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GALADARI HOTEL ANNUAL REPORT 2024



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GALADARI HOTEL ANNUAL REPORT 2024



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Corporate Information

COMPANY NAME

Galadari Hotels (Lanka) PLC

COMPANY REGISTRATION NO.

PQ 137

LEGAL STATUS

A quoted Public Company with
limited liability
incorporated in Sri Lanka

BOARD OF DIRECTORS

Mr. M A I Galadari - Chairman
Mr. I A I Galadari
Mr. S A I H Galadari
Mr. V Radhakrishnan
Mr. D.T.S.H. Mudalige (appointed w.e.f
1st January 2025)
Mr. A.R. Dunuwille (appointed w.e.f.
1st January 2025)

AUDIT COMMITTEE

Mr. D.T.S.H. Mudalige – Chairman
Mr. A.R. Dunuwille
Mr. V Radhakrishnan

REMUNERATION COMMITTEE

Mr. A.R. Dunuwille - Chairman
Mr. D.T.S.H. Mudalige
Mr. M A I Galadari

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. D.T.S.H. Mudalige – Chairman
Mr. A.R. Dunuwille
Mr. V Radhakrishnan

NOMINATIONS AND GOVERNANCE COMMITTEE

Mr. A.R. Dunuwille - Chairman
Mr. D.T.S.H. Mudalige
Mr. M A I Galadari

SECRETARIES & REGISTRARS

Corporate Consultancy Services
(Private) Limited
No.48, Rosmead Place,
Colombo 07
Tel: 011 2690037

REGISTERED OFFICE

No.48, Rosmead Place,
Colombo 07

AUDITORS

M/s KPMG,
Chartered Accountants
201, De Saram Place
Colombo 10

LAWYERS

Tiruchelvam Associates
No.48, Rosmead Place
Colombo 07.

BANKERS

Hatton National Bank
City Office, No. 16, Janadhipathi Mawatha,
Colombo 1

Hongkong & Shanghai Banking Corporation
24, Sir Baron Jayatilaka Mawatha,
Colombo 1

Bank of Ceylon - Corporate Branch Head Office
No.4, Bank of Ceylon Mawatha,
Colombo 01

Commercial Bank of Ceylon PLC
World Trade Centre Branch
L03-Wt-01, Third Floor, West Tower
World Trade Centre,
Colombo 01

Sampath Bank, Fort Branch,
No. 98, Chatham Street
Colombo 01

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE 44TH ANNUAL GENERAL MEETING OF GALADARI HOTELS (LANKA) PLC will be held as a Virtual Meeting emanating from the "Board Room " of Galadari Hotels (Lanka) PLC, No. 64, Lotus Road, Colombo 01, on 26th June 2025 at 3.30 pm for the following purposes:

Agenda

1. To receive and consider the Audited Financial Statements for the Year Ended 31st December, 2024 together with the Reports of the Directors' and Auditors' thereon.

2. To re-elect Mr. Don Tiburtius Sujeewa Handapangoda Mudalige, Director, who was appointed by the Board of Directors effective from 01st January 2025 in terms of Article 93 of the Articles of Association of the Company.

3. To re-elect Mr. Anuradha Rohan Dunuwille , Director, who was appointed by the Board of Directors effective from 01st January 2025 in terms of Article 93 of the Articles of Association of the Company.

4. To re-appoint the Auditors Messrs. KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

BY ORDER OF THE BOARD

CORPORATE CONSULTANCY
SERVICES (PRIVATE) LIMITED
SECRETARIES

3rd June 2025
Colombo

Notes:

- A shareholder is entitled to appoint a Proxy to attend and vote instead of him/herself and a Proxy need not be a shareholder of the Company.

- A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be delivered to the office of Corporate Consultancy Services (Private) Limited, Secretaries and Registrars to Galadari Hotels (Lanka) PLC, No. 48, Rosmead Place, Colombo 07 not less than forty-eight (48) hours before the time fixed for the meeting.

- As mentioned in the Circular to the Shareholders dated 3rd June 2025, the 44th Annual General Meeting will be held as a Virtual meeting. Instructions given in the Circular to Shareholders must be followed to join the meeting virtually

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 44th Annual General Meeting of Galadari Hotels (Lanka) PLC and present to you the Annual Report and Audited Financial Statements of the company for the year ended 31st December 2024.

Company Performance

The hotel is gearing up to unveil its new identity as Radisson Blu Hotel Galadari Colombo by year end 2025 - a transformation that reflects our commitment to excellence and global standards.

We are proud to have been recognized once again with the prestigious SLIM-Kantar "People's Hotel Brand of the Year" award, presented by the Sri Lanka Institute of Marketing (SLIM) - an honor we have received for the sixth consecutive year. This continued recognition is a testament to the strong brand equity and trust we have built over the years.

With tourist arrivals showing a positive and sustained uptick, our hotel is strategically positioned to meet the rising demand and reaffirm its place as a frontrunner in the tourism industry. Backed by the global strength and recognition of the Radisson Blu brand, the property is well-poised to enhance its market presence and capture a leading share.

It is with immense pride and gratitude that I reflect on our Company's resilience and performance during these challenging times. As we embrace our new brand identity, I am confident that the property will continue to grow from strength to strength and solidify its position at the forefront of the industry.

