ANNUAL REPORT
2025/26

Eden Hotel Lanka PLC

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Contents

"FROM RECOVERY TO RENEWED GROWTH"

I am pleased to present the Chairman's Review of Eden Hotel Lanka PLC and the Group for the financial year under review.

Despite a year marked by persistent global economic uncertainty, geopolitical developments, evolving travel patterns, and rising operating costs, the Company delivered a resilient performance, achieving steady operational progress and improved financial results. This performance reflects the effectiveness of our strategic direction, disciplined execution, and the dedication of our management team and employees in responding proactively to an increasingly complex operating environment.

Supported by favourable market conditions and strengthened revenue management practices, management remained focused on optimising occupancy, enhancing operational efficiencies, maintaining disciplined cost management, and continuously elevating service standards to enrich the guest experience. These initiatives contributed meaningfully to improved operating performance while reinforcing the Company's competitive positioning.

Throughout the year, management remained committed to executing the Company's strategic priorities with discipline, successfully balancing revenue growth with prudent financial management while preserving the quality and authenticity of our hospitality offering. This balanced approach further strengthened the Company's financial position and laid a solid foundation for the creation of sustainable long-term value for our shareholders and other stakeholders.

THE GLOBAL AND LOCAL OPERATING LANDSCAPE

The global tourism industry operated within an increasingly complex and evolving environment during the year, shaped by persistent inflationary pressures, geopolitical developments, shifting traveller preferences, and continued volatility across international aviation markets. While global demand for leisure travel remained resilient, these factors collectively influenced travel behaviour, operating costs, and airline connectivity, creating both challenges and opportunities for hospitality operators worldwide.

One of the most significant developments during the year was the escalation of geopolitical tensions in the Middle East, which disrupted several key international aviation corridors. Airspace restrictions and flight diversions resulted in longer flight times, increased fuel consumption, and higher operating costs for airlines. Consequently, airfares on certain long-haul routes increased, while flight schedules became less predictable, affecting travel convenience and influencing consumer booking behaviour.

These developments were particularly relevant to Sri Lanka, given the country's dependence on major Middle Eastern aviation hubs such as Dubai and Doha for international connectivity. The resulting disruptions contributed to longer transit times, periodic constraints in airline capacity, and increased travel costs for visitors from several key source markets. Travellers also became increasingly price-conscious, with longer booking lead times and greater sensitivity to airfare fluctuations, occasionally influencing the consistency of inbound tourist arrivals.

Despite these external headwinds, Sri Lanka's tourism industry demonstrated notable resilience and adaptability. Destination marketing initiatives were further strengthened, greater emphasis was placed on regional and emerging source markets, and engagement with short-haul travellers continued to expand. At the same time, industry participants enhanced direct distribution channels and adopted more agile commercial and revenue management strategies, enabling the sector to respond effectively to evolving market conditions while supporting the continued recovery of visitor arrivals.

Importantly, the underlying fundamentals of Sri Lanka's tourism industry remained encouraging throughout the year. The country's unique blend of natural beauty, rich cultural heritage, biodiversity, wildlife, wellness experiences, and authentic hospitality continued to attract growing international interest. The increasing global preference for experiential, leisure, and nature-based travel further reinforced Sri Lanka's position as one of South Asia's most attractive tourism destinations.

While geopolitical developments created short-term uncertainty across global travel markets, they also highlighted the importance of operational agility, diversified source markets, and resilient connectivity. These remain key strategic priorities as we continue to strengthen the long-term competitiveness and sustainability of our hospitality operations.

FINANCIAL PERFORMANCE REVIEW

A] Revenue

I am pleased to report that the Company delivered a strong financial performance during the year, underpinned by resilient market demand, disciplined revenue management, and continued operational excellence. Despite an operating environment characterised by global uncertainties and rising cost pressures, management remained focused on maximising revenue opportunities while maintaining financial discipline and service quality.

The Company occupancy improved to 69%, compared with 62% in the previous financial year. Although the Average Room Rate remained broadly in line with the previous year, the higher occupancy levels, supported by effective yield management and targeted commercial initiatives, contributed significantly to revenue growth.

Accordingly, the Company recorded revenue of Rs. 1.5 billion, compared with Rs. 1.3 billion in the previous year, representing a 16% increase. This performance reflects management's ability to capitalise on favourable market conditions through disciplined pricing strategies, enhanced distribution channel management, and a continued focus on optimising room inventory and market segmentation.

At Group level, revenue increased to Rs. 6.9 billion, from Rs. 6.0 billion in the previous financial year, representing a year-on-year growth of 15%. This performance was supported by the continued recovery in travel demand across our hospitality portfolio and the balanced contribution from both accommodation and food and beverage operations.

The results achieved during the year demonstrate the resilience of our business model and the effectiveness of our strategic priorities. Through disciplined execution, prudent financial management, and a continued focus on operational excellence, the Company further strengthened its revenue base and enhanced its capacity to create sustainable long-term value for shareholders and all other stakeholders.

B)Profitability and Cost Discipline

The hospitality industry continued to face significant cost pressures during the year, driven by higher utility and energy costs, increases in food and beverage prices, employee-related expenses, technology investments, and ongoing property maintenance requirements. These inflationary pressures continued to challenge operating margins across the sector.

Against this backdrop, management maintained a disciplined approach to financial stewardship, implementing robust expenditure controls, enhanced budget monitoring, prudent procurement practices, and continuous operational efficiency initiatives across the business. While maintaining a strong focus on cost optimisation, the Company remained committed to investing in essential property maintenance, infrastructure improvements, and service enhancements to preserve asset quality and sustain its competitive position.

Supported by strong revenue growth and disciplined cost management, the Company delivered a significant improvement in operational profitability. Excluding the impairment provision of Rs. 260 million recognised on the investment in Browns Ari Resorts (Pvt) Limited, Operational Earnings Before Interest and Tax (EBIT) increased to Rs. 330.5 million, compared with Rs. 171.2 million recorded in the previous financial year. This substantial improvement reflects the effectiveness of management's disciplined execution, operational efficiencies, and prudent financial management.

At Group level, EBIT increased to Rs. 559.8 million, compared with Rs. 519.2 million in the previous year, despite continued strategic investments across several subsidiaries to support future growth and strengthen long-term competitiveness. This performance demonstrates the Group's ability to enhance earnings while continuing to invest in its assets, operational capabilities, and future expansion opportunities.

The improvement in profitability achieved during the year reflects the resilience of our operating model and our disciplined approach to balancing short-term financial performance with long-term value creation. We remain committed to maintaining this balance by investing strategically in our people, our assets, and the guest experience while continuing to uphold prudent financial discipline.

BOARD OVERSIGHT AND STRATEGIC PRIORITIES

Throughout the year, the Board continued to provide strategic direction and robust oversight to ensure that management remained focused on executing the Company's long-term objectives. Our priorities centred on revenue optimisation, operational excellence, financial discipline, asset enhancement, and delivering exceptional guest experiences. These priorities remained closely aligned with our long-term vision of strengthening sustainable growth while creating enduring value for shareholders and other stakeholders.

Revenue optimisation remained a key strategic focus. Through a data-driven revenue management framework, management enhanced yield performance by implementing dynamic pricing strategies, improving demand forecasting, refining market segmentation, and optimising distribution channels. Targeted sales and marketing initiatives, together with stronger engagement across both direct and third-party booking platforms, contributed to higher occupancy levels and improved commercial performance.

Alongside revenue growth, considerable emphasis was placed on strengthening operational efficiency and maintaining financial discipline. Enhanced expenditure controls, disciplined procurement practices, rigorous budget monitoring, and efficient resource allocation helped mitigate the impact of inflationary cost pressures while safeguarding operating margins. Importantly, these efficiencies were achieved without compromising service quality, reinforcing our commitment to operational excellence and sustainable value creation.

Recognising that exceptional service remains one of our most important competitive advantages, we continued to support initiatives aimed at enhancing the guest experience across every stage of the customer journey. Investments in employee development, stronger cross-functional collaboration, and a culture of accountability enabled our teams to deliver consistently high standards of personalised service, strengthening guest satisfaction and reinforcing the reputation of the Browns Hotels brand.

The Board also remained committed to preserving and enhancing the long-term value of the Company's asset portfolio through continued investment in property maintenance, refurbishment, and operational infrastructure. Preventive maintenance programmes and carefully prioritised capital improvement projects enhanced operational efficiency, improved guest comfort, and strengthened the quality of our hospitality offering, ensuring that our properties remain well positioned to meet evolving customer expectations.

Collectively, these initiatives strengthened the Company's operational resilience and financial performance while reinforcing our long-term competitive position. The progress achieved during the year reflects the successful execution of our strategic priorities and provides a strong platform for sustaining growth and delivering lasting value to all stakeholders.

WAY FORWARD

The performance achieved during the year under review reflects the resilience, adaptability, and strategic focus of Eden Hotel Lanka PLC and the Group in navigating a complex and evolving operating environment. Despite global uncertainties, inflationary pressures, and changing travel dynamics, the Company and the Group delivered strong revenue growth, improved profitability, and continued investment in strengthening operational capabilities. These achievements reflect the effectiveness of our strategic priorities, disciplined execution, prudent financial management, and unwavering commitment to delivering exceptional hospitality experiences.

Looking ahead, the global tourism landscape is expected to remain dynamic, with geopolitical developments, economic conditions, and evolving traveller expectations continuing to shape the industry. The Board remains confident that the Company and the Group are well positioned to navigate these challenges through agile decision-making, operational flexibility, and a continued focus on innovation, efficiency, and sustainable growth.

The outlook for Sri Lanka's tourism sector remains positive, supported by improving international connectivity, increasing visitor arrivals, and growing global demand for authentic, experiential, wellness, and cultural travel experiences. These favourable trends present significant opportunities for Eden Hotel Lanka PLC and the Group to further strengthen their market position and enhance value creation across their hospitality portfolio.

The Board recognises that the Company's and the Group's greatest strengths lie in the expertise and commitment of its management team and employees. Supported by continued investment in talent development, asset enhancement, technology adoption, and service innovation, the organisation is well positioned to further elevate operational standards, enhance guest experiences, and achieve sustainable long-term growth.

Accordingly, the Board remains confident in the future prospects of Eden Hotel Lanka PLC and the Group and is committed to pursuing strategies that strengthen financial performance, preserve long-term asset value, and deliver enduring returns to shareholders and all stakeholders while continuing to uphold the highest standards of hospitality excellence.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I extend my sincere appreciation to my fellow Directors for their invaluable guidance, strategic insights, and continued commitment to the Company throughout the year. I also wish to express my gratitude to our shareholders for their continued trust and confidence in the Board's stewardship.

My appreciation extends to the Chief Executive Officer, the corporate management team, and all employees for their dedication, resilience, and disciplined execution in delivering the Company's objectives during the year. I also thank our valued guests, business partners, and other stakeholders for their continued confidence and support.

W D K Jayawardena
Chairman
Eden Hotel Lanka PLC

18 August 2026

CEO's Review

OPERATIONAL ENVIRONMENT AND MARKET DYNAMICS

The global tourism industry continued to operate within a dynamic environment during the year under review, influenced by evolving traveller preferences, persistent inflationary pressures across major economies, and ongoing geopolitical developments. While international travel demand remained resilient, these factors contributed to increased volatility across the tourism and aviation sectors, creating operational and commercial challenges for industry participants worldwide.

A key development during the year was the escalation of geopolitical tensions in the Middle East, which disrupted several international aviation corridors. Airspace restrictions and flight rerouting resulted in longer flight durations, higher fuel consumption, and increased operating costs for airlines. Consequently, airfares on certain long-haul routes increased, while flight schedules became less predictable, affecting travel convenience and overall demand.

These developments had particular relevance for Sri Lanka, given its reliance on major Middle Eastern aviation hubs such as Dubai and Doha for international connectivity. The resulting disruptions led to longer transit times, periodic reductions in seat availability, and higher travel costs for visitors from several key source markets. In response, travellers demonstrated greater price sensitivity and adopted longer booking lead times, while fluctuations in airline capacity occasionally influenced the consistency of inbound tourist arrivals.

Despite these external headwinds, the Sri Lankan tourism industry demonstrated resilience and adaptability. Industry stakeholders strengthened destination marketing initiatives, diversified their focus towards regional and emerging source markets, expanded engagement with short-haul travellers, and enhanced direct distribution channels. These initiatives, together with more agile commercial and revenue management strategies, helped mitigate the impact of external disruptions and supported the industry's overall recovery.

Importantly, the underlying demand for Sri Lanka as a leisure destination remained strong throughout the year. Growing global interest in experiential travel, wellness tourism, cultural heritage, and nature-based experiences continued to reinforce the country's appeal among international travellers and supported sustained demand across key market segments.

Although geopolitical developments created short-term challenges for global travel and aviation, they also underscored the importance of market diversification, connectivity resilience, and operational agility. The industry's ability to adapt effectively to these changing conditions provides confidence in its long-term growth prospects and its capacity to capitalise on future opportunities as the global travel environment continues to stabilise.

OPERATIONAL PERFORMANCE OVERVIEW

Despite persistent global economic and geopolitical uncertainties, evolving travel patterns, and rising operating costs, Eden Hotel Lanka PLC and the Group demonstrated resilience by delivering steady operational progress and improved financial performance during the year under review.

The favourable operating environment, supported by effective revenue management strategies and strengthened operational controls, contributed positively to the Company's and the Group's overall performance. Management remained focused on optimising occupancy, improving average room rates, enhancing operational efficiencies, and continuously elevating service standards to strengthen the guest experience.

Throughout the year, the Company and the Group maintained disciplined execution of their strategic priorities, successfully balancing revenue growth with prudent cost management while preserving the quality and authenticity of the hospitality experience. These initiatives further strengthened the financial position of the Company and the Group and supported the creation of sustainable long-term value for all stakeholders.

REVENUE AND BUSINESS SEGMENT PERFORMANCE

The Company delivered a strong revenue performance during the year under review, supported by improved market demand and effective revenue optimisation strategies. Occupancy increased to 69%, compared to 62% in the previous financial year. While the Average Room Rate remained largely unchanged from the previous year, the 7% improvement in occupancy contributed significantly to revenue growth.

Accordingly, the Company recorded revenue of Rs. 1.5 billion, compared to Rs. 1.3 billion in the previous year, representing an increase of 16%. This performance reflects the Company's ability to capitalise on favourable market conditions while maximising yield through disciplined revenue management.

At Group level, revenue increased to Rs. 6.9 billion during the year under review from Rs. 6.0 billion in the previous year, representing a year-on-year growth of 15%.

The year's performance underscores management's continued focus on revenue diversification, operational excellence, and enhancing the overall guest experience. The balanced contribution from both the accommodation and food and beverage segments further strengthened the Company's revenue base, reinforcing its ability to generate sustainable long-term value for all stakeholders.

COST MANAGEMENT AND OPERATIONAL PRESSURES

The year under review continued to be characterised by inflationary cost pressures across several key areas of the business, including utilities and energy, food and beverage procurement, employee-related expenses, technology investments, and ongoing property maintenance. These challenges reflected the broader increase in operating costs experienced across the hospitality industry.

In response, management maintained a disciplined approach to cost management through enhanced expenditure controls, strengthened budget monitoring, and continuous operational efficiency initiatives across all business functions. At the same time, the Company remained committed to investing in essential property maintenance, infrastructure enhancements, and service quality improvements to preserve its competitive positioning and ensure the consistent delivery of exceptional guest experiences.

Supported by strong revenue growth and prudent financial management, the Company delivered a significant improvement in operational profitability during the year under review. Excluding the impairment provision of Rs. 260 million recognised on the investment in Browns Ari Resorts (Pvt) Limited, the Company's Operational Earnings Before Interest and Tax (EBIT) increased to Rs. 330.5 million, compared to Rs. 171.2 million recorded in the previous financial year. This strong improvement reflects enhanced operating performance, effective cost management, and improved efficiencies across the business.

At Group level, the focus on strengthening long-term value continued through strategic investments across several subsidiaries, resulting in higher operational expenditure during the year. Despite these investments, the Group recorded an EBIT of Rs. 559.8 million, compared to Rs. 519.2 million in the previous financial year, demonstrating its ability to sustain earnings growth while investing in future expansion and asset enhancement initiatives.

Overall, the Company's and the Group's performance during the year highlights the resilience of their operating model, disciplined financial management, and continued commitment to balancing short-term profitability with long-term sustainable growth.

EXECUTION FOCUS AND MANAGEMENT PRIORITIES

Throughout the year under review, management maintained a disciplined and execution-focused operating model, with strategic priorities centred on revenue optimisation, operational excellence, financial discipline, and delivering exceptional guest experiences. These priorities remained closely aligned with the Company's and the Group's long-term strategic objectives, ensuring that commercial initiatives translated into sustainable operational and financial outcomes.

Revenue optimisation remained a key management focus throughout the year. Leveraging a data-driven revenue management framework, the Company and the Group enhanced yield performance through dynamic pricing, improved demand forecasting, and refined market segmentation strategies. Occupancy was further supported by targeted sales and marketing initiatives, stronger distribution channel management, and improved conversion across both direct and third-party booking platforms. Collectively, these initiatives enabled the Company and the Group to maximise revenue opportunities while maintaining a balanced and sustainable customer mix.

Alongside revenue growth, management continued to strengthen operational efficiency and financial discipline through robust cost management practices. Enhanced expenditure controls, disciplined procurement processes, continuous budget monitoring, and more efficient resource allocation helped mitigate the impact of inflationary pressures while protecting operating margins. These initiatives were implemented without compromising service quality, reinforcing the Company's commitment to operational excellence and long-term value creation.

Recognising that exceptional service remains a key competitive differentiator, the Company and the Group continued to invest in enhancing the guest experience across every stage of the customer journey. Focus was placed on improving service responsiveness, consistency, and overall guest satisfaction, supported by targeted employee development programmes, stronger cross-functional collaboration, and enhanced accountability across the organisation. These initiatives fostered a culture of continuous improvement and customer-centricity.

The Company and the Group also remained committed to preserving and enhancing the long-term value of their assets through ongoing investment in property maintenance, refurbishment, and operational infrastructure. Preventive maintenance programmes were strengthened, while selected capital improvement projects enhanced operational efficiency, guest comfort, and the overall quality of the hospitality offering. These investments continue to support the properties' competitive positioning, protect brand equity, and provide a strong foundation for sustainable long-term growth.

Collectively, these initiatives enabled the Company and the Group to strengthen financial performance, maintain operational resilience, and deliver a consistently high-quality guest experience despite a challenging operating environment. The results achieved during the year demonstrate the effectiveness of management's disciplined execution strategy and reinforce the Company's and the Group's ability to create sustainable long-term value for all stakeholders.

SUSTAINABILITY

Eden Resort & Spa's Butterfly Garden Project, established at Moragalla Junior School, continued to promote biodiversity conservation and environmental education. The initiative introduced over 30 species of nectar and host plants while providing students with practical training on butterfly ecology and habitat monitoring. The property also hosted greenhouse gas calculation and verification training in accordance with ISO 14064, strengthening carbon accounting capabilities across the Group.

OUTLOOK AND OPERATIONAL DIRECTION

The performance achieved during the year under review reflects the resilience of Eden Hotel Lanka PLC and the Group in navigating a complex and evolving operating environment. Despite inflationary pressures, geopolitical uncertainties, and changing travel patterns, the Company and the Group delivered strong revenue growth, improved profitability, and continued investment in strengthening long-term operational capabilities. These achievements were underpinned by disciplined execution, prudent financial management, operational efficiency, and an unwavering commitment to service excellence.

Looking ahead, the operating environment is expected to remain dynamic, with geopolitical developments, inflationary pressures, and evolving consumer preferences continuing to influence the global tourism industry.

Nevertheless, the Company and the Group are well positioned to respond to these challenges through agile decision-making, responsive operating frameworks, and disciplined execution of their strategic priorities.

The outlook for Sri Lanka's tourism sector remains encouraging, supported by improving international connectivity, growing inbound visitor arrivals, and sustained global interest in experiential, leisure, wellness, and cultural tourism. These favourable market fundamentals are expected to create opportunities for continued growth across the Company's and the Group's hospitality operations.

A key strength underpinning this positive outlook is the Company's and the Group's experienced management team and dedicated workforce, whose expertise and commitment continue to drive operational excellence, efficient resource utilisation, and consistently high standards of guest service. Combined with ongoing investment in asset enhancement, revenue optimisation, and operational efficiency, these capabilities provide a strong platform for sustainable long-term growth.

Accordingly, Eden Hotel Lanka PLC and the Group remain confident in their ability to sustain operational momentum, strengthen financial performance, and create enduring value for shareholders and all other stakeholders while continuing to deliver exceptional hospitality experiences.

APPRECIATION

I extend my heartfelt gratitude to the Chairman and Board of Directors of Eden Hotel Lanka PLC, as well as our valued shareholders, for their continued trust and confidence in my leadership. The milestones we have reached over the past year are a testament to the unwavering support and collaboration of all our stakeholders. I would also like to express my sincere appreciation to our loyal guests, dedicated business partners, and the corporate management team for their ongoing commitment. Most importantly, I commend our exceptional staff—and their families—for their resilience, dedication, and tireless efforts in delivering outstanding service, even during the most challenging times. Their contribution remains the cornerstone of our success.

R L E C Wijeratne
Chief Executive Officer/Director
Browns Hotels and Resorts Limited

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, recognizing 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.

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- Palm Garden Hotels 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

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.

STEFAN FURKHAN

Non Executive Director

Appointed to the Board on 13th January 1992, Mr. Stefan Furkhan is a seasoned business leader and hospitality professional with over 35 years of commercial experience in Sri Lanka and globally, spanning Europe, South Asia, Australia, and the South Pacific. With a proven track record of managing diverse business portfolios and overseeing multiple industries, Mr. Furkhan is recognised for his strategic leadership, operational excellence, and expertise in driving sustainable growth and innovation.

He holds a Graduate Diploma from the Chartered Institute of Marketing, UK (CIM), and is a Fellow of both the Chartered Institute of Marketing and the Institute of Hospitality, UK. Additionally, he is an alumnus of the Hotel School The Hague and a member of the Australian Institute of Management. Throughout his career, Mr. Furkhan has played a pivotal role in launching greenfield hotel projects, leading successful rebranding initiatives, and introducing groundbreaking concepts in the hospitality and tourism sectors.

