk/company-profile?symbol=PALM.N0000

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code:

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Secretaries on 011 7248554 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com

Should Members wish to obtain a hard copy of the Annual Report, they may send a written request to the registered office of the Company by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

In the event the Company is required to take any further action in relation to the Meeting, in the best interest of the Meeting attendees; any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and publication on the Company website - https://www.brownshotels.com/investor-relations

Form of Proxy

I/We ....

of ....

being a member/members of the above named Company hereby appoint ....

....of whom failing

Waduthanthri Darshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Ranasinghe Lekamlage Eksath Chamikara Wijeratne	of Colombo or failing him
Thiyagarajah Dharmarajah	of Colombo or failing him
Janakan Selvaratnam	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Fifty Second Annual General Meeting of the Company to be held on **Wednesday, 23rd September 2026 at 10.00 a.m.** and any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

ORDINARY BUSINESS	For	Against
1. To re-elect as a Director Mrs. K U Amarasinghe who retires by rotation in terms of Article 86 of the Articles of Association of the Company.		
2. To re-elect as a Director Dr J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007.		
3. To re-elect as an Independent Director Mr T Dharmarajah who retires in terms of Section 210 of the Companies Act No. 7 of 2007.		
4. To re-appoint M/s Deloitte Partners as the External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors.		
5. To authorise the Directors to make donations.		

dated this .... day of ...., 2026.

....
Signature of Shareholder

Form of Proxy (Contd.)

NOTE:

1) A proxy need not be a member of the company

INSTRUCTIONS AS TO COMPLETION

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:

   (i) addressed to the 'Company Secretaries 'and posted or hand delivered to the registered office of the Company at 100/1, Sri Jayawardenapura Mawatha, Rajagiriya;

   or

   (ii) Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "PALM AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

Registration of Shareholder Details for Online Participation

52ND ANNUAL GENERAL MEETING - REGISTRATION OF SHAREHOLDER DETAILS FOR ONLINE PARTICIPATION

To: LOLC Corporate Services (Pvt) Ltd
Secretaries to Palm Garden Hotels PLC
100/1, Sri Jayewardenapura Mawatha,
Rajagiriya

Details of Shareholder		
1. Full Name/s of Shareholder/s		
2. Address		
3. National Identity Card Number/ Company Registration number		
4. CDS Account number		
5. Contact number/s	Land line (residence/work):	Mobile:
6. Email address/s (to which the on-line meeting link should be forwarded by the Company)		
In the event a Proxy Holder is appointed by the Shareholder		
7. Name of the Proxy holder		
8. Proxy holder's NIC/PP No.		
9. Proxy holders contact No. (mandatory)	Land line (residence/work):	Mobile:
10. Proxy holder's email (it is mandatory for the proxy holder to provide an email address in order to forward the login information for the on-line meeting link)		

Important -Only registered shareholders and registered proxy holders will be permitted to log in and participate at the AGM on-line. Duly filled Form should be scanned and emailed to : corporateservices@lolc.com or Sent by facsimile to + 94 112865602 not less than 48 hours before the meeting.

I/My Proxy holder am/is willing to participate at the AGM Online: Yes ☐ No ☐

Signature/s & date: ....

Principal Shareholder 1st Joint Holder 2nd Joint Holder

Stakeholder Feedback Form

Palm Garden Hotels PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name : ....

Email : ....

Phone : ....

Company/Organisation : ....

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

- ☐ Shareholder
- ☐ Customer
- ☐ Community
- ☐ Public Authority
- ☐ Employee
- ☐ Student
- ☐ Regulatory Body
- ☐ Journalist
- ☐ Service Provider
- ☐ Supplier
- ☐ Special Interest Group

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

- ☐ Very Satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- ☐ Always
- ☐ Often
- ☐ Sometimes
- ☐ Rarely
- ☐ Never

3. How effective do you find the Company's use of its website and social media for communication?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

- ☐ Financial Reports
- ☐ Annual Reports
- ☐ Press Releases
- ☐ Investor Briefings
- ☐ Social Media Updates
- ☐ Website Content
- ☐ Other (please specify): ___________________________

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

- ☐ Very Accessible
- ☐ Accessible
- ☐ Neutral
- ☐ Inaccessible
- ☐ Difficult to Access

3. How effectively does the Company address your concerns and queries?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

Stakeholder Feedback Form

Forward-Looking Information & Major Developments

1. How useful do you find the Company's forward-looking comments and information on future prospects?

- [ ] Very Useful
- [ ] Useful
- [ ] Neutral
- [ ] Not Useful
- [ ] Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

- [ ] Very Confident
- [ ] Confident
- [ ] Neutral
- [ ] Not Confident
- [ ] Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

....

....

Submission

Please return the completed form to:

Investor Relations/ Communications

Palm Garden Hotels PLC, 100/1 Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF COMPANY
PALM GARDEN HOTELS PLC

DATE OF INCORPORATION
5 April 1973

LEGAL FORM
A Public Quoted Company with Limited Liability

COMPANY REGISTRATION NUMBER
PQ 132

STOCK EXCHANGE LISTING
The Ordinary shares of the Company are listed on the Colombo Stock Exchange

BOARD OF DIRECTORS
W D K Jayawardena
Chairman

T Dharmarajah
Independent Director

J Selvaratnam
Independent Director

Mrs. K U Amarasinghe
Non-Executive Director

D S K Amarasekera
Non-Executive Director

Dr. J M Swaminathan
Non-Executive Director

R L E C Wijeratne
Non-Executive Director

AUDIT COMMITTEE
T Dharmarajah
Independent Director/Committee Chairman

J Selvaratnam
Independent Director

W D K Jayawardena
Non-Executive Director

REMUNERATION COMMITTEE
T Dharmarajah
Independent Director/Committee Chairman

J Selvaratnam
Independent Director

Mrs. K U Amarasinghe
Non-Executive Director

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
T Dharmarajah
Independent Director/Committee Chairman

J Selvaratnam
Independent Director

W D K Jayawardena
Non-Executive Director

NOMINATIONS & GOVERNANCE COMMITTEE
J Selvaratnam
Independent Director/Committee Chairman

T Dharmarajah
Independent Director

W D K Jayawardena
Non-Executive Director

REGISTERED OFFICE
100/1, Sri Jayawardenapura Mawatha,
Rajagiriya, Sri Lanka

Tel : +94 11 7248248

Fax : +94 11 2865606

COMPANY SECRETARIES
LOLC Corporate Services (Pvt) Ltd

AUDITORS
Deloitte Partners

LAWYERS
Nithya Partners (Attorneys-at-Law)

REGISTRARS
Central Depository Systems (Pvt) Ltd

BANKERS
Nations Trust Bank PLC

SUBSIDIARIES
Eden Hotel Lanka PLC
Serendib Hotels PLC
Dolphin Hotels PLC
Hotel Sigiriya PLC
Riverina Resorts (Pvt) Ltd
Dickwella Resorts (Pvt) Ltd
Green Paradise (Pvt) Ltd
Sun & Fun Resorts Ltd
Bodufaru Beach Resort (Pvt) Ltd
Sanctuary Resorts (Pvt) Ltd
Frontier Capital (Pvt) Ltd
Serendib Leisure Management Ltd
Browns Ari Resort (Pvt) Ltd
Browns Raa Resort (Pvt) Ltd
Browns Kaafu Resorts (Pvt) Ltd

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www.brownshotels.com

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