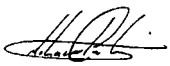
Future Outlook

The recent surge in tourism presents new opportunities for businesses to thrive across the tourism and related sectors. The hotel's ongoing transformation marks a pivotal moment in its journey, reinforcing its stature as an internationally recognized and reputable establishment. With unwavering confidence and the strength of our new brand identity, we move forward with optimism, ready to embrace a brighter future.

Acknowledgement

On behalf of the Board of Directors, I extend our sincere gratitude to the Government of Sri Lanka for its vision and continued support of the hotel. I would also like to take this opportunity to thank my fellow board members for their invaluable contributions and steadfast support.

My heartfelt appreciation goes to the management team and staff for their unwavering dedication and tireless efforts, which continue to drive our progress. Lastly, I express our deep thanks to our shareholders for the enduring confidence and trust they have consistently placed in Galadari Hotels (Lanka) PLC.



M A I Galadari
Chairman

Management Discussion and Analysis

The County's Macro Business Review

Sri Lanka saw a significant 38.1% increase in tourist arrivals in 2024, welcoming 2,053,465 visitors compared to 2023. This substantial growth suggests a robust recovery for the tourism industry, potentially attributed to factors such as easing global travel restrictions, robust performance from large source markets globally, and growing confidence among travelers in choosing Sri Lanka as their destination.

Notably, January witnessed the most substantial growth rate, soaring by 103.08% from the previous year. This surge could be attributed to numerous factors, including favorable weather conditions and holiday seasons in key source markets. September recorded the lowest growth rate, indicating 9.11%, suggesting a slowdown in momentum as the off-peak season set in. December marked the peak tourist season with the highest number of arrivals, totaling 248,592 visitors. This underscores December's popularity, likely influenced by winter vacations and other advantageous conditions. Conversely, May recorded the lowest tourist arrivals, with 112,128 visitors.

This decline may be due to less favorable weather conditions or fewer incentives for travel during this period. Despite the overall positive trend, the variance in monthly growth rates underscores the impact of seasonality and market dynamics on tourism performance.

Tourist Arrivals by Month & Percentage Change 2023 & 2024

Month	2023	2024	% change 2024/23
January	102,545	208,253	103.1
February	107.639	218,350	102.9
March	125,495	209,181	66.7
April	105,498	148,867	41.1
May	83,309	112,128	34.6
June	100,388	113,470	13.0
July	143,039	187,810	31.3
August	136,405	164,609	20.7
September	111,938	122,140	9.1
October	109,199	135,907	24.5
November	151,496	184,158	21.6
December	210,352	248,592	18.2
Total	**1,487,303**	**2,053,465**	**38.1**

Top Ten Source Markets to Sri Lanka in 2024

In the year 2024, the top source markets for Sri Lanka were led by India, contributing 20.3% of total tourist arrivals. India's leading position highlights the importance of close geographic proximity, cultural ties, and strong bilateral relations in driving tourism. The Russian Federation followed with an 9.8% share, reflecting Sri Lanka's growing popularity among Russian travelers, potentially bolstered by targeted marketing and favorable travel conditions between the two countries. The United Kingdom (8.6%), Germany (6.6%), and China (6.4%) were also significant contributors, underscoring the continued appeal of Sri Lanka as a preferred destination for European and Asian travelers, driven by strong air connectivity and longstanding travel traditions. Australia (4.4%), France (4.3%), and the United States (2.9%) were also prominent source markets, highlighting Sri Lanka's broad appeal despite the longer travel distances.

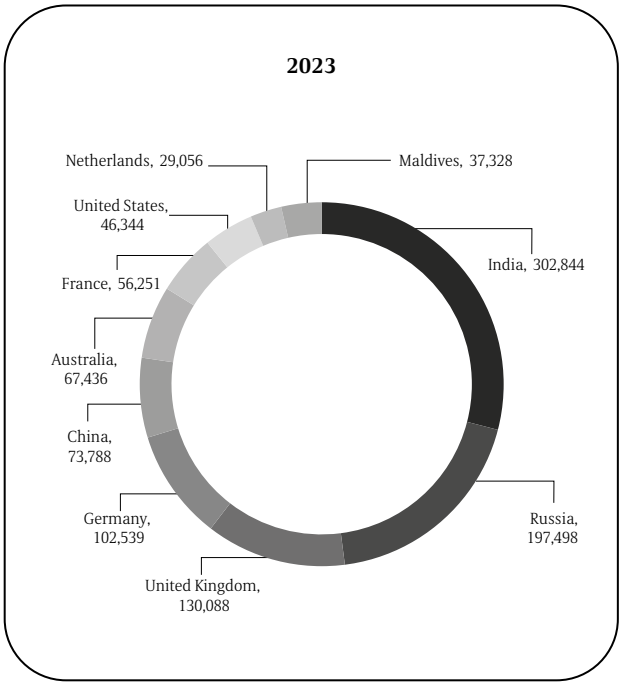
The presence of a significant diaspora from Sri Lanka in these countries may also contribute to the increased arrivals, as family connections and cultural ties often influence travel decisions. The Netherland and Maldives respectively contributed 2.4 and 2.3%, highlighting their emerging roles in the tourism landscape, possibly due to enhanced travel links and niche tourism segments. This diverse mix of source markets reflects the global appeal of Sri Lanka but also emphasizes the need to maintain a broad reach in marketing efforts to sustain growth and reduce dependency on any single market.