Mr. Furkhan's extensive experience includes serving as the CEO of a diversified group of companies with operations spanning multiple industries. Within this group, he oversaw three publicly listed companies, where he also held the role of CEO.

Currently, Mr. Furkhan serves as Chairman and CEO of the Confifi Group of Companies. The Confifi Group is an investment entity focused on strategic asset ownership, private equity ventures, consulting, and business promotion, with a portfolio spanning real estate, market-leading equities, fixed-income securities, and government treasuries. He also holds board positions at Eden Hotel Lanka PLC, and Hotel Sigiriya PLC. Additionally, he is a Promoter, Shareholder, and Director of the Radisson Hotel Colombo, Radisson Hotel Kandy, and Radisson Blu Resort Galle.

Mr. Furkhan has extensive expertise in asset management, hotel development and acquisitions, corporate restructuring, and operational turnaround strategies.

As a seasoned C-suite executive with an international career, Mr. Furkhan continues to set benchmarks for excellence while contributing to the advancement of the tourism and hospitality industries in Sri Lanka and beyond. His leadership and strategic acumen remain instrumental in shaping the future of the organisations he works with.

T DHARMARAJAH

Independent Director

T. Dharmarajah is the Managing Partner of M/s Amerasekera & Company and presently serves as a Director of Raigam Wayamba Salterns PLC, Raigam Southern Salterns (Pvt) Limited, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Renuka City Hotels PLC, Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd, DHS Medical Group (Pvt) Limited, Dohphin Hotels PLC, Palm Garden Hotels PLC, Hotel Sigiriya PLC, and Serendib Hotels PLC. He 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.

T Dharmarajah holds a BSc. Management (Sp) Degree of the University of Sri Jayewardenepura and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka, and Institute of Public Finance & Development Accountancy. 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.

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

» Palm Garden Hotels PLC
» Brown & Co. PLC
» Browns Investments PLC
» Green Paradise (Pvt) Limited
» Browns Holdings Limited
» Danya Capital (Pvt) Limited
» Serendib Hotels PLC
» Hotel Sigiriya PLC
» LOLC General Insurance PLC
» Ultimate Sports (Pvt) Limited
» P L Resorts (Pvt) Limited
» Melana Capital (Pvt) Limited
» Three Tips Ella (Pvt) Limited

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

1. OVERVIEW

The Board of Directors of Eden Hotel Lanka PLC is pleased to present the Management Discussion and Analysis ("MD&A") for the financial year ended 31 March 2026.

The year under review marked another significant phase in the gradual recovery and stabilization of the tourism and hospitality industry, both globally and within Sri Lanka. Despite continued macroeconomic volatility, inflationary pressures, geopolitical uncertainties, and evolving traveler preferences, the Company demonstrated resilience through disciplined operational execution, strategic investments, and continued focus on guest experience enhancement.

The Company/Group recorded encouraging operational and financial performance during the year, supported by improved occupancy levels, higher average room rates, strengthened demand from international leisure travelers, and enhanced contribution from tour operator partnerships.

Eden Hotel Lanka PLC/Group, continued to focus on long-term value creation through strategic investments in property enhancement, operational efficiency, digital transformation, and service excellence initiatives aimed at strengthening its positioning within Sri Lanka's leisure and hospitality sector.

2. INDUSTRY OVERVIEW

a) 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 normalization 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 characterized 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, travelers increasingly prioritized unique and personalized 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.

b) 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 travelers. 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 travelers 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.

c) Emerging Trends in Tourism – Key Focus Areas

The tourism and hospitality sector continues to evolve rapidly in response to changing traveler preferences and technological advancements. Key emerging trends influencing the industry include:

Experience-Driven Travel

Travelers increasingly seek immersive and personalized experiences rather than conventional accommodation offerings. This trend has intensified the focus on:

» Guest engagement

» Experiential tourism

» Customized hospitality offerings

» Wellness and lifestyle experiences

Digital Transformation

Technology continues to play a significant role in tourism operations and customer engagement. Hotels are increasingly investing in:

» Digital booking platforms

» Guest engagement technologies

» IT infrastructure

» Revenue management systems

» Data analytics and customer insights

Sustainability and Responsible Tourism

Environmental sustainability and responsible tourism practices have become increasingly important within the global hospitality industry. Guests are placing greater emphasis on:

» Sustainable operations

» Energy efficiency

» Waste reduction

» Eco-friendly hospitality practices

Service Quality and Guest Experience

Competition within the hospitality industry has increased the importance of:

» Service excellence

» Brand differentiation

» Guest satisfaction

» Facility enhancement

» Consistent operational standards

Leisure and Wellness Tourism

Leisure-oriented travel and wellness tourism continue to experience significant growth globally, creating opportunities for resort and leisure-focused hospitality operators.

3. FINANCIAL REVIEW

The Company delivered a strong revenue performance during the year under review, supported by improved market demand and effective revenue optimisation strategies. Occupancy increased to 69%, compared to 62% in the previous financial year. While the Average Room Rate remained largely unchanged from the previous year, the 7% improvement in occupancy contributed significantly to revenue growth.

Accordingly, the Company recorded revenue of Rs. 1.5 billion, compared to Rs. 1.3 billion in the previous year, representing an increase of 16%. This performance reflects the Company's ability to capitalise on favourable market conditions while maximising yield through disciplined revenue management.

At Group level, revenue increased to Rs. 6.9 billion during the year under review from Rs. 6.0 billion in the previous year, representing a year-on-year growth of 15%.

The year's performance underscores management's continued focus on revenue diversification, operational excellence, and enhancing the overall guest experience. The balanced contribution from both the accommodation and food and beverage segments further strengthened the Company's revenue base, reinforcing its ability to generate sustainable long-term value for all stakeholders.

The year under review continued to be characterised by inflationary cost pressures across several key areas of the business, including utilities and energy, food and beverage procurement, employee-related expenses, technology investments, and ongoing property maintenance. These challenges reflected the broader increase in operating costs experienced across the hospitality industry.

In response, management maintained a disciplined approach to cost management through enhanced expenditure controls, strengthened budget monitoring, and continuous operational efficiency initiatives across all business functions. At the same time, the Company remained committed to investing in essential property maintenance, infrastructure enhancements, and service quality improvements to preserve its competitive positioning and ensure the consistent delivery of exceptional guest experiences.

Supported by strong revenue growth and prudent financial management, the Company delivered a significant improvement in operational profitability during the year under review. Excluding the impairment provision of Rs. 260 million recognised on the investment in Browns Ari Resorts (Pvt) Limited, the Company's Operational Earnings Before Interest and Tax (EBIT) increased to Rs. 330.5 million, compared to Rs. 171.2 million recorded in the previous financial year. This strong improvement reflects enhanced operating performance, effective cost management, and improved efficiencies across the business.

At Group level, the focus on strengthening long-term value continued through strategic investments across several subsidiaries, resulting in higher operational expenditure during the year. Despite these investments, the Group recorded an EBIT of Rs. 559.8 million, compared to Rs. 519.2 million in the previous financial year, demonstrating its ability to sustain earnings growth while investing in future expansion and asset enhancement initiatives.

Overall, the Company's and the Group's performance during the year highlights the resilience of their operating model, disciplined financial management, and continued commitment to balancing short-term profitability with long-term sustainable growth.

4. OPERATIONAL REVIEW

a) Key Tour Operator and Customer Developments

The Company continued to maintain strong relationships with key international tour operators, travel agents, destination management companies, and online booking platforms throughout the financial year.

Management continued to focus on:

- Strengthening strategic travel partnerships
- Expanding international customer reach
- Enhancing direct booking channels
- Improving guest engagement and retention

The gradual recovery in inbound tourism and strengthening relationships with key travel partners contributed positively towards occupancy growth and revenue generation during the year.

The Company also continued to diversify its customer base through increased focus on:

- Direct bookings
- Online travel agencies
- International leisure travelers
- Repeat guest segments

Management remains committed to further strengthening strategic partnerships and expanding market penetration opportunities in the future.

b) Capital Investments and Future Development

Management remains committed to continuously enhancing the Company's asset quality, operational capabilities, and guest experience standards.

In line with this strategy, the Company intends to undertake a soft refurbishment program during the 2026/27 financial year with the objective of:

- Enhancing overall guest experience
- Strengthening brand positioning
- Improving product offerings
- Enhancing long-term value proposition
- Supporting future revenue growth opportunities

The planned refurbishment initiatives are expected to further strengthen the Company's competitiveness within the leisure and hospitality sector while supporting long-term shareholder value creation.

5. RISK MANAGEMENT

Eden Hotel Lanka PLC/Group continues to recognize that effective risk management plays a critical role in ensuring long-term operational sustainability, financial resilience, and value creation for shareholders and other stakeholders. Operating within the dynamic leisure and hospitality sector exposes the Company to a range of external and internal risks that require continuous monitoring, evaluation, and mitigation.

During the financial year under review, management continued to closely monitor global and domestic economic developments that could impact tourism demand, operational performance, and overall business stability. Global economic uncertainties, geopolitical developments, inflationary trends, and fluctuations in international travel patterns continued to influence the operating environment of the tourism and hospitality industry.

Inflationary pressures and rising operational costs remained key challenges during the year, particularly in relation to utility expenses, food and beverage costs, employee remuneration, maintenance expenditure, and other operating inputs. Management continued to implement cost management and operational efficiency initiatives while ensuring that service standards and guest experience were maintained at expected levels.

Exchange rate volatility also remained a significant area of focus given the Company's exposure to foreign tourist markets and imported operational inputs. Management continued to closely monitor foreign exchange movements and adopt appropriate treasury and operational strategies to mitigate potential impacts arising from currency fluctuations.

The tourism and hospitality industry is inherently sensitive to changes in travel demand and market conditions. Accordingly, the Company continued to focus on strengthening its relationships with international tour operators, travel agents, online booking platforms, and repeat customer segments in order to maintain occupancy stability and revenue growth. Management also continued to diversify customer channels and enhance direct booking capabilities to strengthen market competitiveness.

Competitive market conditions within the leisure hospitality sector continued to intensify during the year as hotel operators focused on pricing strategies, service quality enhancement, and product differentiation. In response, Eden Hotel Lanka PLC/Group continued to invest strategically in guest experience enhancement initiatives, property face uplift programs, technological improvements, and operational infrastructure upgrades aimed at strengthening the overall value proposition of the hotel.

The Company also recognizes the increasing importance of environmental sustainability and climate-related risk management within the tourism sector. Adverse weather conditions, coastal and environmental impacts, and sustainability-related operational risks continue to be monitored closely. Management remains committed to responsible operational practices and continuously evaluates opportunities to improve environmental sustainability and operational resilience.

Infrastructure and operational disruptions also remain important areas of consideration within the hospitality sector. During the year, management continued to prioritize preventive maintenance, operational continuity planning, information technology improvements, and infrastructure enhancement initiatives in order to minimize operational disruptions and maintain service quality standards.

The Group continues to strengthen its internal control environment, governance frameworks, operational monitoring mechanisms, and strategic planning processes to effectively identify, assess, and manage risks across the organization. Supported by a strong balance sheet, healthy liquidity position, and debt-free status, Eden Hotel Lanka PLC/Group remains well-positioned to navigate evolving market conditions while pursuing sustainable long-term growth opportunities.

6. OUTLOOK FOR 2026/27 AND BEYOND – LEISURE AND TOURISM INDUSTRY

a) Industry Outlook

The outlook for both the global and Sri Lankan tourism industry remains cautiously optimistic as the sector continues its gradual recovery and stabilization following several years of economic and operational uncertainty. Increasing international travel demand, improving airline connectivity, and strengthening consumer confidence are expected to continue supporting the recovery momentum of the global hospitality industry during the forthcoming financial periods.

The leisure and tourism sector is expected to benefit from the continued growth in experiential travel, wellness tourism, and destination-based leisure experiences, particularly across emerging and developing tourism markets. The expansion of regional and international tourism flows, coupled with enhanced digital accessibility and destination marketing initiatives, is expected to further strengthen demand within the hospitality sector.

b) Sri Lanka Tourism Potential

Sri Lanka continues to demonstrate strong long-term tourism potential supported by its diverse tourism offerings, natural attractions, cultural heritage, wildlife experiences, and growing international destination appeal. The country remains well-positioned to benefit from the continued recovery in global travel demand and increasing interest in leisure-oriented tourism destinations within the region.

Improved destination promotion activities, strengthening tourism infrastructure, increased airline connectivity, and continued development of the tourism ecosystem are expected to support further growth in tourist arrivals and industry performance in the medium to long term.

c) Outlook for Eden Hotel Lanka PLC/Group

Against this backdrop, Eden Hotel Lanka PLC/Group remains optimistic regarding its future growth prospects and operational performance. Management expects the Company/Group to continue benefiting from improving tourism demand, strengthened relationships with international tour operators, increasing direct booking opportunities, and the gradual recovery in international leisure travel.

The Company/Group also expects future growth opportunities to arise through continued strategic operational enhancements, strengthened guest experience initiatives, expansion of digital and direct booking channels, and ongoing investments in property and infrastructure improvements.

In line with its long-term growth strategy, management intends to undertake a soft refurbishment program during the 2026/27 financial year with the objective of further enhancing the overall value proposition of the hotel, improving guest satisfaction, strengthening market positioning, and supporting future revenue growth opportunities.

d) Challenges and Market Risks

Despite the positive outlook, management remains mindful of potential challenges and uncertainties that may continue to impact the tourism and hospitality industry. Global economic conditions, inflationary pressures, exchange rate volatility, geopolitical developments, and competitive market dynamics continue to remain key areas of focus for the Company.

The hospitality industry also continues to experience increasing competition within the leisure sector, requiring operators to continuously improve service quality, operational efficiency, pricing strategies, and customer engagement in order to maintain competitiveness and long-term sustainability.

Management will continue to closely monitor market developments and adopt appropriate operational, financial, and strategic measures to effectively respond to changing industry conditions.

e) Strategic Focus Going Forward

Looking ahead, Eden Hotel Lanka PLC/Group remains focused on sustainable growth, operational excellence, revenue optimization, guest experience enhancement, and long-term shareholder value creation.

Management will continue to prioritize:

» Enhancing operational efficiencies

» Strengthening customer experience and service quality

» Strategic investments in property and infrastructure enhancement

» Expansion of digital engagement and direct booking capabilities

» Sustainable business practices and long-term operational resilience

Supported by a strong balance sheet, healthy liquidity position, debt-free status, and continued focus on strategic development, the Company remains well-positioned to capitalize on future opportunities within the evolving leisure and tourism industry.

7. CONCLUSION

Despite operating within a dynamic and evolving economic environment, Eden Hotel Lanka PLC/Group demonstrated resilience and continued progress during the financial year ended 31 March 2026. The Company recorded improved occupancy levels, stronger average room rates, and healthy revenue growth while continuing to invest strategically in operational enhancements, guest experience initiatives, and long-term value creation programs aimed at strengthening its market positioning and operational sustainability.

Through disciplined operational management and a continued focus on enhancing efficiency and guest experience, the Company remains focused on navigating evolving market conditions and capitalising on opportunities within the tourism and hospitality sector. Management remains committed to strengthening operational performance, improving financial sustainability, and delivering sustainable long-term growth.

The Board of Directors wishes to place on record its sincere appreciation to the Company's shareholders, employees, guests, tour operators, business partners, regulatory authorities, and all other stakeholders for their continued support, trust, and valuable contribution towards the success and progress of the Company throughout the year under review.

Eden Hotel Lanka PLC/Group remains committed to delivering sustainable growth, operational excellence, and long-term value creation to all stakeholders in the years ahead.

STEWARDSHIP

Risk Management

Eden Hotel Lanka 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

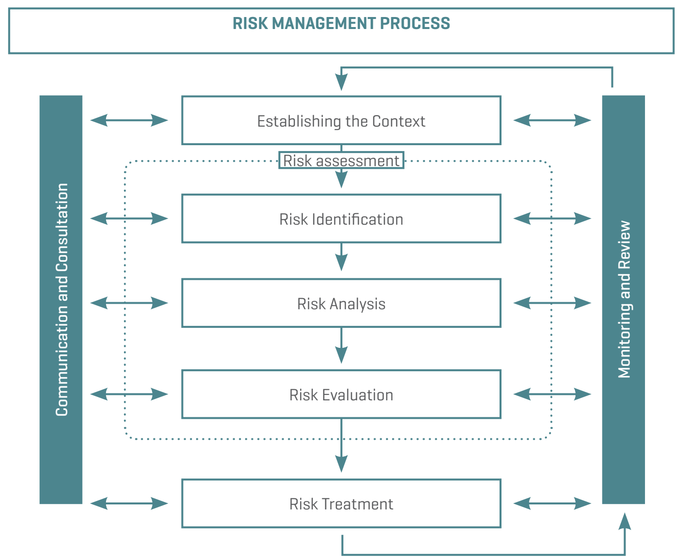
INTERNAL CONTROL AND RISK MANAGEMENT

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 Eden Hotel Lanka PLC, overlooks the risk management process of the Eden Group. The Group Risk Management Committee (GRMC) of LOLC Holdings PLC (ultimate parent company of Eden Hotel Lanka PLC) reviews the company's risk profile and provides guidance on required risk responses on a quarterly basis.

The Audit Committee of Eden Hotel Lanka PLC Lank 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 Eden 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 Management (Contd.)

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

Eden Hotel Lanak PLC's risk management system engages risks posed to the group on a broad front. The risk management process is entrenched 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.

Sustainability Reporting Segment

REPORTING BOUNDARY

The sustainability-related financial disclosures presented in this report cover the same reporting entity as the consolidated financial statements of Eden Hotel Lanka PLC for the financial year ended 31 March 2026. The reporting entity comprises Eden Hotel Lanka 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, Eden Hotel Lanka 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

Eden Hotel Lanka 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 Eden Hotel Lanka 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) 1standards have been referred to and considered when preparing this report.

Eden Hotel Lanka 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 Eden Hotel Lanka 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, Eden Hotel Lanka 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 Eden Hotel Lanka 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, Eden Hotel Lanka 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

Eden Hotel Lanka 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, Eden Hotel Lanka 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 Leisure 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 2030	SSP3-7 2050	SSP5-8.5 2030	SSP5-8.5 2050
Dolphin Hotel	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
		Extrem 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
The Eden	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
Thaala Hotel	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 Sigiriya	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 event		
Impact on Prospects	Description	Leisure hotel 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

CRRO Physical risk - Disruption of operations due to Extreme weather event		
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.
	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 (45,230,284,502) 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
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

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
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.
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 requirement
	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 LOLC Leisure 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.
	Anticipated effects on business model and value chain	The LOLC Leisure 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

Climate Related Risk (CRR0) -: Technological Obsolescence Due to Green Market Shifts		
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.
	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.
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 LOLC Leisure 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.
	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, LOLC Leisure 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

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
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.
Related Metric	Number of guest requests for environmentally friendly options	BHR 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 LOLC Leisure 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	LOLC Leisure 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.

Transition Opportunity - Eco-tourism and sustainable product development		
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.
	How the Company Resourcing and Planning to Resource Activities	LOLC Leisure 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, Eden Hotel Lanka 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 tCO_2e. Eden Hotel Lanka 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 Eden Hotel Lanka 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.

EDEN HOTEL LANKA PLC

Eden Hotel Lanka PLC is a Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 13th January 1992 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 September 2008. The Company was listed on the Second Board of the Colombo Stock Exchange on 13th December 1993. The Registered Office of the Company is No. 100/1 Sri Jayewardenapura Mawatha, Rajagiriya. The Company is a part of the LOLC group.

PRINCIPAL ACTIVITY

The Company's principal activity is carrying on the business of a Hotelier in the name of The Eden Beruwala. 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 40 to 49 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 page 60.

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 60 to 71.

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on page 94.

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 11.1.7 and 11.1.8 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 amounted to Rs. 16,368,000,000/- divided into 1,584,000,000 ordinary shares.

RESERVES

The total Group Reserves as at 31st March 2026 amounts to Rs. 18.3 Bn by comparison to Rs. 21.4 Bn in the previous year.

The total Company Reserves as at 31st March 2026 amounts to Rs. 3.9 Bn by comparison to Rs. 3.9 Bn in the previous year.

SHARE HOLDINGS / SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2026 was Rs. 11.30 (31st March 2025 – Rs. 13.50). The number of shareholders as at 31st March 2026 was 7,681(31st March 2025 – 7,516).

The information in respect of earnings, dividends, net assets per share is given on page 144.

SHAREHOLDERS

It is the Group's policy to treat its shareholders equitably and maximize 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 number of persons employed in the Company as of

31st March 2026 was 191 (31st March 2025 was 188) 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.

CUSTOMERS

The Group firmly believes in investing time and effort in discovering customer needs and providing those to them at the best price and fostering relationships and loyalty by consistently meeting the demand in the most effective manner. In other words, we believe in selling customer excellence.

SUSTAINABILITY AND ENVIRONMENT PROTECTION

The Group aims at minimizing negative impacts on the environment while fostering cooperation and adherence to applicable authorities and regulations. In alignment with the Group policy and progressing towards adherence to the S1 and S2 standards, the Group has appointed an officer focused on sustainability, environmental protection, and CSR initiatives.

In this endeavour, during the year under review, the Company had completed several sustainability initiatives and CSR programs.

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.

CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 503,600.

(Rs. 525,840 in 2025).

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
S. Furkhan	Non-Executive Director
T. Dharmarajah	Independent Director
J Selvaratnam	Independent Director

The profiles of the Directors are given on page 8.

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:

Director	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination Committee	Board Meeting Attendance			
						29.05.2025	14.08.2025	13.11.2025	12.02.2026
W. D. K. Jayawardena	✓*	✓	-	✓	✓	✓	✓	✓	✓
Mrs. K U Amarasinghe	✓	-	✓	-	-	-	✓	✓	-
D. S. K. Amarasekera	✓	-	-	-	-	✓(online)	-	-	✓(online)
S Furkhan	✓	-	-	-	-	✓	✓	✓	✓
Dr. J. M. Swaminathan	✓	-	-	-	-	✓	✓	✓	✓
T Dharmarajah	✓	✓**	✓**	✓**	✓	✓	✓	✓	✓
J Selvaratnam	✓	✓	✓	✓	✓**	✓	✓	✓	✓

* 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 page 50.

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 50 of the Annual report.

DIRECTORS' INTEREST IN SHARES

In compliance with 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	-	-
S Furkhan	01	01
T Dharmarajah	-	-
J Selvaratnam	-	-

DIRECTORS' REMUNERATION

The Directors were paid 3,310,000/-during the period under review. The Remuneration Committee Report is given on page 54.