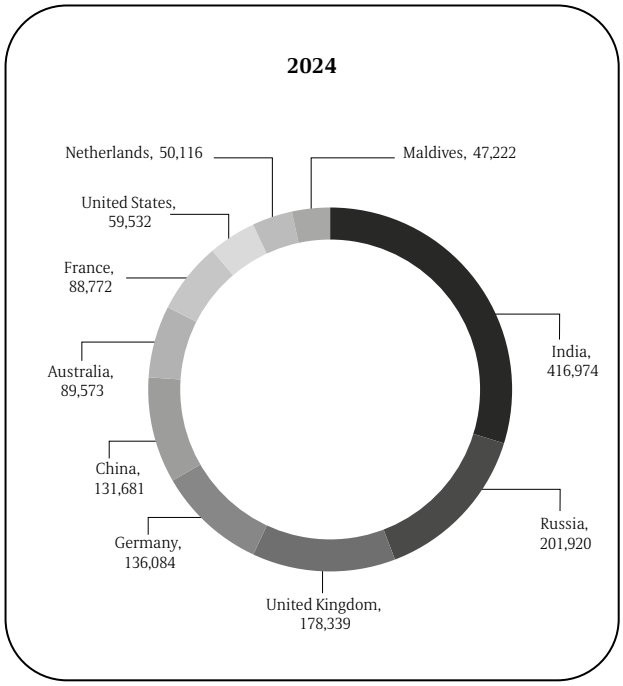
Top Ten Markets to Sri Lanka in 2023

Rank	Country of Residence	Tourist Arrivals (Jan - Dec 2024)	Tourist Arrivals (Jan - Dec 2023)
1	India	416,974	302,844
2	Russian Federation	201,920	197,498
3	United Kingdom	178,339	130,088
4	Germany	136,084	102,539
5	China	131,681	68,789
6	Australia	89,573	67,436
7	France	88,772	56,251
8	United States	59,532	46,344
9	Netherlands	50,116	43,944
10	Maldives	47,222	37,328
11	Others	653,252	434,242
Total		**2,053,465**	**1,487,303**

Management Discussion and Analysis Contd...

Top ten source markets to Sri Lanka in 2023 & 2024





Future Outlook

Sri Lanka is optimistic about achieving 3 million tourist arrival targets in 2025 after the island nation witnessed 500,000 foreign visitors into the country in the first two months. Tourist arrivals into Sri Lanka reached 530,746 up to March 2025 with 15.1 percent growth compared to the same period in 2024, official data showed.

The country has seen record tourist arrivals in January and February, surpassing the peak monthly arrivals in those months recorded in 2018. The new government's target for this year is to attract 3 million tourists. Since reaching 500,000 in both January and February, the government is confident of reaching this year's target. Plans are also underway with regards to implementing tourism promotion strategies globally Sri Lanka missed the island nation's 2024 tourist target of 2.3 million but recorded its third highest annual arrival of 2.05 million in the year with a 38.1 percent growth led by Indians and Russians.

Sri Lanka's record high tourism arrival of 2,333,796 has been recorded in 2018 followed by 2,116,407 in the previous year. Sri Lanka is a popular nature destination due to its beaches and tropical climate, with most European and Western tourists choosing it as a key holiday location during their winter season falling from November to February.

The Hotel

The year 2025 will be a turning point for the property which will see a newly refurbished establisment by the end of the year with a rebranding and mangement handover under the name Radisson Blu Hotel Galadari Colombo.

Having established continous brand recognition by being bestowed the SLIM Kantar "People's Hotel Brand of the Year", for the 6th consecutive time running is a clear indciator of product worth being ackoneldged to the highest. As the country moves forward whilst still badly affected by the economic unsertainity, it is clear that a positive shifting towards a more financial and econimic stablity is certain in the future. The recent boost in tourism is encouraging to the hospitality industry adding a positive light on the on the current financial crisis.

Backed by the internationally acclaimed chain strenght of Radisson Blu, the new property promises to be a frontline player in Sri Lanka's tourism industry.

Reference

https://www.sltda.gov.lk/en/tourism-industry-report

https://economynext.com/business



Sampath Siriwardhana
General Manager

3rd June 2025

Board of Directors

MR. MOHAMMED ABDULLATIF IBRAHIM GALADARI
Chairman / Non-Executive Director

Skills and Experience
Mr. Mohammed Abdullatif Ibrahim Galadari is the Co-Chairman and Group Chief Executive Officer of Galadari Brothers. A prominent Emirati businessman, he is the son of the late Mr. Abdullatif Ibrahim Galadari, former Chairman of Galadari Brothers Co. LLC.

Mr. Galadari holds a Bachelor's degree in Finance from Suffolk University in Boston, USA. With nearly a decade of experience in business management, he brings strategic insight, decisive leadership, and a deep understanding of corporate governance to his role.

Under his leadership, Galadari Brothers, a diversified conglomerate, continues to grow across multiple sectors. Mr. Galadari plays a key role in managing organizational risk and driving long-term business success through his strong industry expertise and forward-thinking vision.

Board Sub-Committee memberships
Remuneration Committee – Chairman till 29.09.2024

Nominations and Governance Committee

Directorships in other Companies in Sri Lanka
None

Material Business Relationship with other Directors
None

MR. SUHAIL ABDULLATIF IBRAHIM HASSAN GALADARI
Non-Executive Director

Skills and Experience
Mr. Suhail Abdullatif Ibrahim Hassan Galadari is the Co-Chairman and Director of Galadari Brothers Co. LLC. An accomplished Emirati businessman, he is the eldest son of the late Mr. Abdullatif Ibrahim Galadari, the founding former Chairman of Galadari Brothers Co. LLC.

Mr. Galadari has been a Director of the Group since 2006 and brings over 19 years of leadership experience within the organization. As Co-Chairman, he plays a key role in steering the Group's strategic direction and overseeing its diverse portfolio.

Galadari Brothers is a leading conglomerate with operations across various industries including media, heavy equipment, motors, engineering, food and beverage, and other ventures. Mr. Galadari's business insight and leadership continue to drive the Group's sustained growth and diversification.

Board Sub-Committee memberships
None

Directorships in other Companies in Sri Lanka
None

Material Business Relationship with other Directors
None

MR. IBRAHIM ABDULLATIF IBRAHIM GALADARI
Non-Executive Director

Skills and Experience
Mr. Ibrahim Abdullatif Ibrahim Galadari is the Group Chief Investment Officer of Galadari Brothers. An Emirati businessman, he is the son of the late Mr. Abdullatif Ibrahim Galadari, former Chairman of Galadari Brothers Co. LLC.

Mr. Galadari holds a Bachelor's degree in Business Management from the American University in Dubai. With a strong understanding of corporate governance and in-depth industry knowledge, he plays a vital role in shaping the Group's investment strategy and driving long-term value.

As a key member of the leadership team, Mr. Galadari brings valuable insight and business acumen to Galadari Brothers, a leading conglomerate with diversified operations across multiple sectors.

Board Sub-Committee memberships
None

Directorships in other Companies in Sri Lanka
None
Material Business Relationship with other Directors
None

MR. DON TIBURTIUS SUJEEWA HANDAPANGODA MUDALIGE
Non-Executive-Independent Director
(Appointed w.e.f 01.01.2025)

Skills and Experience
Mr. Sujeewa Mudalige possess over 30 years of experience in the accounting and finance field. He recently retired as the CEO/Managing Partner of PwC (Sri Lanka and Maldives). Mr. Sujeewa serves as an independent non-executive director in many public and private entities. He has also served on many regulatory bodies such as BOI, NMRA and SEC. He was the President of Institute of Chartered Accountants of Sri Lanka during the period 2010 - 2011. He was recently awarded an honorary Doctorate in Business by the University of Plymouth (UK) recognising his outstanding contribution to accounting and finance.

Board Sub-Committee memberships
Audit Committee - Chairman
Related Party Transactions Review Committee - Chairman
Nominations and Governance Committee
Remunerations Committee

Directorships in other Companies in Sri Lanka

Listed companies:
Independent Non-Executive Director- NDB Bank PLC, CIC Holdings PLC, Ambeon Capital PLC, Ambeon Holdings PLC, RIL Property PLC and Cargo Boat Development Co PLC

Others:

Independent Non Executive Director CIC Feeds group, NSBM Green University, Link Natural Products

Board of Directors Contd...

Limited, Sherwood Capital Limited, Mahindra Ideal Finance Limited, Maliban Biscuit Manufactories (Private) Limited, Allianz Insurance Lanka Limited and Millennium IT ESP Non-Executive Chairperson of Mercantile Services Provident Society Committee member of the Ceylon Chamber of Commerce and the National Medical Regulatory Authority and a Board member of the Board of Investment (BOI) of Sri Lanka.

Material Business Relationship with other Directors
None

MR. ANURADHA ROHAN DUNUWILLE
Non-Executive-Independent Director
(Appointed w.e.f 01.01.2025)

Skills and Experience
Mr. Dunuwille is an experienced Attorney-at-Law with over 23 years of experience as a litigation counsel and corporate advisor practicing predominantly in Civil, Corporate, Commercial and Employment law. He is at present the Equity & Managing Partner of Aequitas Legal Attorneys at Law and Legal Consultants and has served in this role for the past 14 years. He primarily practices as an advocate, whilst also acting in an advisory capacity for several local and international conglomerates. He is a much sought-after consultant in corporate strategizing and has a proven track record in successfully negotiating contracts and providing strategic legal advice on corporate merges. He is well recognized for exceptional analytical skills as a litigator and a commitment to client advocacy. He has served on the Law Reform Committee of the ministry of Justice. Mr. Dunuwille is a proponent of Alternate Dispute Resolution and is an experienced Arbitration practitioner having functioned as both arbitrator and as counsel in domestic and foreign institutionalized arbitrations. More recently, Mr. Dunuwille was certified as a Level 1 Mediator with the Singapore International Mediation Institute and is actively involved in promoting mediation in Sri Lanka.