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 a 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 page 54 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 34 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 2,096,000 as audit fee.

AUDITOR'S REPORT

The Auditor's report appears on page 62.

DETAILS OF MATERIAL ISSUES PERTAINING TO THE EMPLOYEES & INDUSTRIAL RELATIONS OF THE ENTITY

During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 34 to the Financial Statements found on page 66.

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 page 18.

» 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 Eden Hotel Lanka PLC

W D K Jayawardena
Chairman

Mrs. K U Amarasinghe
Non-Executive Director

18 August 2026

Corporate Governance

INTRODUCTION

Corporate Governance involves a set of relationships between a Company's management, its Board, its shareholders and other stakeholders. Corporate governance essentially involves balancing the interests of a company's many stakeholders and the community. As such, corporate governance encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Eden Hotel Lanka PLC is fully aware and committed to implementing governance standards that conform to best practices. As part of the corporate culture, it engages and interacts with all the stakeholders in a way that promotes mutual trust, better understanding and good faith.

The main scope of the Company's Corporate Governance policies encompasses a clear description of duties and responsibilities among the Board of Directors, checks and balances, clear business roles and strategies within the Company, ethical business conduct, engagement with stakeholders through risk mitigation, upholding corporate social responsibility in sustained good corporate citizenship as well as disclosure of material information in a timely and accurate manner.

At each Board meeting, the CEO-BHRL presents a comprehensive update on performance, challenges and possible business opportunities. Quarterly reports to the Board give an overview of the external market and the Hotel's performance. This ensures that the Board has oversight across the business, allowing its governance processes to contribute strongly to the delivery of the Company's strategy.

CORPORATE GOVERNANCE FRAMEWORK

Having an effective corporate governance framework defines responsibilities, helps the Board to deliver the Group's strategy and is vital to its decision making. It supports long-term sustainable growth while operating within a framework of effective controls. Having the right systems and controls in place ensure the Board and its Committees effectively oversee the business, maintain the highest standards of corporate governance and allow Directors to provide challenge where necessary. The Board has overall responsibility for ensuring adequate resources are available to deliver its strategic priorities. The Board has a delegation of authority schedule in place to ensure the Board has the right level of oversight for matters that are material to the Group. The Board has established a risk management framework to manage and report the risks they face as a business, which are reviewed quarterly. The Board also undertakes a robust assessment of the Company's emerging and principal risks. Efficient internal reporting, effective internal controls and oversight of current and emerging risks are embedded in the business processes, which are aligned to the strategic priorities, purpose and values. The Board, with the support of its Committees, places great importance on ensuring they achieve a high level of governance across the Group. Directors are allowed to raise their concerns about the Company or a proposed action and oppositions if any are recorded in the Board minutes. Directors report actual or potential conflicts of interest to the Board for consideration and if such conflicts exist, Directors excuse themselves from consideration of the relevant matter. The Company maintains an interest register which is reviewed annually.

AUDIT, RISK AND INTERNAL CONTROL

The Board is responsible for ensuring the risks facing the BHRL Group are effectively identified and controlled through the work of the internal audit activities. The Board has continued to monitor the established risk management and internal control procedures to ensure that they continue to be appropriate and effective within the specific context of the Group's activities.

The Internal Auditors monitor and report on the adequacy of the Financial and Operational systems of the Company/Group, in order to strengthen internal controls. The Internal Audit team comprises the necessary skills and experience relevant to the operations of the Company/Group. All of the internal audit activities are coordinated centrally by the LOLC-Enterprise Risk Management Team.

The Audit Committee assists the Board in discharging its responsibilities with regard to external and internal audit activities and controls including reviewing audit reports, internal controls and risk management systems. The Audit Committee is satisfied that the Group's risk management and internal control framework in relation to the Group's risk profile and strategy was effective and adequate. The Board therefore remained satisfied that the system of internal control continued to be effective in identifying and assessing the various risks to the Group and in monitoring and reporting progress on their potential impact.

Some of the policies which play a key role in this respect are:

a) Code of Business Conduct and Ethics

This applies to all the employees of the Company. The code ensures that there is no conflict of interest where individuals' interest conflicts with the interests of the Company, and makes timely disclosure of such situations; maintains confidentiality of information, ensures fair dealing with the Company's customers and suppliers and refrains from any unfair dealing and manipulations, thereby promoting ethical behaviour within the Company.

b) IT Governance

The Company believes that IT environment and the controls over this are the fundamental building block upon which our internal control environment is built. The strong IT governance structure in place at Eden group ensures that the effective and efficient use of IT enables the Company to create innovations to increase our digital savviness across the business. LOLC Technologies Services Limited (LOITS), a subsidiary of the Parent Company, LOLC Holdings PLC provides the IT related services to the Company

BOARD INDEPENDENCE

In accordance with the requirements of the Listing Rules of the Colombo Stock Exchange, each Non-Executive Director has submitted a declaration relating to his/her independence.

The Company benefits from the multiplicity of skills the Directors bring to the discussion, which range from in-depth knowledge of the local leisure industry, leisure sector trends including global trends, financial disciplines and the regulatory and legal framework.

To facilitate more detailed discussion, the Board has appointed Board sub committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 53 to 57.

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on page 36.

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. 1,696,000 /- as Audit fees.

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

STAKEHOLDERS

The Board is conscious of its relationship with all stakeholders, including the community within which it operates. Apart from aiming to be a model corporate citizen, with sustainable and ecofriendly practices, the hotel enhances and uplifts staff standards and morale through regular training and improved facilities. This facilitates improvements in service levels, thereby enriching the guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotel.

SHAREHOLDER RELATIONS

The Company reports formally to shareholders in a number of ways. Significant matters relating to trading or development of the business, and routine reporting obligations, are disseminated by way of Stock Exchange announcements and by press releases. The Board considers the Annual General Meeting as a prime opportunity to communicate with shareholders. Shareholders are given the opportunity of exercising their rights at the Annual General Meeting. Each resolution brought before the shareholders at the Annual General Meeting is voted on separately by them. The notice of the Annual General Meeting and the relevant documents required are published within the statutory period. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The External Auditors are also present at the Annual General Meeting to render any professional assistance that may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice. Shareholders can also contact the Company directly via a dedicated email address or via dedicated telephone numbers, provided on the inside back cover of this report. The Company's website also contains information for institutional and retail shareholders alike. The Company's Registrars provides access facility for registered shareholders, providing details of their shareholdings. Facilities are also provided for shareholders to lodge proxy appointments electronically.

CORPORATE SOCIAL RESPONSIBILITY

The Board actively takes part in defining and overseeing the corporate culture and values, particularly in the corporate social responsibility policy. The Board continuously reviews the policies for sustainability, corporate culture and values, and on relations with stakeholders, especially employees and customers. The corporate social responsibility policy is structured in line with the business strategy and risk appetite and putting into place mechanisms to ensure that all Group entities know how they fit into these strategies and that their processes and mechanisms are consistent with those of the policy of the Ultimate Parent.

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 Company.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

NOMINATIONS & GOVERNANCE COMMITTEE

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

» Reviews annual evaluations of board members.

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 resolution of issues in a manner that facilitates not only improved performance but also strengthened controls.

The composition of the Board sub-committees as at 31st March 2026 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 53 to 57 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.
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**

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
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 Mr 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 constituted Board as required by the rule.
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.
9.6.2	The Requirement for a SID	
(a)	A Listed Entity shall appoint an Independent Director as the SID in the following instances: The positions of the Chairperson and CEO are held by the same individual. The Chairperson is an Executive Director. 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	

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
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
9.8.3	The Board of Directors of Listed Entities shall require: 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. 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. 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	

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
	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: Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity. 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. The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. 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.
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	

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
	The Company shall have a Nomination and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of directors to the Board together with written Terms of Reference.	**Complied with** In terms of Rule 9.2.1. a policy for the appointment and re-election of Directors is in place and hosted on the website.
9.11.1 9.11.2 9.11.3 9.11.4	Listed Entities shall have a Nomination and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Rules. 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. 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. **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.	**Complied with** A Nominations & Governance Committee is in place. As of 31st 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.
9.12	Remuneration Committee	
9.12.1 9.12.2	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.
9.12.3	**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	

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
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.	**Complied with** As of 31st March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are independent.
	b) not comprise of Executive Directors of the Listed Entity.	**Complied with**
	2)The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	
	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 31st 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 & AGM-Finance attend the Audit Committee meetings by invitation
	6) The Chairperson of the Audit Committee shall be a Member of a recognized 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
9.13.4 9.13.5	Functions and Annual Report Disclosures of the Audit Committee.	**Complied with.** Please refer Committee Report on Page 57.
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.**

Sec. No.	Rules of the Colombo Stock Exchange	Level of Compliance
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 31st March 2026 the Committee comprised 3 Non-Executive Directors of whom 2 are Independent and is chaired by Mr T Dharmarajah- Independent Director. The Committee functions in accordance with the recommended rules.
9.14.4	**General Requirements** 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 31st March 2026 with minutes accurately documents and communicated to the board during board meetings.
	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.	**Complied with.** Noted for compliance
	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 should the need arise.
	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.
9.14.7	Additional Disclosures	Please refer report of the Board of Directors on page 8.

Directors' Disclosures in Terms of Section 9.10.4 (e)

Name of the Director	Number of Board Seats held in Other Companies	Designation
W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Palm Garden Hotels 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
	Patronus Wealth Holding Ltd	Non-Executive Director
	LOLC International (Pvt) Ltd	Non Executive Chairman
	LOLC International (Pvt) Ltd	Non- Executive Director
	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
	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	Palm Garden Hotels 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 (Pvt) 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

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

Name of the Director	Number of Board Seats held in Other Companies	Designation
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Palm Garden Hotels 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
Mrs. K U Amarasinghe	Palm Garden Hotels 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

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

Name of the Director	Number of Board Seats held in Other Companies	Designation
Stefan Furkhan	Hotel Sigiriya PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Confifi Capital (Pvt) Limited	Chairman
	Confifi Management Services (Pvt) Ltd	Chairman
	Raddison Blue Resort- Galle	Non-Executive Director
	Raddison hotel- Colombo	Non-Executive Director
	Raddison hotel- Kandy	Non-Executive Director
	Sino Lanka Hotels Holdings (Pvt) Ltd	Non-Executive Director
	Travelanka (Pvt) Ltd	Chairman
	Adam & Eve (Pvt) Ltd	Non-Executive Director
T Dharmarajah	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
	Palm Garden Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
J Selvaratnam	Palm Garden Hotels PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Siyapatha Finance PLC	Non-Executive Director

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.

ROLE 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 34 to the Financial Statements in this Report in accordance with Section 9.14.8 of the Listing Rules

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

KEY HIGHLIGHTS – FY 2025/26

Reviewed effectiveness of remuneration policies and practices

- » Confirmed alignment of remuneration with Company performance and strategy
- » Ensured competitiveness to attract and retain talent
- » Strengthened linkage between rewards and performance outcomes
- » Considered employee development and training initiatives
- » Maintained transparent and governance-aligned remuneration framework

Committee Composition and Independence

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

T Dharmarajah	Committee Chairman	Independent Director
J Selvaratnam	Committee Member	Independent Director
K U Amarasinghe	Committee Member	Non-Executive Director

The Board is satisfied that the Committee has the appropriate expertise and independence to discharge its responsibilities effectively.

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 the Directors' fees decided upon are meant to serve as a recognition of the Directors' contribution to Board and Board sub-committee discussion and decision making.

ROLE & RESPONSIBILITIES

The Remuneration Committee assists the Board in the following areas:

- » Remuneration Policy
  - Reviewing and recommending the remuneration framework for Directors and Key Management Personnel
  - Ensuring alignment between remuneration and Company performance
- » Performance Alignment
  - Linking rewards to individual and organisational performance
  - Supporting long-term value creation and sustainability
- » Market Competitiveness
  - Ensuring remuneration structures remain competitive to attract and retain talent
- » Governance and Transparency
  - Promoting fairness, transparency, and consistency in remuneration practices

KEY ACTIVITIES DURING THE YEAR

During the financial year ended 31 March 2026, the Committee carried out the following activities:

- » Reviewed the effectiveness of the Company's remuneration policies and practices
- » Assessed whether remuneration structures appropriately support performance and strategic objectives
- » Evaluated the alignment of rewards with long-term shareholder value creation
- » Reviewed overall remuneration disclosures for inclusion in the Financial Statements

The Committee is satisfied that the remuneration framework remains appropriate to attract, retain, and motivate individuals capable of delivering the Company's strategic objectives.

TALENT RETENTION

The Committee also considered key human resource developments during the year, particularly in relation to capacity building and employee development.

Training initiatives undertaken during the year included areas such as:

- » Customer service excellence
- » Professional and technical skills development
- » Health and Safety
- » Leadership and performance management

These initiatives support the Company's performance culture and are aligned with its remuneration philosophy of linking rewards to capability and performance.

MEETINGS

The Committee met once during the financial year ended 31 March 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.

FUTURE OUTLOOK FOR 2026/2027

The Committee will continue to monitor market trends and regulatory developments in the interest of maintaining a transparent, performance-driven compensation structure that incentivizes sustainable growth and creates enduring value for all stakeholders.

CONCLUSION

The Committee is satisfied that:

- » The remuneration framework is aligned with the Company's strategic objectives
- » Policies are fair, transparent, and competitive
- » Remuneration practices support long-term sustainable performance

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.

KEY HIGHLIGHTS – FY 2025/26

- Ensured compliance with evolving corporate governance requirements.
- Reviewed and recommended Beneficial Ownership Policy in line with Companies Act amendments
- Oversaw Board evaluation, Fit & Proper assessments, and independence confirmations.
- Continued implementation of Board Diversity Policy
- Reviewed and recommended Directors for re-election at AGM
- Confirmed full compliance with CSE Listing Rules on governance.

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, prioritizing 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-appointment 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	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, RPTRC, NGC, Rem.com.
Present directorships in listed Companies	Please refer page 51	Please refer page 50	Please refer page 52
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 M/s T Dharmarajah and 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 M/s T Dharmarajah & 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.

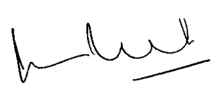
CONCLUSION

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

» Internal Audit Plan approved and regularly monitored

» Assessed effectiveness of internal controls and risk management framework

» 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) Overseeing the performance of Internal Audit functions including the process to ensure that the internal controls and risk management of the Company are adequate.

v) 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

Internal Audit

Internal Audit services are provided by the Group internal audit Department. The function operates independently, reporting functionally to the Audit Committee and administratively to the Director/CEO.

The Internal Audit Plan is risk-based and aligned with the Group's key priorities. The Committee reviews and approves the Plan annually and monitors progress throughout the year.

During the year, the Committee:

» Reviewed audit findings and management responses

» Monitored implementation of corrective actions

» Evaluated the effectiveness of the internal audit function

The Committee is satisfied that Internal Audit provides adequate assurance over the Group's risk management and control processes.

INTERNAL CONTROLS

The Committee reviewed the adequacy and effectiveness of the Company's internal control framework, based on reports from management, Internal Audit, and External Auditors.

The system of internal control is designed to manage, rather than eliminate, risk and provides reasonable assurance against material misstatement or loss.

The Committee concluded that:

» Controls were operating effectively

» Identified issues were promptly addressed

» No material weaknesses were noted

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 7 to the Financial Statements.

M/s. Deloitte Partners were first appointed in 2019 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. The Head of IT is invited at the time of any updates required on the information security strategy. Heads of relevant departments and HR are invited when relevant Internal Audits reports are being discussed. The Chair provides updates to the Board on the proceedings, considerations and findings of each meeting.

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 62.

Kapila 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 recognized 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.

Kapila Jayawardena
Chairman

Jeewantha Perera
Head of Finance – Browns Hotels and Resorts

18 August 2026

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Independent auditor's report

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Eden Hotel Lanka 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. 6,728 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 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;

Deloitte.

Independent auditor's report (Contd.)

To the Shareholders of Eden Hotel Lanka PLC (Cont'd)

Report on the audit of the financial statements (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.	Checking the appropriateness of the selection of the impairment testing technique; Challenging and testing the reasonableness of the key assumptions used by the management in the calculations which included » For non- operating subsidiaries, comparing the share of net assets used in the calculation with the audited financial statements provided by the component auditors and reviewing of component auditor working papers. » For operating subsidiaries, comparing the fair value less cost of disposal assumed in the calculation with the offers received from the potential buyers during the year. Further, we validated the authenticity of the offers considered for the fair value less cost of disposal by checking evidence of further discussions and correspondence with the potential buyers.; Evaluating the adequacy of the disclosures made in the financial statements of the Company with respect to the impairment provision recognized.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Eden Hotel Lanka 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.

Deloitte.

Independent auditor's report (Contd.)

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 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.

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.

Deloitte.

Independent auditor's report (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

Statements 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 from Contracts with Customers	4	6,997,151,962	6,067,478,602	1,536,310,223	1,324,302,885
Direct Costs		(1,860,443,760)	(1,754,119,572)	(358,585,840)	(344,686,628)
Gross profit		5,136,708,202	4,313,359,030	1,177,724,383	979,616,257
Other income	5	137,338,775	65,196,731	41,303,394	(935,472)
Fair value gain on Investment Properties		8,000,000	5,000,000	8,000,000	5,000,000
Profit before operating expenses from continuing operation		5,282,046,977	4,383,555,761	1,227,027,777	983,680,785
Operating expenses					
Personnel costs	6	(988,121,910)	(914,682,603)	(203,745,388)	(189,256,486)
Depreciation and amortization	7.2	(1,269,139,530)	(1,064,196,342)	(210,937,618)	(215,486,125)
Other operating expenses		(2,308,982,271)	(1,756,106,359)	(447,825,997)	(358,543,248)
Advertising and promotional expenses		(155,965,897)	(129,319,222)	(34,006,002)	(49,206,157)
Impairment provision for investment in subsidiaries	15	-	-	(260,732,302)	-
Results from operating activities from continuing operation	7	559,837,369	519,251,235	69,780,470	171,188,769
Finance Income		298,432,530	300,465,260	26,212,447	97,576,311
Finance Expenses		(3,609,711,715)	(4,368,554,377)	(536,775,912)	(572,893,940)
Net finance cost	8	(3,311,279,185)	(4,068,089,117)	(510,563,465)	(475,317,629)
Loss before income tax expense from continuing operation		(2,751,441,816)	(3,548,837,882)	(440,782,995)	(304,128,860)
Income tax (expense)/reversal from continuing operation	9	(332,653,943)	980,832,616	(1,435,584)	543,376,750
Profit/(loss) for the year from continuing operation		(3,084,095,759)	(2,568,005,266)	(442,218,578)	239,247,890
Discontinued operation					
Loss before tax the year from discontinued operations	33	(210,156,015)	(257,677,456)	-	-
Tax (expense)/ reversal from discontinuing operations		536,833,554	77,980,709	-	-
Profit / (loss) for the year from discontinued operations		326,677,539	(179,696,747)	-	-
Profit/ (Loss) for the year		(2,757,418,220)	(2,747,702,013)	(442,218,578)	239,247,890
Profit / loss attributable to: (Continuing operation)					
Equity holders of the Company		(2,039,627,026)	(1,323,854,281)	(442,218,578)	239,247,890
Non controlling interests		(1,044,468,733)	(1,244,150,985)	-	
		(3,084,095,759)	(2,568,005,266)	(442,218,578)	239,247,890
Loss attributable to: (Discontinued operation)					
Equity holders of the Company		147,102,896	(80,917,445)	-	-
Non controlling interests		179,574,643	(98,779,302)	-	-
		326,677,539	(179,696,747)	-	-
Profit / loss attributable to					
Equity holders of the Company		(1,892,524,130)	(1,404,771,726)	(442,218,578)	239,247,890
Non controlling interests		(864,894,090)	(1,342,930,287)	-	
		(2,757,418,220)	(2,747,702,013)	(442,218,578)	239,247,890
Earnings / (loss) per share					
Earnings / (loss) per share	10	(1.19)	(0.89)	(0.28)	0.15
Earnings / (loss) per share from continuing operation		(1.29)	(0.84)	(0.28)	0.15
Earnings / (loss) per share from discontinuing operation		0.09	(0.05)	-	-

The notes annexed on pages 72 through 138 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statements of Comprehensive Income

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
Profit / (loss) for the year		(2,757,418,220)	(2,747,702,012)	(442,218,578)	239,247,890
Other comprehensive income from continuing operations					
Items that will never be reclassified to profit or loss					
Actuarial gains/(losses) on defined benefit obligations	27	(3,648,427)	4,428,808	(4,785,279)	(4,427,842)
Deferred tax charge/(reversal) on acturial gains/(losses)	9.4	1,094,525	(1,328,643)	1,435,584	1,328,353
Net change in fair value gain arose during the year	17.1	(4,224,553)	(2,112,108)	(126,361)	(63,176)
Revaluation gain on property, plant and equipment	11	-	11,945,558,177	-	1,244,450,379
Deferred Tax Charge/(reversal) on revaluations	9.4	-	(2,631,344,898)	-	(373,335,114)
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		909,836,689	(203,389,302)	-	-
Other comprehensive income for the year from continuing operation		903,058,234	9,111,812,034	(3,476,056)	867,952,600
Other comprehensive income from discontinuing operations					
Deferred tax charge/(reversal) on revaluation surplus	28	(555,946,002)	-	-	-
Exchange differences on translation of foreign operations		283,926,896	(64,813,042)	-	-
		(272,019,106)	(64,813,042)	-	-
Total Comprehensive Income/(expenses) from continuing operations					
Profit/(loss) after tax from continuing operations		(3,084,095,759)	(2,568,005,266)	(442,218,578)	239,247,890
Other comprehensive income continuing operations		903,058,234	9,111,812,034	(3,476,056)	867,952,600
		(2,181,037,525)	6,543,806,766	(445,694,634)	1,107,200,490
Total Comprehensive Income/(expenses) from discontinued operations					
Profit/(loss) after tax from discontinued operations		326,677,539	(179,696,747)	-	-
Other comprehensive income discontinuing operations		(272,019,109)	(64,813,042)	-	-
		54,658,430	(244,509,789)	-	-
Total Comprehensive Income/(expenses)					
Profit/(loss) after tax		(2,757,418,220)	(2,747,702,013)	(442,218,578)	239,247,890
Other comprehensive income		631,039,125	9,046,998,992	(3,476,056)	867,952,600
		(2,126,379,095)	6,299,296,979	(445,694,634)	1,107,200,490
Total comprehensive income attributable to:					
Equity holders of the Company		(1,439,055,559)	4,326,486,925	(445,694,634)	1,107,200,490
Non controlling interests		(687,323,536)	1,972,810,056	-	-
		(2,126,379,095)	6,299,296,980	(445,694,634)	1,107,200,490

The notes annexed on pages 72 through 138 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 equipment	11	41,014,717,444	60,826,234,517	6,999,593,338	7,080,515,617
Investment property	12	93,000,000	85,000,000	93,000,000	85,000,000
Right-of-use assets	13	6,325,642,738	8,546,014,175	-	-
Intangible assets	14	81,612,462	86,224,307	21,918,368	25,964,752
Investment in subsidiaries	15	-	-	6,728,483,780	6,989,216,082
Trading assets - fair value through profit or loss	16	8,827,700	5,113,340	8,827,700	5,113,340
Investment securities	17	158,852,599	161,004,344	34,729,600	32,783,154
Deferred Tax Assets	28	506,638,243	966,922,797	-	-
Total Non - Current Assets		48,189,291,186	70,676,513,480	13,886,552,786	14,218,592,945
Current Assets					
Inventories	18	195,209,002	276,642,518	44,791,614	31,196,279
Loans due from related parties	19	12,246,856,487	-	325,370,537	307,542,683
Trade and other receivables	20	6,545,179,740	4,790,894,879	544,306,879	508,921,624
Current tax assets	21	243,779,065	706,244,301	8,508,874	8,492,365
Cash and cash equivalents	22.1	1,346,629,867	2,091,335,977	275,214,403	150,327,391
Total Current Assets		20,577,654,161	7,865,117,675	1,198,192,307	1,006,480,342
Total Assets		68,766,945,347	78,541,631,155	15,084,745,093	15,225,073,287
Equity and Liabilities					
Stated capital	23	16,368,000,000	16,368,000,000	16,368,000,000	16,368,000,000
Reserves	24	18,318,595,935	21,442,748,622	3,934,708,660	3,934,835,019
Accumulated losses	25	(16,923,982,465)	(16,941,340,241)	(9,246,208,789)	(8,800,640,515)
Equity attributable to equity holders		17,762,613,470	20,869,408,381	11,056,499,871	11,502,194,504
Non controlling interests		9,303,107,303	12,026,438,125	-	-
Total equity		27,065,720,773	32,895,846,506	11,056,499,871	11,502,194,504
Liabilities					
Non - Current Liabilities					
Loans and borrowings	26	12,639,269,215	12,866,085,405	188,525,342	-
Employee benefits	27	121,918,753	104,115,633	29,039,066	21,278,592
Deferred tax liabilities	28	6,304,668,361	7,676,503,406	-	-
Total Non - Current Liabilities		19,065,856,329	20,646,704,444	217,564,408	21,278,591
Current Liabilities					
Trade and other payables	29	20,626,226,112	18,179,233,283	2,599,850,031	3,354,820,797
Loans and borrowings	26	1,543,023,330	5,607,220,478	1,156,477,649	245,581,391
Current tax payables	30	391,149,645	1,121,544,304	54,353,134	101,198,004
Bank overdrafts	22.2	74,969,158	91,082,140	-	-
Total Current Liabilities		22,635,368,245	24,999,080,205	3,810,680,814	3,701,600,192
Total Liabilities and Equity		68,766,945,347	78,541,631,155	15,084,745,093	15,225,073,287

The notes annexed on pages 72 through 138 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.

....	....
W.D.K. Jayawardena	K.U. Amarasinghe
Chairman	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	Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total Equity
	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Balance as at 01st April 2024	16,368,000,000	10,212,627,899	1,030,296	5,928,623,395	(15,721,508,781)	9,675,724,407	26,464,497,216
Total comprehensive income for the year							
Loss for the year	-	-	-	-	(1,404,771,726)	(1,342,930,287)	(2,747,702,013)
Fair value gain/loss arose during the year			(992,334)			(1,119,774)	(2,112,108)
Actuarial gains/(losses) on defined benefit obligations	-	-	-	-	(361,579)	4,790,388	4,428,808
Deferred tax charge/(reversal) on actuarial gains/(losses)	-	-	-	-	108,473	(1,437,117)	(1,328,643)
Foreign currency translation differences of foreign operations	-	-	-	(159,235,598)	-	(108,966,747)	(268,202,345)
Revaluation of Property, Plant and Equipments	-	7,654,830,388	-	-	-	4,290,727,790	11,945,558,177
Deferred Tax on Revaluation of Property, Plant and Equipments	-	(1,763,090,702)	-	-	-	(868,254,197)	(2,631,344,898)
Total comprehensive income for the year	-	5,891,739,686	(992,334)	(159,235,598)	(1,405,024,831)	1,972,810,056	6,299,296,978
Transaction with shareholders in their capacity as owners							
Issue of shares	-	-	-	-	-	132,052,312	132,052,312
Changes in ownership that do not resulted in change in control	-	(295,195,737)	-	(135,848,985)	185,193,372	245,851,351	-
Balance as at 31 March 2025	16,368,000,000	15,809,171,847	37,962	5,633,538,812	(16,941,340,241)	12,026,438,125	32,895,846,506
Balance as at 01st April 2025	16,368,000,000	15,809,171,847	37,962	5,633,538,812	(16,941,340,241)	12,026,438,125	32,895,846,506
Total comprehensive income for the year							
Loss for the year	-	-	-	-	(1,892,524,130)	(864,894,089)	(2,757,418,219)
Other Comprehensive Income							
Fair value gain/loss arose during the year	-	-	(1,984,755)	-	-	(2,239,798)	(4,224,553)
Actuarial gains/(losses) on defined benefit obligations	-	-	-	-	(5,046,717)	1,398,290	(3,648,427)
Deferred tax charge/(reversal) on actuarial gains/(losses)	-	-	-	-	1,514,014	(419,488)	1,094,525
Foreign currency translation differences of foreign operations	-	-	-	709,328,511	-	484,435,068	1,193,763,579
Deferred tax reversal revaluation of PPE	-	-	-	-	(250,342,485)	(305,603,517)	(555,946,002)
Transfer in	-	(130,188)	-	-	130,188	-	-
Total comprehensive income for the year	-	(130,188)	(1,984,755)	709,328,511	(2,146,269,129)	(687,323,536)	(2,126,379,097)
Transaction with shareholders in their capacity as owners							
Net Impact on realization of revalued assets	-	(3,831,496,443)			2,159,514,297	(2,041,058,374)	(3,713,040,519)
Dividend Forfeited	-	-	-	-	4,242,796	5,051,087	9,293,883
Balance as at 31 March 2026	16,368,000,000	11,977,545,216	(1,946,793)	6,342,867,323	(16,923,852,277)	9,303,107,303	27,065,720,773

The notes annexed on pages 72 through 138 form an integral part of these financial statements.

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.	Accumulated Losses Rs.	Total Equity Rs.
Balance as at 01 April 2024	16,368,000,000	3,063,904,463	(121,532)	(9,036,788,915)	10,394,994,016
Comprehensive income for the period					
Net profit for the period	-	-	-	239,247,890	239,247,890
Other comprehensive income					
Fair value gain/loss arose during the year	-	-	(63,176)	-	(63,176)
Defined benefit plan actuarial gains (losses) (net of tax)	-	-	-	(4,427,842)	(4,427,842)
Deferred tax charge/(reversal) on actuarial gains/(losses)	-	-	-	1,328,353	1,328,353
Revaluation gain on property, plant and equipment	-	1,244,450,379	-	-	1,244,450,379
Deferred Tax Charge/(reversal) on revaluations	-	(373,335,114)	-	-	(373,335,114)
Total comprehensive income for the year	-	871,115,265.54	(63,176)	236,148,401	1,107,200,490
Balance as at 31 March 2025	16,368,000,000	3,935,019,728	(184,708)	(8,800,640,514)	11,502,194,506
Balance as at 01 April 2025	16,368,000,000	3,935,019,728	(184,708)	(8,800,640,514)	11,502,194,506
Comprehensive income for the period					
Net profit for the period	-	-	-	(442,218,578)	(442,218,578)
Other comprehensive income					
Fair value gain/loss arose during the year	-	-	(126,359)	-	(126,361)
Defined benefit plan actuarial gains (losses) (net of tax)	-	-	-	(4,785,279)	(4,785,279)
Deferred tax charge/(reversal) on actuarial gains/(losses)	-	-	-	1,435,584	1,435,584
Total comprehensive income for the year	-	-	(126,361)	(445,568,276)	(445,694,635)
Balance as at 31st March 2026	16,368,000,000	3,935,019,728	(311,067)	(9,246,208,790)	11,056,499,870

The notes annexed on pages 72 through 138 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 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit/ (Loss) before taxation from continuing operation		(2,751,441,816)	(3,548,837,882)	(440,782,995)	(304,128,860)
Profit/ (Loss) before taxation from discontinuing operation		(210,156,015)	(257,677,456)	-	-
		(2,961,597,830)	(3,806,515,338)	(440,782,995)	(304,128,860)
Adjustment for:					
(Profit)/Loss on sale of property, plant and equipment		(214,400)	29,388	-	-
Depreciation and amortization	7	1,782,326,748	1,802,194,412	210,937,616	215,486,126
Provision for gratuity	27	22,792,621	22,477,708	4,716,478	4,391,817
Interest cost	8	3,609,711,715	4,368,554,378	536,775,912	572,893,940
Interest income	8	(298,432,530)	(300,465,260)	(26,212,447)	(97,576,311)
Dividend Income	5	(217,000)	-	(217,000)	-
Impairment of trade receivable	20.1.1	27,737,846	15,923,199	15,782,628	(1,050,138)
Gain/(loss) on fair valuation of other FVTPL instrument	5	(3,714,360)	(1,409,580)	(3,714,360)	(1,409,580)
Change in fair value of investment properties	12	(8,000,000)	(5,000,000)	(8,000,000)	(5,000,000)
Impairment of Investment in subsidiaries		-	-	260,732,302	-
Operating profit before working capital changes		2,170,392,810	2,095,788,907	550,018,134	383,606,994
Working capital changes					
(Increase)/decrease in accounts receivables & others		(13,267,865,184)	(455,643,035)	(51,184,390)	596,030,944
(Increase)/decrease in inventories		81,433,516	(7,499,349)	(13,595,335)	(5,531,301)
Increase/(decrease) in accounts payables		(4,027,974,697)	(1,444,995,234)	(383,558,364)	(853,464,793)
Cash generated from operations		(15,044,013,555)	187,651,289	101,680,045	120,641,844
Interest paid		(48,335,999)	(1,679,668)	-	-
Tax paid		(95,625,326)	(75,114,747)	-	-
Gratuity paid	27	(8,637,928)	(14,795,659)	(1,741,283)	(7,691,005)
Net cash from /(used in) operating activities		(15,196,612,808)	96,061,215	99,938,762	112,950,839
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment and intangible assets		(606,572,044)	(1,026,626,750)	(125,968,954)	(118,615,800)
Acquisition of ROU		(45,802,680)	-	-	-
Proceeds from the disposal of property, plant and equipment		18,112,500,000			
Interest received		47,246,829	-	6,311,787	-
Dividend received		217,000	-	217,000	-
Issue of shares by Subsidiaries to NCI		-	132,052,312	-	-
Net cash flow from investing activities		17,507,589,105	(894,574,438)	(119,440,167)	(118,615,800)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of long term loans	26	(7,931,491,989)	(2,974,540,430)	-	(1,311,130,298)
Proceeds of long term loans	26	5,469,647,361	1,899,929,220	1,058,787,417	-
Funds received from/payment made to ultimate parent company		-	1,250,000,000	(914,399,000)	1,250,000,000
Repayment of finance lease obligations		(592,459,897)	(53,046,009)	-	-
Leases obtained		14,735,100	-	-	-
Net cash generated from financing activities		(3,039,569,425)	122,342,781	144,388,417	(61,130,298)
Net increase/(decrease) in cash & cash equivalents during the period		(728,593,128)	(676,170,442)	124,887,012	(66,795,259)
Cash & cash equivalents at the beginning of the period		2,000,253,837	2,676,424,279	150,327,391	217,122,650
Cash & cash equivalents at the end of the period		1,271,660,709	2,000,253,837	275,214,403	150,327,391
Analysis of cash & cash equivalents at the end of the period					
Cash at bank and in hand	22.1	1,346,629,867	2,091,335,977	275,214,403	150,327,391
Unfavourable Bank Balances used for cash management purposes	22.2	(74,969,158)	(91,082,140)	-	-
		1,271,660,709	2,000,253,837	275,214,403	150,327,391

Notes to the Financial Statements

Year ended 31 March 2026

1. REPORTING ENTITY

1.1 General

Eden Hotel Lanka PLC ('the Company') is a public quoted company incorporated on 13 January 1992 and domiciled in Sri Lanka. The Company's registered office is at No. 100/1 Sri Jayawardenepura Mawatha, Rajagiriya, and principal place of business is at Kaluwanmodara, Aluthgama, Sri Lanka.

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 Second board of the Colombo Stock Exchange (CSE).

1.2 Principal activities and nature of operations

The principal activity of the Company is carrying on the business of a hotelier 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	Principal Place of Business
Dickwella Resorts (Pvt) Ltd	Hoteliering	Dickwella
Sun and Fun Resorts Ltd	Hoteliering	Passikudha
Green Paradise (Pvt) Ltd	Hoteliering	Kubukkadanwala, Dambulla
Serendib Hotels PLC	Hoteliering	Kalowamodara, Aluthgama
Dolphin Hotels PLC	Hoteliering	Waikkal
Hotel Sigiriya PLC	Hoteliering	Sigiriya
Serendib Leisure Management Ltd	Hotel Management	Colombo
Sanctuary Resorts Lanka (Pvt) Ltd	Non-Operating	Colombo
Frontier Capital Lanka (Pvt) Ltd	Hoteliering	Mirissa, Matara
Bodufaru Beach Resorts (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Ari Resort (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Raa Resort (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Kaafu N Resort (Pvt) Ltd	Hoteliering	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 Palm Garden Hotels PLC 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 utilize 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 authorized for issue by the Board of Directors on 18th August, 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 recognized amounts and there is an intention to settle on a net basis or to realize 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 realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading and it is expected to realize the asset within 12 months after the reporting period

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 recognized 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 recognized in the financial statements are included in the following notes to these financial statements.

Critical accounting estimates/judgements	Note
Determination of fair value of investment properties	12
Revaluation of lands and buildings	11
Goodwill on acquisition	14
Retirement benefit obligations	27
Deferred tax assets/ liabilities	28
Fair value of financial instrument	35
Useful lives of property, plant and equipment	3.9
Useful lives of intangible assets	3.1.2
Right-of-use assets	13

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

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 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 33. The Group includes proceeds from disposal in cash flows from discontinued operations. Additional disclosures are provided in Note 3. 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 hyper-inflationary 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 recognized. 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 recognized 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 recognized 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 recognized when the right to receive payment is established which generally when the dividend is declared.

Interest income is recognized 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 recognized 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 recognized 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 recognized 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 recognized in the profit or loss in the period in which they are receivable.

3.7 Expenses recognition

Expenses are recognized 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 recognized 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 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 recognize 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 recognizing 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 recognized at the same time as the liability to pay the related dividend is recognized.

3.8.3 Sales Taxes (Value Added Tax and Turnover Tax)

Revenues, expenses and assets are recognized 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 recognized 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 recognized 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 capitalized 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, buildings and Motor Vehicles 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, buildings and Motor Vehicles, 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 recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized 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 recognized 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-recognized. 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 recognized 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-recognized.

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-recognized 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 recognized 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 recognized 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-recognized 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 recognized 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 recognized 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 recognizes 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 recognizes right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognized at cost.

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

Right-of-use assets are recognized 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 recognized 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 recognized 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 recognizes 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 recognized 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 amortized 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 recognized 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 recognized 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 capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

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

3.12.3 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized 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-recognized 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 Amortization

Amortization is recognized 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

Amortization 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 amortized 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 recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized 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:

» Amortized 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 amortized 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 recognized 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized 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 recognized 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 recognized 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 recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized 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 amortized cost using the effective interest method.

ii) Derecognition of financial liabilities

The Group derecognizes 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.15 Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable 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 recognized initially at fair value and subsequently measured at amortized 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 recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized 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 capitalized as a prepayment for liquidity services and amortized 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 recognized 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 amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized 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 recognized 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 recognized 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 capitalized 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 capitalization.

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 unrecognized 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 recognizes 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 recognized 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 recognized 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 authorized 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 recognized 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 recognize 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 maximize 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 recognized 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 FROM CONTRACT WITH CUSTOMER

For the year ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Total revenue excluding services charges and taxes	4.1	6,997,151,962	6,067,478,602	1,536,310,223	1,324,302,885
		6,997,151,962	6,067,478,602	1,536,310,223	1,324,302,885

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	1,382,848,920	699,924,758	523,694,559
Meal revenue	967,940,180	3,476,841,712	618,764,890	639,972,978
Outlet revenue	213,589,145	1,207,787,971	217,620,575	160,635,348
	6,997,151,962	6,067,478,603	1,536,310,223	1,324,302,885

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	1,536,310,223	1,324,302,885
Over time	-	-	-	-
	6,997,151,962	6,067,478,602	1,536,310,223	1,324,302,885

5 OTHER INCOME

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Rental income	14,172,518	11,205,248	6,874,560	3,883,494
Dividend income	216,878	-	216,878	-
Gain/(loss) on disposal of property, plant and equipment	(128,000)	29,388	-	-
Foreign exchange gain/(loss)	111,675,355	(6,540,327)	29,005,481	(7,734,551)
Sundry income	5,277,925	1,494,527	-	-
Gain/Loss on Fair Valuation of other FVTPL Instruments	3,714,360	1,409,580	3,714,360	1,409,580
Other Operational Income	2,409,740	57,598,315	1,492,115	1,506,006
	137,338,775	65,196,731	41,303,394	(935,471)

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		(888,078,723)	(825,844,933)	(184,024,320)	(169,943,260)
Contribution to EPF		(62,697,635)	(55,123,019)	(12,004,059)	(11,935,691)
Contribution to ETF		(14,552,931)	(11,236,943)	(3,000,530)	(2,985,718)
Retirement benefit cost	27.2	(22,792,621)	(22,477,708)	(4,716,478)	(4,391,817)
		(988,121,910)	(914,682,603)	(203,745,387)	(189,256,486)

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:					
Directors' remuneration		9,650,000	7,830,000	3,310,000	2,450,000
Auditors' remuneration	7.1	12,110,009	10,662,565	2,096,000	1,843,750
Legal expenses		4,056,086	4,410,389	660,500	1,693,000
Secretarial fees		7,195,011	9,315,652	3,257,190	5,564,142
Professional fees		134,712,330	20,199,213	3,009,959	2,898,102
Advertising related expenses		27,369,530	28,300,246	4,891,386	12,499,348
Depreciation and amortization	7.2	1,269,139,530	1,064,196,342	210,937,618	215,486,125

7.1 Auditors' remuneration

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Audit fees	11,310,009	9,701,820	1,696,000	1,843,750
Audit-related fees and expenses	800,000	677,735	400,000	-
Non-audit related services	-	283,010	-	-
	12,110,009	10,662,565	2,096,000	1,843,750

7 RESULTS FROM OPERATING ACTIVITIES (CONTD.)

7.2 Depreciation and amortisation

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Depreciation of property, plant and equipment	1,041,196,072	926,617,238	206,891,233	210,523,414
Depreciation on Intangible Assets	10,129,094	8,097,553	4,046,385	4,962,711
Amortization of Right-of-Use Assets	217,814,364	129,481,550	-	-
	1,269,139,530	1,064,196,342	210,937,618	215,486,125

8 NET FINANCE COSTS

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Interest income on;				
Interest income	298,432,531	300,465,260	26,212,447	97,576,311
Interest expense on;				
Overdrafts and other short-term borrowings	(1,370,489,026)	(2,547,220,299)	(536,775,912)	(572,893,940)
Long term borrowings	(1,208,184,898)	(780,189,593)	-	-
Interest on lease obligations	(1,031,037,791)	(1,041,144,485)		-
Total interest expense	(3,609,711,715)	(4,368,554,377)	(536,775,912)	(572,893,940)
Net Finance Costs	(3,311,279,185)	(4,068,089,117)	(510,563,465)	(475,317,629)

9 INCOME TAX EXPENSE

The business profit of Sun and Fun Resorts (Pvt) 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.