Board Sub-Committee memberships
Nominations and Governance Committee – Chairman
Remunerations Committee – Chairman
Audit Committee
Related Party Transactions Review Committee

Directorships in other Companies in Sri Lanka
None

Material Business Relationship with other Directors
None

MR. VENKATRAMANAN RADHAKRISHNAN
Non-Executive Director

Skills and Experience
Mr. Venkatramanan Radhakrishnan is an accomplished finance professional with over 25 years of international, multi-industry experience. He is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India. His extensive career spans across various industry verticals, showcasing his versatility and expertise.

Mr. Ramanan has been with Galadari Brothers 2011 and serves as the Group Chief Financial Officer. He oversees the Group Finance function responsible for Accounting and Reporting, Corporate Finance and Treasury, Strategic Financial Planning, Business Performance Management, Corporate Governance amongst others.
He is also a Cost Accountant and a Certified Information Systems Auditor with a track record of successfully delivering strategic projects and recognized for financial restructuring, fostering banking relationships, Fundraising, successful Mergers and Acquisitions and implementing Corporate Governance models.

Board Sub-Committee memberships
Audit Committee
Related Party Transactions Review Committee

Directorships in other Companies in Sri Lanka
None

Material Business Relationship with other Directors
None

DR JOHN ANTHONY SHIVAJI FELIX PC
Non-Executive - Independent Director (Resigned w.e.f 22nd January 2025)

Skills and Experience
Dr Shivaji Felix, President's Counsel, was awarded LL. B. (Honours) degrees by the University of Colombo and the University of London in 1994. He passed the final examination for the admission of Attorneys-at-Law with first class honours in 1995 and was admitted and enrolled as an Attorney -at-Law of the Supreme Court of Sri Lanka in 1996. In December 2023 he was appointed a President's Counsel by His Excellency the President of Sri Lanka. He is a Fellow of the Society for Advanced Legal Studies of the University of London. In 2000 he was awarded a Ph. D. degree by the University of London for his work on administrative law. He is a Fellow of the Chartered Institute Taxation of Sri Lanka (FCIT) (2009) and was previously an Associate of the Chartered Institute of Taxation of Sri Lanka (ATII)(2003). He was awarded a Diploma (cum laude) by the Institute of Federalism, University of Fribourg, Switzerland (2004). In 2005 University College London, appointed him an Honorary Research Fellow of the Faculty of Laws in recognition of his contribution to legal scholarship. He is a member of the Taxes Committee of the International Bar Association, a Fellow of the Royal Society of Arts (England) and a

Board of Directors Contd...

member of the Society of Legal Scholars (United Kingdom and Ireland).

Dr Felix has many locally and internationally refereed publications to his credit. He has also functioned as a consultant to the World Bank in its Country Financial Accountability Assessment Study for Sri Lanka (CFAA). He is a Council Member, Chartered Institute of Taxation of Sri Lanka and a Committee member of the Sri Lanka Branch of the International Fiscal Association. Dr Felix practices as President's Counsel of Sri Lanka with a focus on Public Law and Revenue Law. He has taught and functioned as an examiner at the Faculty of Law, University of Colombo. He is a Council Member of the University of Colombo.

Board Sub-Committee memberships

- Nominations and Governance Committee – Chairman from 30.09.2024 to 31.12.2024
- Remuneration Committee – Member till 29.09.2024 and Chairman from 30.09.2024 to 31.12.2024
- Audit Committee – Member till 31.12.2024
- Related Party Transactions Review Committee – Member till 31.12.2024

Directorships in other Companies in Sri Lanka

Director – Renuka Foods PLC (until September 2024)

Director - Renuka Holdings PLC (with effect from November 2024)

Director – Law and Society Trust

Material Business Relationship with other Directors
None

MR. LALITH RUKMAN DE SILVA
Non-Executive - Independent Director
(Resigned w.e.f 22.01.2025)

Skills and Experience
Mr. Lalith De Silva holds a special degree in economics and a post graduate diploma in Public Financial Management. He is a fellow member of the Institute of Public Finance and Development Accountancy.

He has held several senior positions in the public service, including the Director General of Treasury Operations in the Ministry of Finance, Deputy Secretary to the Treasury, Secretary Ministry of Trade, Marketing Development Cooperatives and Consumer Services.

He serves as the Consultant to the Public Accounts Committee of Sri Lanka Parliament and also act as the Chairman/Managing Director of the Riyohwel Lanka (Private) Limited

Board Sub-Committee memberships
Related Party Transactions Review Committee – Chairman till 31.12.2024

Audit Committee- Member till 08.10.2024 and Chairman from 09.10.2024 to 31.12.2024

Remuneration Committee – Member till 31.12.2024

Directorship in other Companies in Sri Lanka
Riyohwel Lanka (Private) Limited

Material Business Relationship with other Directors
None

Statement of Directors' Responsibilities

Directors' Responsibilities for the Preparation of Financial Statements

This Statement of Directors' Responsibilities is to be read in conjunction with the Auditors' Report and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors of the Company are required by the Companies Act No.07 of 2007 (as amended) to prepare Financial Statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of the Profit and Loss and of the Cash flows of the Company for the Financial Year.