Bodufaru 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 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current tax expense	9.3	(118,565,502)	(121,850,138)	-	-
Deferred tax reversal	28.5,33	(214,088,441)	1,102,682,754	(1,435,584)	543,376,750
Income tax reversal reported in the statement of profit or loss		(332,653,943)	980,832,616	(1,435,584)	543,376,750

9 INCOME TAX EXPENSE (CONTD.)

9.2 Numerical Reconciliation of accounting profits to income tax expense

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Loss before income tax expense from continuing operation	(2,751,441,815)	(3,548,837,881)	(440,782,994)	(304,128,860)
(+)Disallowable expenses	3,999,017,466	4,255,487,813	274,924,126	242,303,520
(-)Allowable expenses	(955,427,186)	(1,650,988,237)	(207,454,129)	(202,354,572)
(-) Non business income	(54,022,040)	(10,319,492)	(54,022,040)	(10,319,492)
(+)Tax losses incurred	586,575,630	1,715,541,479	460,422,032	375,959,209
(-)Tax losses utilized	(407,904,719)	(355,287,122)	(33,086,995)	(101,459,805)
Taxable income/Tax losses	416,797,337	405,596,561	-	-
Income tax @				
30%	125,039,207	121,679,035	-	-
Tax expense on current year profits	125,039,207	121,679,035	-	-

9.3 Current tax expense

Year ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tax expense on current year profits	9.2	125,039,207	121,679,035	-	-
Under/(over) provision in respect of previous years		(6,473,705)	171,103	-	-
		118,565,501	121,850,138	-	-

9.4 Income tax recognised in other comprehensive income

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax on revaluation	-	(3,027,670,170)	-	(373,335,114)
Tax on defined benefit plan actuarial gain/(loss)	1,094,525	(1,328,643)	(1,435,584)	1,328,353
	1,094,525	(3,028,998,813)	(1,435,584)	(372,006,761)

9.5 Tax Losses

Year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Losses brought forward	15,563,228,350	15,519,328,987	8,372,592,239	9,424,258,534
Adjustments for brought forward tax losses	(962,361,112)	(1,316,354,994)	(844,887,841)	(1,326,165,699)
Losses incurred	586,575,630	1,715,541,479	460,422,032	375,959,209
Losses utilized	(407,904,719)	(355,287,122)	(33,086,995)	(101,459,805)
Losses carried forward	14,779,538,149	15,563,228,350	7,955,039,435	8,372,592,239

10 LOSS PER SHARE

10.1 Basic loss per share

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

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amounts Used as the Numerator:				
Profit/(loss) attributable to ordinary shareholders	(1,892,524,130)	(1,404,771,726)	(442,218,578)	239,247,890
Profit/(loss) attributable to ordinary shareholders of the year from continuing operation	(2,039,627,026)	(1,323,854,281)	(442,218,578)	239,247,890
Profit/(loss) attributable to ordinary shareholders of the year from discontinuing operation	147,102,896	(80,917,445)	-	-

Number of Ordinary Shares Used as the Denominator:	2026 Number	2025 Number	2026 Number	2025 Number
Weighted Average Number of Ordinary Shares in Issue				
Issued ordinary shares at the beginning of the year	1,584,000,000	1,584,000,000	1,584,000,000	1,584,000,000
Effects of Rights Issue	-	-	-	-
Weighted average number of ordinary shares in issue	1,584,000,000	1,584,000,000	1,584,000,000	1,584,000,000
Earnings per Ordinary Share in Rs.	(1.19)	(0.89)	(0.28)	0.15
Earnings / (Loss) Per Share from continuing operation	(1.29)	(0.84)	(0.28)	0.15
Earnings / (Loss) Per Share from discontinuing operation	0.09	(0.05)	-	-

10.2 Diluted loss per share

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	Freehold Land Rs.	Improvement to Land Rs.	Reclaimed Lands Rs.	Buildings Rs.	Freehold Motor Vehicles Rs.	Furniture & Fittings Rs.	Linen & Furnishing Rs.	Swimming Pool Rs.	Plant and Machinery Rs.	Cutlery, Crockery & Glassware Rs.	Computers Rs.	Marine Vessel Rs.	Capital Work in-Progress (CWIP) Rs.	Total 2026 Rs.	Total 2025 Rs.
Cost/Valuation															
Balance as at 01 April	7,867,200,000	51,215,185	24,198,526,963	24,960,551,415	116,113,441	1,966,606,537	282,483,952	406,302,534	3,123,570,663	284,447,077	382,776,787	129,806,310	801,976,500	64,571,577,364	58,292,769,560
Additions	2,835,000	1,006,195	-	233,314,085	91,468,609	60,712,994	26,339,149	4,553,995	132,485,924	28,448,730	682,443	12,898,600	11,826,321	606,572,045	1,186,109,107
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,882,595,820
Disposals	-	-	(7,855,407,480)	(11,661,977,854)	(65,158,794)	(650,341,517)	(48,742,179)	(149,397,615)	(936,504,830)	(104,130,703)	(200,316,543)	-	(43)	(21,671,977,558)	(9,769,921)
Transfers	-	-	-	12,815,588	-	(1,581,689)	-	-	-	-	(5,581,244)	12,802,787	31,480,827	49,936,269	(179,676,959)
Effects of movement in exchange rates	-	-	1,259,031,518	306,842,191	1,714,412	17,056,670	1,282,470	3,930,852	24,221,618	2,720,938	5,270,601	-	52,105,114	1,674,176,384	(600,450,245)
Balance as at 31 March	7,870,035,000	52,221,380	17,602,151,001	13,851,545,426	144,137,668	1,392,452,994	261,363,392	265,389,766	2,343,773,374	211,486,042	182,832,044	155,507,697	897,388,719	45,230,284,502	64,571,577,362
Accumulated depreciation and impairment losses															
Balance as at 01 April	-	26,337,171	150,890,503	67,359,520	14,650,066	1,166,770,465	172,463,671	23,016,603	1,682,410,981	141,392,893	213,751,036	86,299,940	-	3,745,342,849	5,514,799,680
Charge for the year	-	2,897,697	502,278,288	462,385,525	24,053,086	102,669,984	53,220,621	34,877,561	217,438,318	60,871,103	34,473,459	20,525,539	-	1,515,691,181	1,610,292,281
Transfer / (WIP transfers)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,574,023)
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,325,658,471)
Depreciation on disposals	-	-	(136,044,336)	(269,823,026)	(15,529,724)	(152,763,040)	(22,409,977)	(34,353,788)	(323,691,970)	(48,264,177)	(92,467,039)	12,802,787	-	(1,082,544,290)	-
Effects of movement in exchange rates	-	-	22,633,336	1,818,501	240,880	2,699,852	405,728	621,960	6,120,305	860,803	1,675,956	-	-	37,077,321	(27,516,620)
Balance as at 31 March	-	29,234,868	539,757,792	261,740,520	23,414,309	1,119,377,260	203,680,043	24,162,336	1,582,277,633	154,860,621	157,433,411	119,628,266	-	4,215,567,059	5,514,799,680
Carrying amount															
As at 31 March 2026	7,870,035,000	22,986,512	17,062,393,210	13,589,804,906	120,723,359	273,075,734	57,683,349	241,227,429	761,495,741	56,625,421	25,398,633	35,879,431	897,388,719	41,014,717,444	60,826,234,517
As at 31 March 2025	7,867,200,000	24,878,014	24,047,636,460	24,893,191,895	101,463,375	799,836,072	110,020,281	383,285,932	1,441,159,683	143,054,185	169,025,752	43,506,370	801,976,500	60,826,234,517	52,777,969,880

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, Plant and Equipment - Group (Contd.)

11.1.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. as at 31st 2,472,934,935.62 March 2026. (2024/25 - Rs.2,428,373,533).

11.1.2 The capitalized borrowing costs related to the construction of property, plant and equipment during the year is Rs. Nil (2024/25 - Nil).

11.1.3 Capital work-in-progress represent the cost incurred by the Company which has not been completed as yet and cost incurred thus far for the development in Maldives.

11.1.4 The fair value of the revalued properties were determined by Mr. W. M Chandrasena, independent valuers who hold recognized and relevant professional qualification and have recent experience in the location and category of the revalued properties.

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

11.1.6 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.

11.1.7 Details of group's land and buildings are indicated below;

Property	Land extent	Building extent	Revalued amount	Revalued date
Eden Hotel Lanka PLC			In LKR	
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-0R-130P		130,000,000	31.03.2025
Bare land - Aluthgama	0A-0R-20P		30,000,000	31.03.2025
Dickwella Resorts (Pvt) Ltd				
Main land- Dickwella	6A-2R-3.93P		2,296,000,000	31.03.2025
Beach front land- Dickwella	1A-3R-29.25P		309,200,000	31.03.2025
Green Paradise (Pvt) Limited				
Main 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	14A-2R-10P		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
			7,867,200,000	

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, Plant and Equipment - Group (Contd.)

11.1.7 Details of group's land and buildings are indicated below (Contd.)

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

Property Disposed as at 31st March 2026	Building extent	Revalued amount In USD	Revalued date
Browns Ari Resort (Pvt) Ltd	189,901 sqft	38,317,000	31.03.2025

11.1.8 Details of the group's reclaimed land are indicated below

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	50,830,000	31.03.2025
Browns Raa Resort (Pvt) Ltd				
Bodufarufinolhu island in Raa Atoll	12A-2R-16.875P	USD	5,016,000	31.03.2025

Property Disposed as at 31st 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	25,810,500	31.03.2025

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, Plant and Equipment - Group (Contd.)

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

	Cost 31.03.2026 Rs.	Accumulated depreciation 31.03.2026 Rs.	Net book value 31.03.2026 Rs.
Land	236,152,534	-	236,152,534
Buildings	15,699,182,383	(1,669,368,965)	14,029,813,418
	15,935,334,917	(1,669,368,965)	14,265,965,952

11.1.10 The fair value measurement of land and building of the Group is categorized 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 Eden Hotel Lanka 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. 1MN - Rs. 2.5 MN	Positively correlated
Land of Dickwella Resorts (Pvt) Limited		Estimated price per perch Rs.1Mn - Rs. 2.2 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 Forntier Capital Lanka (Pvt) Limited		Estimated price per perch Rs. 3 MN	Positively correlated
Reclaimed Land of Bodufaru Beach Resort (Pvt) Limited		Estimated price per perch USD. 4,300	Positively correlated
Reclaimed Land of Browns Raa Resort (Pvt) Limited		Estimated price per perch USD. 2,417	Positively correlated

Property Disposed as at 31st March 2026	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Reclaimed Land of Browns Ari Resort (Pvt) Limited	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

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, Plant and Equipment - Group (Contd.)

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
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 optimization.	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 31st March 2026	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Reclaimed Land of Browns Ari Resort (Pvt) Limited	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 optimization.	Estimated price per square foot USD.130 - 204	Positively correlated

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.2 Property, Plant and Equipment - Company

As at 31 March	Freehold Land	Buildings	Motor Vehicles	Furniture and Fittings	Linen & Furnishing	Swimming Pool	Plant and Machinery	Cutlery, Crockery & Glassware	Computers	Marine Vessel	Total 2026	Total 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	2,295,000,000	4,084,000,000	6,656,885	392,159,287	151,069,452	58,000,000	809,289,984	38,597,855	20,298,164	129,806,310	7,984,877,936	6,858,626,538
Additions	-	13,585,593	76,263,748	6,084,877	4,539,993	-	22,450,514	1,794,679	1,249,549	-	125,968,954	205,809,732
Revaluation	-	-	-	-	-	-	-	-	-	-	-	1,013,185,972
Transfers	-	-	-	-	-	-	-	-	-	-	-	(92,744,307)
Balance as at 31 March	2,295,000,000	4,097,585,593	82,920,632	398,244,164	155,609,445	58,000,000	831,740,498	40,392,533	21,547,713	129,806,310	8,110,846,892	7,984,877,935
Accumulated depreciation and impairment losses												
Balance as at 01 April	-	-	5,256,885	269,808,983	113,055,299	-	392,389,709	20,042,885	17,508,620	86,299,940	904,362,321	925,103,313
Charge for the year	-	81,894,154	5,364,252	15,859,292	23,450,814	5,800,000	55,459,404	5,267,686	814,999	12,980,631	206,891,233	210,523,413
Revaluation	-			-	-		-	-	-	-	-	(231,264,407)
Balance as at 31 March	-	81,894,154	10,621,137	285,668,275	136,506,114	5,800,000	447,849,113	25,310,571	18,323,619	99,280,571	1,111,253,554	904,362,318
Carrying amount			-									
As at 31 March 2026	2,295,000,000	4,015,691,439	72,299,496	112,575,889	19,103,332	52,200,000	383,891,385	15,081,963	3,224,094	30,525,739	6,999,593,338	7,080,515,616
As at 31 March 2025	2,295,000,000	4,084,000,000	1,400,000	122,350,304	38,014,153	58,000,000	416,900,276	18,554,970	2,789,545	43,506,370	7,080,515,617	5,933,523,225

11.2.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. Rs 590,655,211 as at 31st March 2026 (2024/25 - Rs 447,089,775).

11.2.2 The capitalized borrowing costs related to the construction of property, plant and equipment during the year is Rs. Nil (2024/25 - Rs. Nil).

11.2.3 The fair value of the revalued properties were determined by Mr. W.M.Chandrasena, independent valuer who hold the recognized and relevant professional qualification and have recent experience in the location and category of the revalued properties

Date of valuation	31st March 2025
Valuation method	Sales comparision and cost method

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.2 Property, Plant and Equipment - Company (Contd.)

11.2.4 Details of group's land and buildings are indicated below

Property	Land extent	Building extent	Revalued amount	Revalued date
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-0R-130P	-	130,000,000	31.03.2025
Bare land - Aluthgama	0A-0R-20P		30,000,000	31.03.2025
			2,295,000,000	
Hotel building and swimming pool		251,615 sqft	4,142,000,000	31.03.2025
			6,437,000,000	

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

	Cost 31.03.2026 Rs	Accumulated depreciation 31.03.2026 Rs	Net book value 31.03.2026 Rs
Land	67,011,787	-	67,011,787
Buildings	1,546,767,437	(241,518,433)	1,305,249,004
	1,613,779,224	(241,518,433)	1,372,260,791

11.2.6 Land and building are categorised under level 03 of the fair value hierarchy. Significant unobservable data is as follows

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Land of Eden Hotel Lanka PLC	Sales comparision 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. 1Mn - Rs. 2.5 MN	Positively correlated
Buildings of Eden Hotel Lanka	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 optimization.	Estimated price per square foot Rs. 1,000 - Rs.25,000	Positively correlated

12 INVESTMENT PROPERTY - COMPANY & GROUP

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	85,000,000	80,000,000	85,000,000	80,000,000
Change in fair value during the year	8,000,000	5,000,000	8,000,000	5,000,000
Balance as at 31 March	93,000,000	85,000,000	93,000,000	85,000,000

12.1 Details of investment property portfolio

Property	Land extent	Revalued amount	Revalued Date
Land at Wattala	0A-1R-25.6P	93,000,000	31.03.2026

12.2 Valuation of investment properties - Group

"The fair value measurement of investment property of the Company is categorized under ""Level 03"" 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.Chandarasena, an independent valuation expert to determine the fair value of investment property

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 Eden Hotel Lanka PLC	Sales comparison approach	Estimated price per perch Rs. 1,000,000- 1,700,000	Positively correlated

13 RIGHT-OF-USE ASSET

As at 31 March	Group		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
Balance as at 01 April	8,595,524,815	7,828,542,243	-	-
Additions during the period	45,802,680	24,865,965	-	-
Revaluation	-	1,816,826,427	-	-
Assets Disposal	(2,442,754,763)	-	-	-
Reversal on early termination	-	(49,752,436)	-	-
Adjustment on changes in the estimation	-	(939,801,225)	-	-
Effect of movement in exchange rate	386,440,990	(85,156,160)	-	-
Balance as at 31 March	6,585,013,722	8,595,524,814	-	-
Accumulated amortisation				
Balance as at 01 April	49,510,640	843,953,385	-	-
Charge to income statement	256,506,474	183,804,579	-	-
Assets Disposal	(53,578,688)	-	-	-
Revaluation	-	(920,477,459)	-	-
Reversal on early termination	-	(49,752,435)	-	-
Effect of movement in exchange rate	6,932,558	(8,017,430)	-	-
Balance as at 31 March	259,370,984	49,510,640	-	-
Carrying amount as at 31 March	6,325,642,738	8,546,014,174	-	-

13.1 Maturity analysis – Contractual undiscounted cash flows

Less than one year	528,441,392	1,376,775,750
Between one and five years	5,349,408,595	5,441,040,700
More than five years	22,025,399,226	29,208,618,557
	27,903,249,213	36,026,435,007

13.2 Amount recognised in income statement

As per SLFRS 16 – Leases		
Interest on lease liabilities	1,031,037,799	1,041,144,485
Recognised in interest expenses	1,031,037,799	1,041,144,485
Depreciation – right-of-use assets	256,506,474	183,804,579
Recognised in other expenses	256,506,474	183,804,579

13 RIGHT-OF-USE ASSET (CONTD.)

13.3 Head lease rights of Browns Ari Resort Private Limited situated in Bodufinolhu Island, Alifu Dhaalu Atoll, Republic of Maldives has been kept as mortgage against the credit facility (USD 10Mn) obtained from People's Bank.

13.4 Details of the group's right of use assets are indicated below

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	LKR	57,000,000	31.03.2025
Sun & Fun Resorts Ltd				
Hotel land- Pasikudah	7A-1R-27.43P	LKR	437,000,000	31.03.2025
Serendib Hotels PLC				
Hotel land - Bentota	3A-1R-23P	LKR	491,200,000	31.03.2025
Hotel Sigiriya PLC				
Hotel land - Sigiriya	9A-2R-39.2P	LKR	140,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd				
Beach house land - Mirissa	0A-2R-9.21P	LKR	48,475,103	31.03.2025

Property Disposed as at 31st March 2026	Land extent	Currency	Revalued amount	Revalued date
Browns Ari Resort (Pvt) Ltd				
Bodufinolu island in South Ari Atoll	17A-0R-18.125P	USD	8,026,205	31.03.2025

13.5 The Group engaged Mr. W.M Chandrasena, as independent valuation expert to determine the fair value of its right of use assets.

13 RIGHT-OF-USE ASSET (CONTD.)

13.6 The fair value measurement of right-of-use assets of the Group is categorized 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 250,000-400,000	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	Sensitivity of the fair value to the inputs	Sensitivity of the input to the fair value
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 on acquisition	14.1	42,551,948	42,551,948	-	-
Other intangible assets	14.2	39,060,514	43,672,359	21,918,368	25,964,752
		81,612,462	86,224,307	21,918,368	25,964,752

14.1 Goodwill on acquisition

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.
Balance as at 01 April	14.1.1	42,551,948	42,551,948
Additions		-	-
		42,551,948	42,551,948
Allowance for impairment	14.1.2	-	-
Balance as at 31 March		42,551,948	42,551,948

14.1.1 Goodwill is attributable to the acquisitions of following subsidiaries

As at 31 March	Group 2026 Rs.	Group 2025 Rs.
Dickwella Resorts (Pvt) Ltd	67,685,314	67,685,314
Green Paradise (Pvt) Ltd	9,057,978	9,057,978
Sun & Fun Resorts Ltd	130,886,270	130,886,270
Bodufaru Beach Resorts (Pvt) Ltd	33,493,970	33,493,970
	241,123,532	241,123,532

14.1.2 Allowance for impairment

Balance as at 01 April	(198,571,584)	(198,571,584)
Provisions made during the year	-	-
Balance as at 31 March	(198,571,584)	(198,571,584)

14 INTANGIBLE ASSETS (CONTD.)

14.2 Other Intangible Assets

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Computer Software				
Cost/Valuation				
Balance as at 01 April	69,748,236	47,696,608	32,371,082	32,405,968
Additions	-	20,194,601	-	5,550,375
Transfer	5,581,243	7,442,288		-
Disposal	(455,230)	(5,585,261)	-	(5,585,261)
Balance as at 31 March	74,874,249	69,748,236	32,371,082	32,371,082
Accumulated amortization and impairment losses				
Balance as at 01 April	26,075,878	18,666,924	6,406,330	7,028,878
Charge for the year	10,129,094	8,097,553	4,046,385	4,962,713
Amortization on transfer	(63,944)	4,896,662	-	-
Depreciation on disposal	(455,230)	(5,585,261)	-	(5,585,261)
Balance as at 31 March	35,813,735	26,075,878	10,452,714	6,406,330
Carrying amount	39,060,514	43,672,359	21,918,368	25,964,752

15 INVESTMENTS IN SUBSIDIARIES - COMPANY

The Group's principal subsidiaries at 31st March 2026 are set out below. Unless otherwise stated , share capital consisting solely from ordinary shares that are held directly by the Group and the portion of ownership interests held equals the voting rights held by the Group.

15.1 Company

As at 31 March	Company			
	2026		2025	
	% Holding	Rs.	% Holding	Rs.
Dickwella Resorts (Pvt) Ltd	100.00%	1,507,500,000	100.00%	1,507,500,000
Green Paradise (Pvt) Ltd	100.00%	1,250,000,000	100.00%	1,250,000,000
Sun and Fun Resorts Ltd	51.00%	331,158,844	51.00%	331,158,844
Bodufaru Beach Resort (Pvt) Ltd	63.91%	2,052,202,630	63.91%	2,052,202,630
Browns Ari Resort (Pvt) Ltd	44.89%	319,400,000	44.89%	319,400,000
Serendib Hotels PLC	58.23%	2,010,113,452	58.23%	2,010,113,452
Less : Provison for impairment		(741,891,146)		(481,158,844)
		6,728,483,780		6,989,216,082

	Company	
	2026	2025
	Rs.	Rs.
Balance as at 01st April	481,158,844	481,158,844
Provision made during the year	260,732,302	-
Balance as at 31st March	741,891,146	481,158,844

15.1.1 Provision for Impairment

	Company	
	2026	2025
	Rs.	Rs.
Dickwella Resorts (Pvt) Ltd	150,000,000	150,000,000
Sun and Fun Resorts Ltd	331,158,444	331,158,444
Browns Ari Resort (Pvt) Ltd	260,732,302	-
	741,890,746	481,158,444

15 INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTD.)

15.2 Group Holdings in Subsidiaries

As at 31 March	Principal Activities	2026 No of Shares	2026 Control Holding	2025 No of Shares	2025 Control Holding
Dickwella Resorts (Pvt) Ltd	Hotelier	481,314	100.00%	481,314	100.00%
Bodufaru Beach Resort (Pvt) Ltd	Pre-operational	235,800	63.91%	235,800	63.91%
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	45.11%	44,556	45.11%
Browns Raa Resort (Pvt) Ltd	Pre-operational	100	99.00%	100	99.00%
Browns Kaafu N 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	Management	6,050,000	100.00%	6,050,000	100.00%
Sanctuary Resorts Lanka (Pvt) Ltd	Hotelier	2	100.00%	2	100.00%
Frontier Capital Lanka (Pvt) Ltd	Hotelier	3,216,295	100.00%	3,216,295	100.00%

15.3 Assets Disposal of Browns Ari (Pvt) Ltd

Browns Ari Resorts (Pvt) Limited, a subsidiary of Eden Hotel Lanka 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.

15.4 Acquisition of Dickwella Resort (Private) Ltd

In November 2013, Eden Hotel Lanka PLC acquired 99.99% of the voting rights of Dikwella Resort (Pvt) Ltd whose principal activity is operating as a hotelier. The acquisition has been accounted for using the acquisition method.

15.5 Investment in Bodufaru Beach Resort (Private) 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 Eden Hotel Lanka PLC and Dickwella Resorts (Pvt) Ltd, Bodufaru Beach Resort (Pvt) Ltd treated as a subsidiary of Eden Hotel Lanka PLC

15.6 Acquisition of Green Paradise (Pvt) Ltd and Sun and Fun Resorts Ltd

In April 2018, Eden Hotel Lanka PLC, acquired 100% stake in Green Paradise (Pvt) Ltd and 51% stake in Sun and Fun Resorts Limited both of whose principle activity is operating as hoteliers. The acquisition has been accounted for using the acquisition method.

15.7 Acquisition of Serendib Hotels PLC

In December 2020, Eden Hotel Lanka PLC acquired 55.76% stake in Serendib Hotels PLC whose principal activity is operating as a hotelier. The acquisition has been accounted for using acquisition method. As a result of this acquisition, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Limited, Sanctuary Resorts Lanka (Pvt) Limited and Frontier Capital Lanka (Pvt) Limited are consolidated under Eden Group.

15 INVESTMENTS IN SUBSIDIARIES - COMPANY (CONTD.)

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

As at 31 March	Sun and Fun Resorts Ltd	Bodufaru Beach Resort (Pvt) Ltd	Browns Ari Resort (Pvt) Ltd	Browns Raa Resort (Pvt) Ltd	Browns Kaafu N Resort (Pvt) Ltd	Serendib Hotels PLC	Dolphin Hotels PLC	Hotel Sigiriya PLC	Total
Effective Holding %	51.00%	63.91%	45.03%	63.27%	63.27%	58.23%	40.37%	37.44%	-
NCI percentage	49.00%	36.09%	54.97%	36.73%	36.73%	41.77%	59.63%	62.56%	-
	100%	100%	100%	100%	100%	100%	100%	100%	-
Total Assets	2,464,532,462	24,831,208,015	13,612,183,448	3,374,096,590	1,084,001	4,134,231,504	6,441,842,033	2,464,532,462	57,323,710,517
Total Liabilities	3,817,365,856	10,044,446,133	13,484,284,554	3,484,580,507	3,080,011	1,168,367,461	1,781,475,351	3,817,365,856	37,600,965,729
Equity	(1,352,833,394)	14,786,761,883	127,898,895	(110,483,917)	(1,996,009)	2,965,864,043	4,660,366,682	(1,352,833,394)	19,722,744,789
Carrying amount of NCI	(662,888,344)	5,336,528,568	70,306,872	(40,579,646)	(733,114)	1,238,793,140	2,778,756,288	(846,348,465)	
Hotel Revenue	1,536,310,223	719,150,692	2,305,150,683	-	-	968,422,720	1,699,367,081	480,260,445	7,708,661,845
Profit/(Loss) after tax	(442,218,578)	(454,336,702)	(800,374,996)	(257,554,700)	(365,226)	129,632,872	221,118,140	(553,244,144)	(2,157,343,333)
Other comprehensive income	(3,476,056)	438,170,556	-	-	-	(3,591,237)	1,664,114	629,300	433,396,677
Total comprehensive income	(445,694,634)	(16,166,145)	(800,374,996)	(257,554,700)	(365,226)	126,041,635	222,782,254	(552,614,844)	(1,723,946,656)
Profit/(Loss) after tax allocated to NCI	(216,687,097)	(163,969,692)	(439,971,449)	(94,597,286)	(134,144)	54,145,541	131,842,291	(346,116,036)	(1,075,487,871)
Other comprehensive income allocated to NCI	(1,703,267)	158,135,345	-	-	-	(1,500,001)	992,232	393,698	156,318,006
Total comprehensive income allocated to NCI	(218,390,364)	(5,834,347)	(439,971,449)	(94,597,286)	(134,144)	52,645,540	132,834,524	(345,722,338)	(919,169,865)

16 TRADING ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Equity securities	16.1	8,827,700	5,113,340	8,827,700	5,113,340
		8,827,700	5,113,340	8,827,700	5,113,340

16.1 Details of the equity trading portfolio

As at 31 March	Group/Company					
	2026			2025		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Vallibel Finance PLC	90,400	248,600	8,316,800	90,400	248,600	4,890,640
Raigam Wayamba Salterns PLC	26,200	65,500	510,900	26,200	65,500	222,700
		314,100	8,827,700		314,100	5,113,340

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	124,181,600	128,406,152	58,601	184,962
Financial assets at amortized cost	17.2	34,670,999	32,598,192	34,670,999	32,598,192
		158,852,599	161,004,344	34,729,600	32,783,154

17.1 Designated FVOCI investment securities

As at 31 March	Group					
	2026			2025		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value. Rs.
Rainforest Ecolodge (Pvt) Ltd	1,247,001	12,470,000	1,959,183	1,247,001	12,470,010	6,183,735
Jada Resorts & Spa (Pvt) Ltd	24,449,480	318,106,475	122,222,417	24,449,480	318,106,475	122,222,417
		330,576,475	124,181,600		330,576,485	128,406,152

17 INVESTMENT SECURITIES (CONTD.)

17.1 Designated FVOCI investment securities (contd.)

As at 31 March	Company					
	2026			2025		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Rainforest Ecolodge (Pvt) Ltd	37,000	370,000	58,601	37,000	370,000	184,962
		370,000	58,601		370,000	184,962

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

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

No fair value gains / losses have been recognised as at 31 March 2026 in view of insignificance of the difference between the carrying value and fair value.

As at 31 March	Group	
	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

17.1.2 Rainforest Ecolodge (Private) Limited

As at 31 March	Group (Rs.)	Company (Rs.)
As at 31 March 2024	8,295,843	248,137
Change in Fair Value	(2,112,108)	(80,250)
As at 31 March 2025	6,183,735	184,962
Change in Fair Value	(4,224,552)	(160,512)
As at 31 March 2026	1,959,183	58,601

17 INVESTMENT SECURITIES (CONTD.)

17.1 Designated FVOCI investment securities (contd.)

The group recorded a total fair value loss of Rs.1,959,183 /- (Rs. 58,601/- 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 (Private) Limited 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 (Private) Limited 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/Company					
	2026			2025		
	No. of Shares	Cost Rs.	Amortized cost Rs.	No. of Shares	Cost Rs.	Amortized cost Rs.
Investments in debentures	100,000	17,960,000	34,670,999	100,000	17,960,000	32,598,192
	100,000	17,960,000	34,670,999	100,000	17,960,000	32,598,192

The Group and Company holds an investment in debentures issued by B Commodities ME (FZE), a related party company, amounting to Rs. 17,960,000. This investment was made on 26 February 2020 and carries a fixed interest rate of 10% per annum.

18 INVENTORIES

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Consumables, maintenance and spares	49,437,025	71,598,103	9,160,343	6,762,412
Food and beverages	122,508,394	178,734,924	30,778,532	18,257,530
Others	23,263,583	26,309,491	4,852,739	6,176,336
	195,209,002	276,642,518	44,791,614	31,196,278

19 LOANS DUE FROM RELATED PARTIES

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Gross balance as at 01st April	-	-	107,118,393	107,118,393
Granted during the year	12,246,856,487	-	-	-
Gross balance as at 31st March	12,246,856,487	-	107,118,393	107,118,393
Loan interest receivable	-	-	218,252,144	200,424,290
Balance as at 31st March	12,246,856,487	-	325,370,537	307,542,683

LOAN DISCLOSURE

Group

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.

Company	Relationship	Interest Rate	Initial loan granted	Balance as at 31.03.2026
B Commodities ME(FZE)	Subsidiary of Intermediate Parent	10.00%	12,246,856,487	12,246,856,487
			12,246,856,487	12,246,856,487

Company

During the financial year 2012/13, Eden Hotel Lanka PLC granted a loan to its related company, Dickwella Resorts (Pvt) Limited. This loan was granted in order to settle the liabilities of Dickwella Resort (Pvt) Limited.The related details are as follows.

Company	Relationship	Interest Rate	Initial loan granted	Balance as at 31.03.2026
Dickwella Resorts (Pvt) Ltd	Subsidiary	16.75%	107,118,393	107,118,393
			107,118,393	107,118,393

20 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade receivables	20.1	1,187,152,052	1,689,001,829	276,746,323	373,645,584
Amounts due from related parties	20.2	5,103,244,413	2,526,283,452	231,702,450	69,402,331
Other receivables		-	242,990,959	-	-
		6,290,396,465	4,458,276,240	508,448,773	443,047,915
Prepayments and other advances		254,783,275	332,618,639	35,858,106	65,873,709
		254,783,275	332,618,639	35,858,106	65,873,709
		6,545,179,740	4,790,894,879	544,306,879	508,921,624

20 TRADE AND OTHER RECEIVABLES (CONTD.)

20.1 Trade receivables

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade receivables		1,305,224,269	1,779,336,199	320,953,762	402,070,396
Less: Impairment for trade receivables	20.1.1	(118,072,216)	(90,334,370)	(44,207,440)	(28,424,812)
		1,187,152,053	1,689,001,829	276,746,322	373,645,584

20.1.1 Movement of allowance for Trade Receivables

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 01st April	90,334,370	74,411,170	28,424,812	29,474,949
Provisions/(Reversals) made during the year	27,737,846	15,923,199	15,782,628	(1,050,138)
Balance as at 31st March	118,072,216	90,334,379	44,207,440	28,424,811

20.2 Amount due from Related Party

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
LOLC Holdings PLC	335,643,731	-	-	-
Palm Garden Hotels PLC	35,486,037	30,574,151	35,486,037	30,574,151
Tropical Villas (Pvt) Ltd	154,680	82,920	154,680	82,920
Riverina Resorts (Pvt) Ltd	134,212	134,212	134,212	134,212
Sun & Fun Resorts Ltd	-	-	-	109,896
NPH Investments Ltd	2,532,395,647	1,561,766,432	-	-
Browns Investments PLC	526,660,368	209,913,259	-	-
East Coast Land Holding (Pvt) Ltd	3,483,685	3,483,685	-	-
Samudra Beach Resorts (Pvt) Ltd	15,810,416	15,810,416	15,810,416	15,810,416
Dolphin Hotels PLC	-	-	8,616,296	235,055
Frontier Capital Lanka (Pvt) Ltd	-	-	17,833	42,737
Serendib Hotels PLC	-	-	-	114,475
Hotel Sigiriya PLC	-	-	1,385,472	112,072
Mellinium Development (Pvt) Ltd	37,554,137	12,237,986	-	-
Browns Leisure (Pvt) Ltd	7,480,696	5,609,113	22,218	-
Excel Resturant (Pvt) Ltd	40,568,686	28,576,934	6,581,015	6,360,646

20 TRADE AND OTHER RECEIVABLES (CONTD.)

20.2 Amounts due from Related Parties (contd.)

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Ishara Traders (pvt) Ltd	250,000	250,000	-	-
Sansun Bouquite Hotels Ltd	697,986,763	587,466,068	-	-
B Commodities ME(FZE)	20,299,164	15,825,752	20,299,164	15,825,752
Three Tips Ellla (Pvt) Ltd	824,253,646	53,850,260	143,195,107	-
Taprobane Plantation (Pvt) Ltd	24,956,469	702,265	-	-
Chain Holdings (Pvt) Ltd	126,076	-	-	-
	5,103,244,413	2,526,283,453	231,702,450	69,402,332

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.

21 CURRENT TAX ASSETS

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Value added tax recoverable	224,579,974	689,222,882	-	-
Withholding tax recoverable	17,623,443	15,512,949	8,508,874	8,492,365
Income tax recoverable	1,496,898	1,496,898	-	-
Other tax receivables	78,750	11,572	-	-
	243,779,065	706,244,301	8,508,874	8,492,365

22 CASH AND CASH EQUIVALENTS

22.1 Cash in hand and favourable bank balances

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash in hand	7,931,568	47,192,098	1,662,535	3,996,109
Cash at banks	1,338,698,299	1,689,365,490	273,551,868	146,331,282
Short term investments	-	354,778,389	-	-
	1,346,629,867	2,091,335,977	275,214,403	150,327,391

22.2 Unfavourable bank balances

Bank overdrafts	(74,969,158)	(91,082,140)	-	-
Net cash and cash equivalents	1,271,660,709	2,000,253,837	275,214,403	150,327,391

23 STATED CAPITAL

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Issued and fully paid	23.1	16,368,000,000	16,368,000,000	16,368,000,000	16,368,000,000
Ordinary shares		16,368,000,000	16,368,000,000	16,368,000,000	16,368,000,000

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at meeting of the Company. All shares ranked equally with regard to the Company's residual assets. Ordinary shares as a par share value of Rs 10.00

23.1 Movement in stated capital

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance at the beginning of the year	16,368,000,000	16,368,000,000	16,368,000,000	16,368,000,000
Balance at the end of the year	16,368,000,000	16,368,000,000	16,368,000,000	16,368,000,000

23.2 Movement in number of shares

As at 31 March	Group 2026	Group 2025	Company 2026	Company 2025
Balance at the beginning of the year	1,584,000,000	1,584,000,000	1,584,000,000	1,584,000,000
Balance at the end of the year	1,584,000,000	1,584,000,000	1,584,000,000	1,584,000,000

24 CAPITAL RESERVE

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revaluation reserve	24.1	11,977,545,216	15,809,171,847	3,935,019,728	3,935,019,728
Fair value reserve	24.2	(1,946,793)	37,962	(311,067)	(184,708)
Translation reserve	24.3	6,342,867,323	5,633,538,812	-	-
		18,318,465,746	21,442,748,621	3,934,708,660	3,934,835,020

24.1 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.

24 CAPITAL RESERVE(CONTD.)

24.2 Fair value reserve

Fair value reserve represents the cumulative net changes in fair value of available for sale financial assets until the investment are de-recognized or impaired.

24.3 Foreign currency translation reserve

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

24.4 Other movement of equity

As at 31st March Consolidated	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Foreign Currency Translation 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	-	(295,195,737)	-	(135,848,985)	185,193,372	245,851,351	-
Total other movements in equity as at 31 March 2025	-	(295,195,737)	-	(135,848,985)	185,193,372	377,903,663	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	-	(3,831,496,443)	-	-	2,159,514,297	(2,041,058,374)	(3,713,040,520)
Dividend forfeited (Note 27.2)	-	-	-	-	4,242,796	5,051,087	9,293,883
Total other movements in equity as at 31 March 2026	-	(3,831,496,443)	-	-	2,163,757,093	(2,036,007,287)	(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.

25 ACCUMULATED LOSSES

For the year ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance brought forward	(16,941,340,241)	(15,721,508,781)	(8,800,640,514)	(9,036,788,915)
Defined benefit plan acturial gain (net of tax)	(3,532,703)	(253,106)	(3,349,695)	(3,099,489)
Net profit for the year	(1,892,524,130)	(1,404,771,726)	(442,218,580)	239,247,890
Changes in ownership that do not resulted in change in control	-	185,193,372	-	-
Deferred Tax Reversal on Revaluation of Property, Plant and Equipments	(250,342,485)	-	-	-
Net Impact on realization of revalued assets	2,159,514,297	-	-	-
Dividend Forfeited	4,242,796	-	-	-
Balance at the end of the year	(16,923,982,466)	(16,941,340,241)	(9,246,208,789)	(8,800,640,514)

26 LOANS AND BORROWINGS

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Lease obligations	26.1	9,384,539,623	11,418,870,994	-	-
Long-term borrowings	26.2	4,797,752,922	7,054,434,889	1,345,002,991	245,581,391
		14,182,292,545	18,473,305,883	1,345,002,991	245,581,391

26.1 Lease liabilities

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Opening Balance	11,418,870,994	11,511,825,165	-	-
Adjustment on the lease term and consideration	405,846	(922,774,838)	-	-
Leases obtained during the year	14,735,100	24,865,963	-	-
Amortized interest	1,031,037,799	1,041,144,485	-	-
Lease rentals paid during the year	(592,459,897)	(53,046,009)	-	-
Effect of movement in exchange rate	621,084,459	(183,143,773)	-	-
Discontinued operations	(3,109,134,679)	-	-	-
Net lease liability	9,384,539,622	11,418,870,993	-	-
Repayable within one year				
Gross lease rentals payable	1,188,369,453	1,391,805,357	-	-
Less: Unamortized finance cost	(885,205,361)	(1,052,548,099)	-	-
Net lease liability	303,164,092	339,257,258	-	-
Repayable after one year before five years				
Gross lease rentals payable	4,038,049,532	5,538,716,311	-	-
Less: Unamortized finance cost	(2,843,368,962)	(4,074,620,043)	-	-
Net lease liability	1,194,680,570	1,464,096,268	-	-
Repayable after five years				
Gross lease rentals payable	22,924,383,774	29,264,926,145	-	-
Less: Unamortized finance cost	(15,037,688,813)	(19,649,408,678)	-	-
Net lease liability	7,886,694,961	9,615,517,467	-	-

26.2 Long - term borrowings

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Gross balance as at 01st April	6,578,335,659	7,675,114,291	179,793,974	1,476,709,388
Received during the year	5,469,647,361	1,899,929,220	1,058,787,417	-
Repaid during the year	(7,931,491,989)	(2,974,540,430)	-	(1,311,130,298)
Exchange translation difference	253,498,661	(22,167,422)	-	14,214,884
Gross borrowings as at 31st March	4,369,989,692	6,578,335,659	1,238,581,391	179,793,974
Loan interest payable	427,763,231	476,099,230	106,421,601	65,787,417
Balance as at 31 March	4,797,752,922	7,054,434,889	1,345,002,991	245,581,391

26 LOANS AND BORROWINGS (CONTD.)

26.2 Long - term borrowings (contd.)

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Long-term borrowings - current	1,239,859,238	5,267,963,220	1,156,477,649	245,581,391
Long-term borrowings - non-current	3,557,893,684	1,786,471,669	188,525,342	-
	4,797,752,922	7,054,434,889	1,345,002,991	245,581,391
Analysis of non-current portion of long-term borrowings				
Payable within 3 years	1,017,368,105	1,212,995,981	-	-
Payable after 3 years	2,540,525,579	573,475,688	-	-
	3,557,893,684	1,786,471,669	-	-

26.3 Analysis of loans and borrowings

Current	1,043,023,330	5,607,220,478	1,156,477,649	245,581,391
Non-current	13,139,269,215	12,866,085,405	188,525,342	-
	14,182,292,545	18,473,305,883	1,345,002,991	245,581,391

26.4 Details of the Company's related party loans are as follows;

Lender	Relationship	Interest Rate	Carrying Amount 2026	Carrying Amount 2025
Company				
Browns Engineering & Construction (Pvt) Limited	Subsidiary of Intermediate parent	AWPLR + 7.5%	286,215,574	245,581,390
LOLC Life Assuarnce Ltd	Subsidiary of Ultimate parent	12% - 13%	1,058,787,417	-
			1,345,002,991	245,581,390

Details of the Group's loans are as follows	Relationship	Interest Rate	2026	2025
Group				
Browns Investments PLC	Intermediate parent	AWPLR+7.5%	3,053,575,726	1,201,268,800
Peoples Bank	Not Appicable	9%	-	1,387,369,497
LOLC Holdings PLC	Ultimate Parent	AWPLR+7.5%	306,137,170	443,472,771
B Commodities ME(FZE)	Subsidiary of Ultimate Parent	10%	93,037,035	540,387,267
National Development Bank PLC	Not applicable	12%	-	25,800,982
LOLC Global (Pvt) Limited	Not applicable	AWPLR+7.5%	-	1,895,663,610
Bank of Maldives	Not applicable	AWPLR+ 10%	-	1,314,890,571
Browns Engineering & Construction (Pvt) Limited	Subsidiary of Intermediate parent	AWPLR + 7.5%	286,215,574	245,581,390
LOLC Life Assuarnce Ltd	Subsidiary of Ultimate parent	12% - 13%	1,058,787,417	-
			4,797,752,922	7,054,434,888

27 EMPLOYEE BENEFITS

27.1 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.
Balance at the beginning of the year		104,115,633	100,862,392	21,278,592	20,149,938
Benefits paid by the plan		(8,637,928)	(14,795,659)	(1,741,283)	(7,691,005)
Expenditure recognized in the profit or loss	27.2	22,792,621	22,477,708	4,716,478	4,391,817
Actuarial Gains/(losses) recognized in other comprehensive income		3,648,428	(4,428,808)	4,785,279	4,427,842
		121,918,753	104,115,633	29,039,066	21,278,592

27.2 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	2,267,524	1,772,325
Interest costs	12,290,574	13,112,110	2,448,954	2,619,492
	22,792,621	22,477,708	4,716,478	4,391,817

ACTUARIAL ASSUMPTIONS

Gratuity liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd, 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	10%	12%	9.50%	12%
Future salary increases	8%	10%	8%	10%
Staff turnover factor	18%-33%	20%	25%	20%
Retirement age	60 Years	60 Years	60 Year	60 Years

It is also assumed that the company will continue in business as a going concern.

27.3 Sensitivity of the actuarial assumptions

Sensitivity analysis on discounting 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)	28,059,879	979,187
	-1	126,536,871	4,618,115	30,085,501	(1,046,435)
Future salary increases	+1	127,101,454	5,182,698	30,223,631	(1,184,565)
	-1	117,006,638	(4,912,118)	27,912,854	1,126,212

27 EMPLOYEE BENEFITS (CONTD.)

27.3 Sensitivity of the actuarial assumptions (contd.)

DEMOGRAPHIC ASSUMPTIONS

In addition to the above, demographic assumption such as mortality, withdrawal and disability and retirement age were considered for the acturial valuation. "A67/07 mortality table" by the Institute of Acturaries, London was used to estimate the gratuity liability of the Company/Group.

27.4 Maturity analysis of the payments

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

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Within the next 12 months	22,355,213	18,509,629	5,867,420	3,995,952
Between 1 and 2 years	32,207,829	26,882,203	7,610,234	5,509,649
Between 2 and 5 years	42,534,191	32,670,284	10,193,014	5,939,221
Between 5 and 10 years	20,058,313	20,324,990	4,618,419	4,626,797
Beyond 10 years	4,763,210	5,728,526	749,979	1,206,972
Total expected payments	121,918,756	104,115,632	29,039,066	21,278,591

The Group's weighted average duration of defined benefit obligation is 4.3 years (2024/25 - 4.2 years)

The Defined Benefit Plan entitles a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the company is liable to pay gratuity only upon the completion of continuous 5 Years of service except Maldives Entities.