The Directors confirm that, the Audited Financial Statements of the Company for the Year Ended 31st December, 2024 presented in the Report have been prepared in accordance with the Sri Lanka Accounting Standards, the Companies Act No.07 of 2007 (as amended) and the Listing Rules of the Colombo Stock Exchange. In preparing the Financial Statements, the Directors have selected the appropriate Accounting Policies and have applied them consistently. Reasonable and prudent judgments and estimates have been made and applicable Accounting Standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that, adequate funds and other resources are available within the Company, in order to continue operations for the foreseeable future.

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Directors have also taken all reasonable steps to ensure that, the Company maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that, they have discharged their responsibilities in this regard.

Compliance Report

The Directors confirm that, to the best of their knowledge, all taxes and levies payable by the Company and all contributions, levies and taxes payable on behalf of the employees of the Company, and all other known statutory obligations as at the Balance Sheet date have been paid or provided for in the Financial Statements.

By Order of the Board

CORPORATE CONSULTANCY SERVICES (PRIVATE) LIMITED

Secretaries

3rd June 2025
Colombo

Annual Report of the Board of Directors

Annual Report of the Board of Directors

The Directors have pleasure in presenting to the Shareholders the Annual Report of the Board of Directors for the year ended 31st December, 2024. This Report contains information required in terms of section 168 of the Companies Act No.07 of 2007 (as amended) and other necessary information required by the Listing Rules of Colombo Stock Exchange.

Principal Activities

The principal activity of the Company is hoteliering.

Changes to the nature of Business

There were no changes to the Principal Activities of the Company during the Financial year ended 31st December, 2024.

Financial Statements

The Financial Statements for the year ended 31st December, 2024 are set out on pages 35 to 64 in the Annual Report.

Auditors' Report

The Auditors' Report which is an integral part of the Financial Statements prepared for the Accounting period ended 31st December, 2024 is set out in pages 32 to 34 in the Annual Report.

Director's Responsibility for the Financial Statements

The Directors are responsible for preparing and presenting the Financial Statements, which are set-out on pages 35 to 64. The Financial Statements have been prepared in conformity with the Sri Lanka Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka, Companies Act No.07 of 2007 (as amended) and the Listing Rules of the Colombo Stock Exchange. The Directors are satisfied that, the Financial Statements, presented on pages 35 to 64 give a true and fair view of the state of affairs of the Company as well as the loss for the year then ended.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 40 to 47. The Directors consider that, in preparing these Financial Statements, suitable Accounting Policies have been used which are applied consistently and supported by reasonable and prudent judgment and that, all applicable Accounting Standards have been followed. The Financial Statements are prepared on a going concern basis.

Corporate Governance

A description of the Company's Corporate Governance practices is set out on pages 13 to 25.

Directorate

The Directors of the Company as at date are set out under "Corporate Information" on Page 2. The Directors of the Company who held office during the year are set out below together with the respective dates of change:

Mr. M A I Galadari - Chairman
Mr. I A I Galadari
Mr. S A I H Galadari
Mr. V Radhakrishnan
Mr. L R De Silva (resigned w.e.f. 22nd January 2025)
Dr. J A S Felix PC (resigned w.e.f 22nd January 2025)

Mr. M. A. I Galadari was appointed as an Alternate Director to Mr. S. A. I. H. Galadari for the sole purpose of attending the Board Meetings on 30th January 2024 and 30th September 2024. Further Mr. I. A. I. Galadari was appointed as an Alternate Director to Mr. S. A. I. H. Galadari for the sole purpose of attending the Board Meeting on 04th June 2024.

In terms of Article 93 of the Articles of Association of the Company Mr. D. T. Sujeewa H. Mudalige, Director, who was appointed by the Board of Directors effective from 01st January 2025, is recommended by the Board of Directors for re-election by the Members at the Annual General Meeting for the Year 2025.

In terms of Article 93 of the Articles of Association of the Company Mr. A. Rohan Dunuwille, Director, who was appointed by the Board of Directors effective from 01st January 2025, is recommended by the Board of Directors for re-election by the Members at the Annual General Meeting for the Year 2025 .

Board Subcommittees

The following are the Board Sub-Committees functioned during the financial year ended 31st December, 2024:

Audit Committee

Mr. V Radhakrishnan – Chairman till 08th October 2024 and a member from 09th October 2024

Mr. L R De Silva - Chairman from 09th October 2024 till 31st December 2024

Dr. J A S Felix PC - Member till 31st December 2024

Remuneration Committee

Mr. M A I Galadari – Chairman till 29th September 2024 and member from 30th September 2024

Dr. J A S Felix PC – Chairman form 30th September 2024 to 31st December 2024

Mr. L R De Silva - Member till 31st December 2024

Related Party Transactions Review Committee

Mr. L R De Silva – Chairman till 31st December 2024

Mr. V Radhakrishnan

Dr. J A S Felix PC - Member till 31st December 2024

Nominations and Governance Committee

Dr. J A S Felix PC – Chairman till 31st December 2024

Mr. L R De Silva - Member till 31st December 2024

Mr. V Radhakrishnan - Member till 31st December 2024

Annual Report of the Board of Directors Contd...

The Reports of the Audit, Remuneration, Related Party Transactions Review Committee and Nominations and Governance Committee, being the subcommittees are set out on pages 26 to 31, respectively. The composition of the Board and the sub-committees of the Company and their functions and responsibilities are set out in the Corporate Governance Report appearing on pages 13 to 25 of this Annual Report.