28 DEFERRED TAX ASSETS AND LIABILITIES

28.1 Recognised deferred tax assets

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax assets are attributable to the origination of following temporary differences:				
Unutilized tax losses	7,318,671,449	14,356,038,163	5,912,942,525	5,957,012,982
Employee benefits	101,239,497	104,887,914	29,039,066	21,278,591
General Provisions	101,252,109	47,141,557	44,207,439	-
	7,521,163,055	14,508,067,634	5,986,189,030	5,978,291,573

28.2 Movement in recognized deferred tax assets

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	966,922,797	691,840,267	539,089,676	554,819
Recognised in statement of profit of loss	(504,263,961)	282,714,754	933,653	537,206,213
Recognised in other comprehensive income	2,556,377	2,939,269	1,435,584	1,328,643
Other adjustment/transfers	-	2,017,926	-	-
Exchange translation difference	41,423,029	(12,589,419)	-	-
Balance as at 31 March	506,638,243	966,922,797	541,458,913	539,089,676

28 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

28.3 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	4,634,326,502	4,126,817,574	1,204,261,570	1,204,364,114
Lease assets	129,139,959	75,123,615	-	-
Revaluation of properties	16,287,965,264	42,319,025,177	4,726,557,383	4,726,557,383
Unutilized tax losses	2,077	2,077	2,077	2,077
Employee benefits	55,368,000	47,368,000	55,368,000	47,368,000
Unrealised Loss on Exchange	21,106,801,801	46,568,336,442	5,986,189,030	5,978,291,573
Investment Properties	55,368,000	47,368,000	55,368,000	47,368,000
Collective Impairement of Trade and Other Receivable	-	-	(44,207,439)	-
Net taxable temporary difference	21,040,881,454	46,490,246,422	-	-
Total recognized deferred tax liabilities	6,304,668,361	7,676,503,406	(541,458,913)	(539,089,676)

28.4 Movement in Recognised Deferred Tax Liabilities

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance at the beginning of the year		7,676,503,406	5,984,267,318	(539,089,676)	(159,584,026)
Recognised in statement of profit of loss	28.3	(827,009,076)	(897,948,708)	(2,369,237)	(6,170,536)
Recognised in other comprehensive income		559,596,904	2,631,344,898	-	(373,335,114)
Other adjustments / transferrs		(1,287,606,930)	11,292,717		
Exchange translation difference		183,184,057	(52,452,818)	-	-
Balance as at 31 March		6,304,668,361	7,676,503,406	(541,458,913)	(539,089,676)

28.5 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)	933,653	537,206,214
Deferred tax liabilities				
Reversal of temporary differences during the year	(827,009,076)	(897,948,708)	(2,369,237)	6,170,536
	(322,745,115)	(1,180,663,463)	(1,435,584)	543,376,750

28 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

28.6 DEFERRED TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

As at 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Assets					
Deferred tax on acturial gain defined benefit obligations	9	2,556,377	2,939,269	1,435,584	1,328,643
		2,556,377	2,939,269	1,435,584	1,328,643
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	9 / 33	-	(2,631,344,898)	-	(373,335,114)
Deferred tax reversal on revaluation surplus	33	555,946,002	-	-	-
		559,596,904	(2,629,734,272)	-	(373,335,114)

28.7 DEFERRED TAX MOVEMENT OF DISCONTINUED OPERATIONS

As at 31 March	Note	Group	
		2026 Rs.	2025 Rs.
Deferred tax expense			
Reversal during the period	33	536,833,554	77,980,708
		536,833,554	77,980,708
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

28.8 Deferred Tax Expense

Deferred tax has been computed at 30% (which is applicable for Companies engaged in the promotion of tourism) for the Company and Group operating in Sri lanka as per the provisions of the Inland Revenue Act No 24 of 2017, which is effective from 01st April 2018.

Bodufaru 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 deferred tax in Maldives at a rate of 15%.

29 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Trade payables		697,124,493	1,054,796,385	45,512,673	95,824,737
Advance received		4,171,549	328,106,087	8,928,969	12,143,857
Amounts due to related parties	29.1	19,056,858,552	15,844,452,001	2,388,768,212	3,170,700,613
Dividend Payable		-	9,293,883	-	-
Accrued expenses and other payable		868,071,519	942,584,928	156,640,177	76,151,587
		20,626,226,113	18,179,233,284	2,599,850,032	3,354,820,794

29.1 Amounts due to related parties

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
LOLC Holdings PLC	4,675,271,362	5,285,365,970	6,889,023	839,093,481
Browns Hotels and Resorts Ltd	915,847,312	613,601,754	102,521,062	16,838,242
Browns Investment PLC	4,588,721,029	3,618,399,586	2,208,584,638	2,238,192,787
Lanka ORIX Information Technology Services Ltd	10,695,244	13,174,021	5,779,947	4,793,353
LOLC Finance PLC	16,060	4,196	16,060	4,196
Palm Garden Hotels PLC	46,050	6,305	-	-
LOLC Corporate Services (Pvt) Ltd	524,000	436,000	-	-
LOLC Motors Ltd	253,007	369,469	253,007	253,007
Browns Engineering and Constrution (Pvt) Limited	7,631,515,214	6,238,945,868	-	-
Green Paradise (Pvt) Limited	-	-	1,780,935	2,726,492
Dolphin Hotels PLC	-	-	-	2,746,512
Serendib Leisure Mgt Ltd.	-	-	62,150,453	65,953,220
Serendib Hotels PLC	-	-	706,725	18,089
Mellinium Development (Pvt) Limited	175,871	44,516	-	
B.Commoditize MEZ	86,362	81,235	86,362	81,235
Sansun Boutique Hotels Limited	90,000,000	66,200,000	-	-
Browns Leisure (Pvt) Limited	5,592,535	7,823,082	-	-
LOLC Life Assurance	1,138,114,507	-	-	-
	19,056,858,553	15,844,452,002	2,388,768,212	3,170,700,614

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.

29.2 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).

30 CURRENT TAX PAYABLES

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Income tax payable	112,374,650	96,438,271	-	-
Value Added Tax payable	48,852,022	588,975,802	14,391,646	65,845,930
Nation Building Tax payable	2,265,506	2,349,581	-	-
WHT payables	-	586,216	-	586,216
Other taxes payable	227,657,466	433,194,434	39,961,488	34,765,857
	391,149,644	1,121,544,304	54,353,134	101,198,005

31 COMMITMENTS AND CONTINGENCIES

There are no material capital commitments and contingent liabilities that require adjustment to or disclosure in the financial statements.

32 EVENTS OCCURRING AFTER THE REPORTING DATE

There has been no material events occurring after the reporting date that require adjustment to or disclosure in these Financial Statements.

33 DISCONTINUED OPERATIONS

During the year ended 31 March 2026, the Group disposed of the assets and business of Barceló Whale Lagoon Maldives Resort held by Browns Ari Resorts (Pvt) Ltd on 19 December 2025. Accordingly, the comparative figures have been restated to separately present the results of the discontinued operations in accordance with SLFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

33.1 The results of aforesaid operations for the year are presented below:

For the period ended 31 March	Group	
	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 amortization	(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 expense	536,833,554	77,980,709
Loss after tax for the year from discontinued operations	326,677,540	(179,696,747)

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 31st March 2026 amounted to Rs. 1,127,052,536 (2025: Rs. 1,932,587,217).

For the year ended 31st March 2026	Browns Ari Resort (Pvt) Ltd	
	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)

Browns Ari Resort (Private) Limited disposed of an item of property, plant and equipment on 19th December 2025, resulting in a gain on disposal of Rs. 342,400, recognized in the Statement of Profit or Loss

33 DISCONTINUED OPERATIONS (CONTD.)

33.2 Statement of cash flows

Particulars	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)/decrease 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 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 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

33.3 Losses on impairement of subsidiaries recognized in Eden Hotel Lanka 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 Eden Hotel Lanka PLC, management has assessed that there is uncertainty over the recoverability of its investment as at 31 March 2026. Accordingly, Eden Hotel Lanka PLC has recognised an impairment loss of Rs. 260,732,302 in the Statement of Profit or Loss.

33 DISCONTINUED OPERATIONS (CONTD.)

33.4 Restatement of Statement of Profit or loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	As disclosed Previous year 31.03.2025	Reclassification	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)	(1,754,119,572)
Change in fair value of investment property	5,000,000	-	5,000,000
Other income	819,289,122	754,092,391	65,196,731
Profit before operating expenses from continuing operation	7,017,280,000	2,633,724,239	4,383,555,761
Operating expenses			
Personnel costs	(1,625,289,066)	(710,606,463)	(914,682,603)
Depreciation and amortization	(1,802,194,412)	(737,998,071)	(1,064,196,342)
Other operating expenses	(2,651,221,596)	(895,115,237)	(1,756,106,359)
Advertising and promotional expenses	(677,001,145)	(547,681,924)	(129,319,221)
Results from operating activities from continuing operation	261,573,780	(257,677,456)	519,251,236
Finance expense	(4,368,554,377)	-	(4,368,554,377)
Finance income	300,465,260	-	300,465,260
Profit/ (Loss) before taxation from continuing operation	(3,806,515,337)	(257,677,456)	(3,548,837,881)
Tax (expense)/ reversal from continuing operations	1,058,813,325	77,980,709	980,832,616
Profit/ (Loss) for the year from continuing operation	(2,747,702,012)	(179,696,747)	(2,568,005,265)
Discontinued operation			
Loss befor tax the year from discontinued operations	-	(257,677,456)	(257,677,456)
Tax (expense)/ reversal from discontinuing operations	-	77,980,709	77,980,709
Loss for the year from discontinued operations	-	(179,696,747)	(179,696,747)
Profit/ (Loss) for the year	(2,747,702,012)	(179,696,747)	(2,747,702,012)

34 RELATED PARTY DISCLOSURES

34.1 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

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 34.3.

Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at management agreed terms Outstanding current account balances at year end are unsecured and settlement occurs in cash.

Recurrent and non-recurrent related party transactions

Recurrent and 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 2022 audited financial statements, which required additional disclosures in the 2025/26 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 have been disclosed in the Note 34.4.

All the transactions which are disclosed under note 34.2 with Related Parties which are recurrent, and which is necessary for day-to-day operations of the company and subsidiaries.

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 2026 audited financial statements, which required additional disclosures in the 2025/26 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.

Close family members are defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs. Close family members of the KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner, children of the KMP's domestic partner and dependents of the KMP.

Key management personnel compensation

The Directors of the Company were paid Rs. 3,310,000 /- during the period under review. At Group level, the Directors were paid Rs. 9,650,000 /- during the period under review.

34. RELATED PARTY DISCLOSURES (CONTD.)

34.2 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.

As at 31 March			Group		Company		Group Aggregate Value of Related to Net Revenue		Company Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026	2025	2026	2025
LOLC Holdings PLC	Ultimate Parent	Fund transfers in	830,323,928	1,344,400,000	586,914,537	1,265,000,000	0%	41%	0%	>100%
		Fund transfers out	3,789,199,996	1,422,914,873	1,508,516,941	769,000,000				
		Expenses shared	190,866,736	84,636,963	30,235,262	13,597,365				
		Interest on current accounts	1,822,270,993	893,042,488	59,162,684	164,843,379				
Browns Hotels & Resorts Limited	Intermediate Parent	Expenses shared	417,684,605	187,848,034	146,823,821	19,775,977	0%	6%	0%	12%
		Interest on current accounts	61,858,366	84,256,678	8,858,999	7,663,777				
		Fund transfers out	187,297,713	234,259,785	70,000,000	133,152,827				
		Fund transfers in	10,000,300	4,500,000	-	4,500,000				
Brown & Company PLC	Intermediate Parent	Fund transfers out	-	23,725,746	-	-	0%	0%	0%	0%
LOLC Finance PLC	Subsidiary of Ultimate Parent	Fund transfers out	20,471,427	24,366,462	-	180,312	0%	0%	0%	0%
		Fund transfers in	5,000,000	-	-					
		Interest Expenses	241,457	-	-					
		Expenses shared	15,241,834	18,734,508	11,864	21,923				
Browns Investments PLC	Intermediate Parent	Expenses shared	64,526,256	20,360,900	-	-	0%	15%	0%	73%
		Fund transfers in	767,804,438	629,449,684	255,000,000	629,449,684				
		Fund transfers out	837,454,100	293,720,731	652,000,000	-				
		Interest on current accounts	816,393,358	456,768,699	367,391,851	337,617,632				
		Interest income received	157,695,617	-	-	-				
Palm Garden Hotels PLC	Immediate Parent	Interest income on loans	-	-	229,593	-	0%	0%	0%	3%
		Expenses shared	-	287,887	317,707	154,091				
		Fund transfers out	-	134,108	5,000,000	-				
		Fund transfers in	4,872,141	-	-	-				

As at 31 March			Group		Company		Group Aggregate Value of Related to Net Revenue		Company Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026	2025	2026	2025
Dickwella Resorts (Pvt) Ltd	Subsidiary	Fund transfers in	-	-	114,487		0%	0%	0%	0%
		Interest income on loans	-	-	17,942,341	-				
Tropical Villas (Pvt) Ltd	Subsidiary of Intermediate Parent	Fund transfers in	13,837,827	-	-	-		0%	0%	0%
		Fund transfers out	500,000	-	-					
		Expenses shared	13,409,587	77,040	71,760	77,040				
Sun and Fun Resorts Ltd	Subsidiary	Expenses shared	-	-	841,384	321,695	0%	0%	0%	0%
		Fund transfers in	-	-	951,280	1,078,711				
LOLC Technologies Ltd	Subsidiary of Ultimate Parent	Fund transfers out	12,361,998	23,662,129	-	-	0%	0%	0%	0%
		Expenses shared	9,883,221	14,315,623	986,594	1,564,085				
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers out	7,168,462	6,616,000	1,680,000	2,240,000	0%	0%	0%	0%
		Expenses shared	7,256,462	5,288,000	1,680,000	1,400,000				
LOLC Motors (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	116,462	116,462	-	-	0%	0%	0%	0%
NPH Investments Ltd	Subsidiary of immediate parent	Interest Income	11,192,100	13,392,075	-	-	0%	0%	0%	0%
		Expenses shared	308,921	-	-	-				
		Fund transfers in	-	36,926,612	-	-				
		Fund transfers out	959,128,194	270,396,516	-	-				
East Couast Land Holdings Ltd	Subsidiary of Ultimate Parent	Fund transfer out	-	3,000,000	-	-	0%	0%	0%	0%
Browns Engineering (Pvt) Ltd	Subsidiary of Intermediate Parent	Interest on loan	721,440,735	872,869,753	-	-	0%	16%	0%	0%
		Supply of services	671,128,610	530,815,559	-	-				
Excel Restaurant (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	17,457,075	5,837,365	220,370	143,471	0%	0%	0%	0%
		Fund transfer in	19,195,961	-	-	-				
		Fund transfer out	13,730,638	5,000,000	-	-				

Notes to the Financial Statements (Contd.)

Year ended 31 March 2026

As at 31 March			Group		Company		Group Aggregate Value of Related to Net Revenue		Company Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026	2025	2026	2025
Green Paradise (Pvt) Ltd	Subsidiary	Expenses shared	-	-	945,557	574,636	0%	0%	0%	0%
Samudra Beach Resorts (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	-	-	-	-	0%	0%	0%	0%
		Fund transfer out	-	-	-	-				
Serendib Hotels PLC	Subsidiary	Expenses shared	-	-	1,822,484	219,193	0%	0%	0%	5%
		Fund transfers in	-	-	2,657,305	114,299				
		Fund transfers out	-	-	31,710	-				
Dolphin Hotels PLC	Subsidiary	Fund transfers in	-	-	12,000,000	15,000,000	0%	-	0%	2%
		Fund transfers out	-	-	12,000,000	2,083,228				
		Interest Expenses on Loan	-	-	-	596,729				
		Expenses shared	-	-	11,127,753	6,205,437				
Hotel Sigiriya PLC	Subsidiary	Fund transfers in	-	-	16,261,947	-	0%	-	0%	0%
		Fund transfers out	-	-	15,897,869					
		Expenses shared from	-	-	1,637,478	112,072				
Serendib Leisure Management Ltd	Subsidiary	Fund transfers out	-	-	68,000,000	67,861,809	0%		0%	13%
		Expenses shared to	-	-	64,197,233	104,294,267				
Frontier Capital Lanka (Pvt) Ltd	Subsidiary	Fund transfers in	-	-	24,904	-	0%		0%	0%
Mellinium Development (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	6,558,565	1,442,227	-				0%	0%
		Fund transfers in	20,000,000	-	-					
		Fund transfers out	51,743,361	402,265	-					
Browns Leisure (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	32,685,418	126,742,001	22,218	-		4%	0%	0%
		Fund transfers in	60,400,662	166,396,465	-					
		Fund transfers out	97,188,210	53,942,985	-					

As at 31 March			Group		Company		Group Aggregate Value of Related to Net Revenue		Company Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026	2025	2026	2025
Sunsun Boquite Hotels Ltd	Subsidiary of Intermediate Parent	Fund transfer out	632,350,296	126,742,001	-	-	0%	4%	0%	0%
		Expenses shared	32,537,950	166,396,465	-					
		Interest on Current account	8,622,179	53,942,985	-					
		Fund transfers in	45,000,000		-					
Ishara Traders (Pvt) Ltd	Subsidiary of Untimate Parent	Fund transfer out	-	125,000	-	-	0%	0%	0%	0%
B.Commoditize MEZ	Subsidiary of Untimate Parent	Expenses shared	-	81,235	82,951	81,235	0%	0%	0%	1%
		Fund transfers in	12,944,929,612	-	-	-				
		Fund transfers out	82,951	-	-	-				
		Interest Income	4,551,236	15,825,752	4,551,236	15,825,752				
Three Tips Ella (Pvt)Ltd	Subsidiary of Intermediate Parent	Expenses shared	24,509,120	53,850,260	2,795,320		0%	1%	0%	0%
		Fund transfers in	82,204,402	-	-					
		Fund transfers out	782,640,217	-	136,000,000					
		Interest Income on Loan	45,458,450	-	4,399,787					
Taprobane Plantation (Pvt) Ltd	Related Entity of Ultimate Parent	Expenses shared	35,197,031	702,265	-		0%	0%	0%	0%
		Fund transfers out	10,942,827	-	-					

Closing balances of above related parties has been disclosed in Notes 19,20.2,26.4 and 29.1.

Fund Transfers in, represent cash inflows to the company and Fund Transfers out, represent cash outflows from the company. Interest expense represent interest charge on intercompany lending and borrowings. Expenses shared represent common expenses incurred on behalf of the company. Management fee represent the fees charged by Browns Hotels & Resorts Ltd as the management company of leisure sector. All these transaction are management agreed terms transactions.

34 RELATED PARTY DISCLOSURES (CONTD.)

34.3 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 Investment 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 (Intermediate Parent)	D S K Amarasekera, N R Nanayakkara,R L E C Wijeratne
Palm Garden Hotels PLC (Immediate Parent)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, T Dharmarajah, J Selvaratnam
Dickwella Resorts (Pvt) Ltd (Subsidiary)	P D G Jayasena, R L E C Wijeratne
Tropical Villas (Pvt) Ltd (Subsidiary of intermediate parent)	D S K Amarasekera, P D G Jayasena, R L E C Wijeratne
Riverina Resorts (Pvt) Ltd (Subsidiary of immediate parent)	D S K Amarasekera, R L E C Wijeratne
Green Paradise (Pvt) Ltd (Subsidiary)	D S K Amarasekera, Mrs. K U Amarasinghe, E.C Wijerathna, P.D.G Jayasena
Sun & Fun Resorts Ltd (Subsidiary)	V K Vemuru, D S K Amarasekera, T Selviah, E.C Wijerathna, P.D.G Jayasena
Bodufaru Beach Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, K A K P Gunawardena, M Niham
Browns Ari Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, P.S.Uluwaduge, M Niham, S Mohmed
Browns Raa Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, P.S.Uluwaduge, M Niham
Browns Kaafu N Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, O A Razzak, P.S.Uluwaduge
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
Hotel Sigiriya PLC (Subsidiary)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, S Furkhan,T Dharmarajah
Frontier Capital Lanka (Pvt) Ltd (Subsidiary)	D S K Amarasekera, , Dr. J M Swaminathan
Serendib Leisure Management (Pvt) Ltd (Subsidiary)	D S K Amarasekera, , Dr. J M Swaminathan, E.J.D. Rajakarriar,
Santuary Lanka Resorts (Pvt) Ltd (Subsidiary)	D S K Amarasekera, , Dr. J M Swaminathan

34 RELATED PARTY DISCLOSURES (CONTD.)

34.4 Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements,whichever is lower.

There are no related party transactions those require specified disclosure in accordance with the continuing listing requirements of Colombo Stock Exchange.

35 VALUATION OF FINANCIAL INSTRUMENTS

35.1 Fair Value Hierarchy

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	8,827,700	-	-	8,827,700
		8,827,700	-	-	8,827,700

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	5,113,340	-	-	5,113,340
		5,113,340	-	-	5,113,340

Company As at 31 March 2026	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets				
Trading assets - fair value through profit or loss	8,827,700	-	-	8,827,700
	8,827,700	-	-	8,827,700

Company 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	19.1.1	5,113,340	-	-	5,113,340
		5,113,340	-	-	5,113,340

35 VALUATION OF FINANCIAL INSTRUMENTS (CONTD.)
35.2 Financial instruments not measured at fair value

As at 31 March		GROUP		COMPANY	
		2026	2025	2026	2025
		Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
Financial assets					
Trade receivables	20.1	1,187,152,052	1,689,001,829	276,746,323	373,645,584
Amounts due from related parties	20.2	17,350,100,900	2,526,283,452	231,702,450	69,402,331
Financial assets -amorise cost	17	34,670,999	32,598,192	34,670,999	32,598,192
Cash and cash equivalents	22.1	1,346,629,867	2,091,335,976	275,214,403	150,327,391
		19,918,553,818	6,339,219,450	818,334,175	625,973,498
Financial liabilities					
Trade Payables	29	697,124,493	1,054,796,385	45,512,673	95,824,737
Amounts due to related parties	29.1	19,056,858,552	15,844,452,001	2,388,768,212	3,170,700,613
Interest bearing borrowings	26	14,182,292,545	18,473,305,882	1,345,002,991	245,581,391
Bank overdrafts	22.1	74,969,158	91,082,140	-	-
		34,011,244,748	35,463,636,408	3,779,283,876	3,512,106,741

The carrying amount of trade receivable, amount due from related parties, equity securities - unquoted, cash and cash equivalents, trade payables, amounts due to related parties, interest bearing borrowings and bank overdrafts are an approximation of fair value.

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.

Asset	Valuation techniques	Significant observable and unobservable inputs	Sensitivity of the fair value to the inputs
Rainforest Ecolodge (Private) 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.

36 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

36.1 Maturity analysis of financial assets-Group

For the year ended 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	22.1	1,346,629,867	1,346,629,867	1,346,629,867	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	8,827,700	8,827,700	-	-	-	8,827,700	-
Investment securities	17	158,852,599	158,852,599	-	-	-	158,852,599	-
Trade and other receivable								
Financial assets	20	18,537,252,952	18,537,252,952	2,386,139,596	2,446,437,123	13,704,676,233	-	
		20,051,563,118	20,051,563,118	3,732,769,463	2,446,437,123	13,704,676,233	167,680,299	-

For the year ended 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	22.1	2,091,335,977	2,091,335,976	2,091,335,976	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	5,113,340	5,113,340	-	-	-	5,113,340	-
Investment securities	17	161,004,344	161,004,344	-	-	-	161,004,344	-
Trade and other receivable								
Financial assets	20	4,458,276,241	4,458,276,241	573,875,185	588,376,958	3,296,024,098	-	
		6,715,729,902	6,715,729,902	2,665,211,161	588,376,958	3,296,024,098	166,117,684	-

36 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

36.2 Maturity Analysis of Financial Liabilities-Group

For the year ended 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								
Bank overdrafts	22.2	74,969,158	74,969,158	74,969,158	-	-	-	-
Loans and borrowings								
Lease liabilities	26.1	9,384,539,623	9,384,539,623	-	-	1,188,369,453	4,038,049,532	4,158,120,638
Borrowings	26.2	4,797,752,922	4,797,752,922	-	-	739,859,238	4,057,893,684	-
Financial liabilities	29	20,622,054,563	20,622,054,563		701,296,042	19,920,758,521	-	
		34,879,316,267	34,879,316,267	74,969,158	701,296,042	21,848,987,212	8,095,943,216	4,158,120,638

For the year ended 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								
Bank overdrafts	22.2	91,082,140	91,082,140	91,082,140	-	-	-	-
Loans and borrowings								
Lease liabilities	26.1	11,418,870,994	11,418,870,994	-		339,257,258	1,464,096,269	9,615,517,467
Borrowings	26.2	7,054,434,889	7,054,434,889	-		5,267,963,220	1,786,471,669	-
Financial liabilities	29	17,851,127,197	17,841,833,314	287,452,589	1,095,449,884	16,458,930,841	-	-
		36,415,515,220	36,406,221,337	378,534,729	1,095,449,884	22,066,151,319	25,754,510,531	9,615,517,467

36 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

36.3 Maturity Analysis of Financial Asset - Company

For the year ended 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 equivanlents	22.1	275,214,403	275,214,403	275,214,403	-	-	-	-
Other financial assets			-					
Trading assets - fair value through profit or loss	16	8,827,700	8,827,700	-	-	-	8,827,700	-
Investment securities	17	34,729,600	34,729,600	-	-	-	34,729,600	-
Trade and other receiable								
Financial Assets	20	833,819,309	833,819,309	115,874,589	160,871,734	536,682,451	20,390,536	-
		1,152,591,012	1,152,591,012	391,088,992	160,871,734	536,682,451	63,947,836	-

For the year ended 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	22.1	150,327,391	150,327,391	150,327,391	-	-	-	-
Trading assets - fair value through profit or loss	16	5,113,340	5,113,340	-	-	-	5,113,340	-
Investment securities	17	32,783,154	32,783,154	-	-	-	32,783,154	-
Trade and other receivable								
Financial Assets	20	750,590,598	750,590,598	178,375,555	89,998,063	460,286,708	21,930,272	-
		938,814,483	938,814,483	328,702,946	89,998,063	460,286,708	59,826,766	-

36 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

36.4 Maturity Analysis of Financial Liabilities - Company

For the year ended 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	22.2	-	-	-	-	-	-	-
Loans and borrowings								
Finance lease liabilities	26.1	-	-	-	-	-	-	-
Borrowings	26.2	1,345,002,991	1,345,002,991	-	-	1,156,477,649	188,525,342	-
Financial liabilities	29	2,590,921,062	2,590,921,062	37,485,965	173,595,854	2,379,839,243	-	-
		3,935,924,053	3,935,924,053	37,485,965	173,595,854	3,536,316,892	188,525,342	-

For the year ended 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	22.2	-	-	-	-	-	-	-
Loans and borrowings								
Finance lease liabilities	26.1	-	-	-	-	-	-	-
Borrowings	26.2	245,581,391	245,581,391	-	-	245,581,391	-	-
Financial liabilities	29	3,342,676,937	3,342,676,937	37,485,965	70,482,629	3,234,708,343	-	-
		3,588,258,328	3,588,258,328	37,485,965	70,482,629	3,480,289,734	-	-

SUPPLEMENTARY INFORMATION

Summarised Quarterly Statistics

Statement of Profit or Loss and Other Comprehensive Income (in Rs 000)

	2025/26				
For the 3 months ended	30-Jun	30-Sep	31-Dec	31-Mar	Total
Revenue	217,156	274,250	450,922	593,983	1,536,311
Cost of Sale	(69,072)	(83,880)	(103,567)	(102,068)	(358,587)
Gross Profit	148,084	190,370	347,355	491,915	1,177,724
Other Income/ (Expenses)	19,931	3,115	1,350	16,908	41,304
Fair value gain in investment properties	-	-	-	8,000	8,000
Profit before operating expenses	168,015	193,485	348,705	516,823	1,227,028
Other operating expenses	(171,215)	(178,233)	(231,902)	(575,898)	(1,157,248)
Impairement provison for investments in subsidiaries	-	-	-	-	-
Results from operating activities	(3,200)	15,252	116,803	(59,075)	69,780
Net Finance Cost	(136,899)	(113,092)	(130,131)	(130,442)	(510,564)
Profit/ (Loss) before taxation	(140,099)	(97,840)	(13,328)	(189,517)	(440,784)
Income tax expense	-	-	-	(1,436)	(1,436)
Net profit after tax	(140,099)	(97,840)	(13,328)	(190,953)	(442,220)
	(140,099)	(97,840)	(13,328)	(190,953)	(442,220)

Statement of Financial Position (in Rs 000)	2025/26			
As at	30-Jun	30-Sep	31-Dec	31-Mar
Assets	14,165,751	15,026,580	15,503,298	15,084,742
Liabilities	3,975,974	3,762,323	4,252,369	4,028,241
Net assets	10,189,777	11,264,258	11,250,929	11,056,501
Share capital	16,368,000	16,368,000	16,368,000	16,368,000
Reserves	(6,178,223)	(5,103,743)	(5,117,071)	(5,311,499)
Share capital and reserves	10,189,777	11,264,257	11,250,929	11,056,501

Statement of Value Added

For the year ended	2021	2022	2023	2024	2025	2026
	In Rs 000	In Rs 000	In Rs 000	In Rs 000	In Rs 000	In Rs 000
Turnover(Gross)	300,711	148,676	257,808	1,138,329	1,324,303	1,536,310
Add: Other Income	11,871	15,207	17,805	46,885	4,065	49,303
	312,582	163,883	275,614	1,185,215	1,328,367	1,585,614
Less: Value Bought Out						
Materials & Services	334,064	298,601	433,082	695,386	704,289	1,138,182
Value Added	(21,482)	(134,718)	(157,468)	489,829	624,078	447,432
Distributed as follows:						
To Employees as Remuneration	77,814	76,646	87,530	142,494	126,265	124,769
To Government as Taxes	4,463	1,496	2,590	11,657	13,561	15,732
To Providers of Loan Capital as Interest	917,800	1,013,133	1,615,527	2,194,186	572,894	536,776
To Shareholders						
Retained with the Business - Reserves	(1,115,965)	(1,316,324)	(1,954,295)	(2,034,290)	(304,129)	(440,783)
Depreciation	94,406	90,331	91,179	175,783	215,486	210,938
Total	(21,482)	(134,718)	(157,468)	489,829	624,078	447,432

SUPPLEMENTARY INFORMATION

Financial Highlights

	Group		Company	
	2025/26	2024/25	2025/26	2024/25
Revenue from continuing operation (In Rs)	6,997,151,962	6,067,478,602	1,536,310,223	1,324,302,885
Earnings before Interest & Tax- EBIT (In Rs)	636,256,512	261,573,780	95,992,919	171,188,769
Profit /(loss) before Tax (In Rs)	(2,961,597,829)	(3,806,515,338)	(440,782,994)	(304,128,860)
Profit/ (loss) after Tax (In Rs)	(2,757,418,216)	(2,747,702,013)	(442,218,578)	239,247,890
Total Assets (In Rs)	68,766,945,347	78,541,631,156	15,084,745,093	15,225,073,287
Total Liabilities (In Rs)	41,701,224,574	45,645,784,649	4,028,245,222	3,722,878,782
Equity attributable to shareholders (In Rs)	17,762,620,558	20,869,408,381	11,056,499,871	11,502,194,504
Earnings/(loss) per share - (In Rs)	(1.19)	(0.89)	(0.28)	0.15
Net Assets per share -(In Rs)	11.21	13.18	6.98	7.26
Gross Profit Ratio - %	70.13%	68.53%	76.66%	73.97%
Net Profit Ratio - %	-30%	-30%	-29%	18%
Return on Equity - %	(6.94)	(14.50)	(2.63)	2.19
Occupancy - %	59%	69%	69%	62%
Number of shares issued	1,584,000,000	1,584,000,000	1,584,000,000	1,584,000,000
Current Ratio - No of times	0.98	0.31	0.31	0.27

Statement of Ten Year Summary

(Figures in Rs.'000 unless otherwise stated)

	2016/2017 In Rs 000	2017/2018 In Rs 000	2018/2019 In Rs 000	2019/2020 In Rs 000	2020/2021 In Rs 000	2021/2022 In Rs 000	2022/2023 In Rs 000	2023/2024 In Rs 000	2024/2025 In Rs 000	**2025/2026 In Rs 000**
TRADING RESULTS										
Turnover (Gross)	988,969	819,061	831,654	602,851	300,711	148,676	257,808	1,138,329	1,324,303	**1,536,310**
Gross Profit	673,796	730,270	654,169	456,750	240,168	125,778	187,903	860,318	979,616	**1,177,724**
Marketing Expenses	(57,873)	(36,467)	(33,686)	(43,059)	(28,820)	(8,026)	(32,149)	(70,119)	(49,206)	**(34,006)**
Earnings Before Interest & Tax	(78,743)	132,693	140,195	(36,852)	(247,804)	(355,871)	(380,531)	78,463	171,189	**95,993**
Finance Expenses	(186,001)	(584,430)	(1,001,310)	(1,078,994)	(869,442)	(965,821)	(2,566,913)	(2,110,175)	(475,318)	**(510,563)**
Profit /(Loss) before Tax	(264,744)	(451,737)	(861,115)	(1,115,845)	(1,117,245)	(1,321,692)	(2,947,444)	(2,031,712)	(304,129)	**(440,783)**
Profit /(Loss) after Tax	(271,797)	(510,269)	(869,459)	(1,116,270)	(1,115,965)	(1,316,324)	(1,954,295)	(2,034,290)	239,248	**(442,219)**
ASSETS & LIABILITIES										
Non Current Assets	5,319,134	8,252,988	8,610,385	8,713,116	9,905,240	11,004,626	13,030,044	13,077,903	14,218,593	**13,886,553**
Current Assets	422,503	830,721	1,088,812	1,012,200	868,558	804,243	1,027,966	1,551,913	1,006,480	**1,198,192**
Non Current Liabilities	771,969	1,178,187	1,365,379	945,712	1,213,877	1,149,323	2,382,658	191,520	21,279	**217,564**
Current Liabilities	1,524,540	4,940,133	6,226,507	7,738,423	5,005,653	6,279,597	9,805,806	4,043,301	3,701,600	**3,810,681**
CAPITAL & RESERVES										
Stated Capital	1,584,000	1,584,000	1,584,000	1,584,000	5,808,000	5,808,000	5,808,000	16,368,000	16,368,000	**16,368,000**
Reserves	1,861,128	1,381,390	523,311	(542,819)	(1,253,732)	(1,428,050)	(3,938,451)	(5,973,006)	(4,865,805)	**(5,311,500)**
RATIOS & STATISTICS										
Occupany (%)	80%	80%	74%	53%	40%	16%	14%	53%	62%	**69%**
Market Share (Rs.)	10.90	15.20	13.50	15.40	10.40	13.10	17.60	12.90	13.50	**12.20**
Gearing (%)	22.75	34.98	59.51	121.09	27.08	37.54	85.16	37.88	31.30	**35.68**
Current Ratio	0.22	0.22	0.17	0.13	0.17	0.13	0.10	0.38	0.27	**0.31**
Net Assets Per Share (Rs.)	28.08	28.08	19.96	9.86	8.63	8.30	3.54	6.56	7.26	**6.98**
Earnings/(Loss) Per Share (Rs.)	(2.60)	(4.83)	(8.23)	(8.67)	(4.91)	(2.49)	(3.70)	(1.95)	0.15	**(0.28)**

Investor Information

	NAME	As at 31 March 2026		As at 31 March 2025	
		No of Shares	(%)	No of Shares	(%)
1	PALM GARDEN HOTELS PLC	833,308,792	52.61	833,308,792	52.608
2	BROWNS HOTELS AND RESORTS LIMITED	674,943,435	42.61	674,943,435	42.61
3	DFCC BANK PLC/W.JINADASA	2,400,718	0.152	2,400,718	0.152
4	SENKADAGALA FINANCE PLC/S.GOBINATH	2,000,000	0.126	1,600,000	0.101
5	PEOPLE'S LEASING & FINANCE PLC/MR.D.M.P.DISANAYAKE	1,794,660	0.113		
6	EMPLOYEES TRUST FUND BOARD	1,581,943	0.1	1,581,943	0.1
7	MR. L.T.R.S.L. JAYAWARDHANA	1,574,170	0.099	1,521,670	0.096
8	HATTON NATIONAL BANK PLC/WETHTHINGE JINADASA	1,169,119	0.074		
9	SAMPATH BANK PLC/ANDARADENIYA ESTATE (PVT) Ltd	1,090,538	0.069	1,090,538	0.069
10	MR. B. SRIKUMAR	900,000	0.057	900,000	0.057
11	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	775,040	0.049	235,243	0.015
12	DFCC BANK PLC/WETHTHINGE JINADASA	754,104	0.048	754,104	0.048
13	SAMPATH BANK PLC/MR. R.M.V.W. WEERABAHU	658,721	0.042	658,721	0.042
14	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	654,875	0.041	810,856	0.051
15	SAMPATH BANK PLC/MR. ABISHEK SITHAMPALAM	629,076	0.04		
16	SAMPATH BANK PLC/RAJEEPAN RAGUNEETHAN	600,000	0.038	600,000	0.038
17	THREAD CAPITAL (PVT) Ltd	591,125	0.037	912,500	0.058
18	HATTON NATIONAL BANK PLC/RUWAN PRASSANA SUGATHADASA	525,145	0.033	510,000	0.032
19	MR. S.S. DE SILVA	500,456	0.032	659,456	0.042
20	MR. R.R.H. PERERA	472,200	0.03	283,000	0.018
		1,526,924,117	96.398	1,522,770,976	96.137
	OTHERS	57,075,883	3.602	61,229,024	3.863
	TOTAL	1,584,000,000	100.000	1,584,000,000	100.000

2. PUBLIC SHAREHOLDING

As at 31 March 2026, 4.78% (2025 – 4.82%) of the issued ordinary shares were held by 7,678 shareholders.

Ordinary Voting shares of Eden Hotel Lanka PLC have been transferred from the Diri Savi Board to Second Board, with effect from 8th November 2022.

3. FLOAT ADJUSTED MARKET CAPITALISATION

As at 31 March 2026 Float Adjusted market capitalisation is Rs. 855,949,824

The Company is not compliant with the Minimum Public Holding Requirement stipulated in CSE Rule 7.13.1 (b) option

4.DIRECTORS' SHAREHOLDING

		No of Shares	%
1	W D K JAYAWARDENA	Nil	Nil
2	K U AMARASINGHE	Nil	Nil
3	D S K AMARASEKERA	Nil	Nil
4	DR. J M SWAMINATHAN	Nil	Nil
5	S FURKHAN	1	Nil
6	T DHARAMARAJAH	Nil	Nil
7	J SELVARATNAM	Nil	Nil

5. SHAREHOLDING SUMMARY AS AT 31ST MARCH

Number of shares	2026			2025		
	No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
1 - 1000	4,943	1,402,167	0.08	4,939	1,375,454	0.08
1,001 - 10,000	1,774	6,864,697	0.43	1,718	6,490,579	0.41
10,001 - 100,000	831	27,241,744	1.71	730	23,706,751	1.50
100,001 - 1,000,000	124	28,628,017	1.81	119	29,419,915	1.86
Over 1,000,000	9	1,519,863,375	95.97	8	1,523,007,301	96.15
	7,681	1,584,000,000	100	7,516	1,584,000,000	100

6. CATEGORIES OF SHAREHOLDERS

Number of shares	2026			2025		
	No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
Local Individuals	7,331	46,563,793	3.02	7,151	47,482,405	2.99
Local Institutions	312	1,535,862,738	96.97	328	1,534,954,220	96.91
Foreign Individuals	36	1,323,469	0.08	35	1,313,375	0.08
Foreign Institutions	2	250,000	0.02	2	250,000	0.02
	7,681	1,584,000,000	100.00	7,516	1,584,000,000	100.00

7. MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	As at 31st March 2026	As at 31st March 2025
Market price per share as at the last trading date	Rs. 11.30	Rs.13.50
Highest during the year	Rs. 14.00	Rs.17.40
Lowest during the year	Rs. 10.00	Rs. 11.30
Earnings / (Loss) per share	Rs. (1.19)	Rs.0.15
Net asset per share	Rs.11.21	Rs. 7.26

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTY FOURTH ANNUAL GENERAL MEETING of the Company will be held on Wednesday, 23rd September 2026 at 10.30 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 and consider 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 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. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (see note 4 (a) below).

4. * 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. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (see note 4(b) below)

5. 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.

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.

Special business

7. To resolve by way of a Special Resolution amendments to the Articles of Association addition of a new Article numbered as Article 32) immediately after Article 31)

"32) To establish, operate, and manage an "AYUWASA" Ayurveda Treatment Center that offers traditional Ayurvedic treatments, therapeutic massages, herbal therapies, and related wellness services as an incidental or ancillary activity to the company's main business of operating hotels for tourists and selling Ayurvedic and wellness products to hotel guests and other patrons." ;

By order of the Board

EDEN HOTEL LANKA PLC

LOLC CORPORATE SERVICES (PVT) LTD
Secretaries

24th August 2026
Rajagiriya (in the greater Colombo)

Notice of Annual General Meeting

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 has been received 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 a Director of the Company and it is further specifically declared that the age limit of 70 years referred in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr. J M Swaminathan."

(b) " Resolved that Mr. T Dharmarajah who reached the age of 70 years in 2011, be and is hereby re-election as an Independent Director of the Company and it is further specially declared that the age limit of 70 years referred in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. Dharmarajah"

5) This year the Annual Report and Financial Statements of the Company are available on the:

(1) Corporate Website – https://www.brownshotels.com/investor-relations/ and

(2) The Colombo Stock Exchange – https://www.cse.lk/pages/company-profile/company-profile.component. html?symbol-=EDENMembers 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 +94 11 7248248 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.

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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
Stefan Furkhan	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 Thirty Fourth Annual General Meeting of the Company to be held on **Wednesday, 23rd September 2026 at 10.30 a.m** and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	For	Against
ORDINARY BUSINESS		
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 as set out in item 2 of the Notice of Meeting.		
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 as set out in item 3 of the Notice of Meeting.		
3. To- re-elect as an Interdependent Director Mr. T Dharmarajah who retires in terms of Section 210 of Companies Act No.7 of 2007 as set out in terms 4 of the Notice of Meeting		
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, as set out in item 5 of the Notice of Meeting.		
5 To authorise the Directors to make donations, as set out in item 6 of the Notice of Meeting		
SPECIAL BUSINESS		
6. To resolve by way of a Special Resolution amendments to the Articles of Association By the addition of a new Article numbered as Article 32] immediately after Article 31] "32] To establish, operate, and manage an "AYUWASA" Ayurveda Treatment Center that offers traditional Ayurvedic treatments, therapeutic massages, herbal therapies, and related wellness services as an incidental or ancillary activity to the company's main business of operating hotels for tourists and selling Ayurvedic and wellness products to hotel guests and other patrons." ;		

dated this .... day of   , 2026.

....

Signature of Shareholder

Form of Proxy

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 "EDEN AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Registration of Shareholder Details for Online Participation

34TH ANNUAL GENERAL MEETING - REGISTRATION OF SHAREHOLDER DETAILS FOR ONLINE PARTICIPATION

To: LOLC Corporate Services (Pvt) Ltd
Secretaries to Eden Hotel Lanka 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 (mandatory)	Land line (residence/work): Mobile:	
6. Email address (it is mandatory for the shareholder to provide an email address in order to forward the		
In the event a Proxy Holder is appointed by the Shareholder		
login information for the on-line meeting link)		
7. Name of the Proxy holder		
8. Proxy holder's NIC/PP No.		:
9. Proxy holder's 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

Eden Hotel Lanka 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/Organization: ___________________________

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

Eden Hotel Lanka PLC, 100/1 Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka

Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF COMPANY
EDEN HOTEL LANKA PLC

DATE OF INCORPORATION
13th January 1992

LEGAL FORM
A Public Quoted Company with Limited Liability

COMPANY REGISTRATION NUMBER
PQ 199

STOCK EXCHANGE LISTING
The Ordinary shares of the Company are listed on the Colombo Stock Exchange

DIRECTORS
W D K Jayawardena	- Chairman
T Dharmarajah	- Independent Director
J Selvaratnam	-Independent Director
K U Amarasinghe	-Non Executive Director
S. Furkhan	-Non Executive Director
D S K Amarasekera	-Non Executive Director
Dr. J M Swaminathan	-Non Executive Director

AUDIT COMMITTEE
T Dharmarajah -Committee Chairman

J Selvaratnam

W. D. K. Jayawardena

NOMINATION & GOVERNANCE COMMITTEE
J Selvaratnam -Committee Chairman

T Dharmarajah

W D K Jayawardena

REMUNERATION COMMITTEE
T Dharmarajah -Committee Chairman

J Selvaratnam

Mrs. K U Amarasinghe

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
T Dharmarajah - Committee Chairman

J Selvaratnam

W D K Jayawardena

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
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