Interest Register

An Interest Register is required to be maintained in terms of Companies Act No.07 of 2007 (as amended), which came into effect on 03rd May, 2007. Directors' Interest in contracts or proposed contracts with the Company are disclosed in Note 31.1 to the Financial Statements for the period under review.

Directors' Fees and Emoluments

Directors' fees and emoluments in respect of the Company for the Financial year ended 31st December, 2024 are as follows.
Rs 1,790,000/- (2023 – Rs. 1,740,000/-)

Donations

There were no charitable contributions made in the Year 2024.

Property, Plant & Equipment

The details of the property, plant & equipment of the Company, additions during the year and the depreciation charges for the year are shown in Note 7 to the Financial Statements. The Directors consider the market value of the property, plant & equipment not to be significantly different to the amounts disclosed.

Stated Capital

There has been no change in the Stated Capital of the Company during the year under review. The Stated Capital of the Company as at 31st December 2024 was Rs.8,988,239,455/- consisting of 500,829,564 Ordinary Shares. The Shares of the Company are listed on the Colombo Stock Exchange.

Directors' Shareholding

The shares held by the Directors at the beginning and at the end of the financial year were as follows. The Articles of Association of the Company do not stipulate a share qualification for Directors:

	31.12.2024	31.12.2023
Mr. M A I Galadari – Chairman	9,810,017	9,810,017
Mr. I A I Galadari	9,810,017	9,810,017
Mr. S A I H Galadari	9,810,016	9,810,016
Mr. L R De Silva	-	-
Dr. J A S Felix PC	-	-
Mr. V Radhakrishnan	-	-

Shareholders

The total Shareholder base of the Company as at 31st December, 2024 was 10,645 (2023 – 10,699). The distribution of the shareholding and a list of the 20 major shareholders are given under Investor Information on page 65.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that, all statutory payments in relation to the Government had been made upto date.

Events after the Reporting Date

No circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the Financial Statements.

Auditors

The Financial Statements for the period under review have been audited by Messrs. KPMG, Chartered Accountants. Rs. 2,950,000/- (2023 – Rs. 2,950,000/-) has been paid as Audit Fee for the year ended 31st December, 2024.

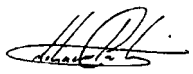
Auditors' Relationship with the Company

Messrs. KPMG, Chartered Accountants, did not provide other consultancy services to the company during the year under review.

Declaration by the Board

In accordance with Section 9.16 of the Listing Rules, the Board of Directors declares that it has conducted a review of the Company's internal controls, including financial, operational, and compliance controls, and risk management systems. The Board has obtained reasonable assurance from the management regarding their effectiveness and proper implementation. Furthermore, the Board confirms that it has taken appropriate measures to remain informed of applicable laws, regulations, and rules, with particular attention to changes in the Listing Rules and relevant capital market provisions.

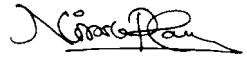
By Order Of the Board



Mr. M A I Galadari
Director



Mr. A. Rohan Dunuwille
Director



CORPORATE CONSULTANCY SERVICES (PRIVATE) LIMITED
Secretaries

3rd June 2025

Corporate Governance

The fundamental concern of Corporate Governance is to ensure that, the Company's Directors and Managers act in the best interest of the Company and its various Stakeholders. Whilst good Corporate Governance helps improve public understanding of the activities of the Company, it is also a powerful tool for protecting investors. Accordingly, timely and accurate disclosure of information regarding the financial stability, performance and ownership are important aspects of Corporate Governance.

The Company recognises that, controls and procedures play an integral part in maintaining high standards and that transparency, disclosure, financial controls and accountability are pillars of any good system of Corporate Governance.

Compliance Statement

Company places utmost importance on the regulatory requirements mainly on Listing Rules of Colombo Stocks Exchange (CSE), Companies Act No.7 of 2007 (as amended), Securities and Exchange Commission (SEC) rules and regulations, and Code of Best Practices for Corporate Governance issued by Institute of Chartered Accountants Sri Lanka.

We declare that the principles of good Corporate Governance are applied consistently and that the Statement confirming the extent of the Company's compliance with the Corporate Governance Rules issued by the Colombo Stock Exchange as required under Section 9.1.3 is provided in the Corporate Governance Annexure.

Board of Directors

The Board of Directors jointly oversees the activities of the Company and is responsible for the Management of the Company. The Company's Board of Directors consists of professionals in varied fields who collectively possess a wide area of knowledge and experience, and are thus eminently suitable to provide leadership and direction required. The Board of Directors of the Company as at the date of this Report comprises of six members who have satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules.

All the Directors other than the Directors nominated by the Foreign Investor retires by rotation at each Annual General Meeting and those eligible are recommended for re-election. The Board meets at least once a quarter and as and when the need arises to discuss any prevailing issues, appropriate action in achieving the results and to review the financial performance of the Company.

The Board has constituted four (04) Committees, namely, the Audit, Remuneration, Related Party Transactions Review and Nominations and Governance Committees.

A Statement of Directors' Responsibilities for the preparation of Financial Statements is set out on page 10 of this Annual Report.

Board Sub-Committees

The Board sub-committees scrutinize and analyse the areas under their purview and make recommendations to the Board on necessary improvements and modifications to the systems and processes of the Company.

As aforesaid, the Board has constituted an Audit Committee, a Remuneration Committee, a Related Party Transactions Review Committee and a Nominations and Governance Committee.

The composition of the Board as at the end of the period under review is set out in the table below, together with a record of the attendance of every Director

NAME OF THE DIRECTOR	CATEGORY	BOARD	
		Eligible to attend	Attended
Mr. M A I Galadari - Chairman	Non-Executive	04	04
Mr. S A I H Galadari	Non-Executive	04	03*
Mr. I A I Galadari	Non-Executive	04	04
Mr. V Radhakrishnan	Non-Executive	04	04
Mr. L R De Silva	Non-executive Independent (Resigned w.e.f 22.01.2025)	04	04
Dr. J A S Felix PC	Non-Executive Independent (Resigned w.e.f 22.01.2025)	04	04

*includes meetings attended by an Alternate Director

Corporate Governance Contd...

The composition of the Audit Committee as at the end of the period under review is set out in the table below, together with a Record of the attendance of every Committee Member.

NAME OF THE COMMITTEE MEMBER	CATEGORY	AUDIT COMMITTEE	
		Eligible to attend	Attended
Mr. L R De Silva - Chairman (Appointed w. e.f 9th October 2024)	Non-Executive Independent	04	04
Dr J A S Felix PC	Non-Executive Independent	04	04
Mr. V Radhakrishnan	Non-Executive	04	04

The composition of the Remuneration Committee as at the end of the period under review is set out in the table below, together with a record of the attendance of every Committee Member.

NAME OF THE COMMITTEE MEMBER	CATEGORY	REMUNERATION COMMITTEE	
		Eligible to attend	Attended
Dr. J A S Felix PC - Chairman (Appointed w.e.f. 30th September 2024)	Non-Executive Independent	04	04
Mr. L R De Silva	Non-Executive Independent	04	04
Mr. M A I Galadari	Non-Executive	04	04

The composition of the Related Party Transactions Review Committee as at the end of the period under review is set out in the table below, together with a record of the attendance of every Committee Member.

NAME OF THE COMMITTEE MEMBER	CATEGORY	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	
		Eligible to attend	Attended
Mr. L R De Silva - Chairman	Non-Executive Independent	04	04
Mr. V Radhakrishnan	Non-Executive	04	04
Dr. J A S Felix PC	Non-Executive Independent	04	04

The composition of the Nomination and Governance Committee as at the end of the period under review is set out in the table below, together with a record of the attendance of every Committee Member.

NAME OF THE COMMITTEE MEMBER	CATEGORY	NOMINATIONS AND GOVERNANCE COMMITTEE	
		Eligible to attend	Attended
Dr. J A S Felix - Chairman (Appointed w.e.f. 30th September 2024)	Non-Executive Independent	01	01
Mr. L R De Silva (Appointed w.e.f. 30th September 2024)	Non-Executive Independent	01	01
Mr. V Radhakrishnan (Appointed w.e.f. 30th September 2024)	Non-Executive	01	01

Corporate Governance Contd...

Company Secretaries

Corporate Consultancy Services (Private) Limited (formerly known as 'Central Corporate and Consultancy Services (Private) Limited') was appointed as the Company Secretaries of the Company with effect from 01st April 2023. The Company Secretaries provides Corporate Secretarial Services to the Company. The Company Secretaries play a key role in compliance matters by ensuring that, the Company complies with the requirements of the Companies Act, the Colombo Stock Exchange Listing Rules and the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka. The Secretaries also ensure that Board procedures are followed and information is provided to shareholders on a timely basis.

Compliance with Legal Requirements

All Directors have access to the advice and services of the Company Secretaries as well as to the Financial Information of the Company. The Directors make every endeavour to ensure that the Company Complies with Laws and Regulations.

CORPORATE GOVERNANCE ANNEXURE

STATEMENT OF COMPLIANCE

The Statement reflecting the Company's compliance in terms of the Corporate Governance Rules as required in terms of Section 9.1.3 of the Listing Rules issued by the Colombo Stock Exchange up to 31st December 2024, is provided below.

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.2	**Policies**		
9.2.1	Establish and maintain of policies	Complied	The Company has adopted the Policy framework which has been made available in the Company's website The following policies are included in the policy framework. - Policy on the Matters Relating to the Board of Directors - Policy on Board Committees - Policy on Corporate Governance, Nomination and Re-Election - Policy on Remuneration - Policy on Internal Code of Business and Ethics for All Directors and Employees Including Policies on Trading in the Company's Listed Securities - Policy on Risk Management and Internal Controls - Policy on Relations with Shareholders and Investors - Policy on Environmental, Social, Governance (ESG) Sustainability - Policy on Control and Management of Company Assets and Shareholder Investments - Policy on Corporate Disclosures - Policy on Whistleblowing - Policy on Anti-Bribery and Anti-Corruption

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.2.2	Any waivers from internal code of business to be disclosed	Not Applicable	
9.2.3	List of policies to be disclosed	Complied. Refer page 15	
9.2.4	Make copies of Policies available to shareholders upon written request	Complied. No request have been received as at the date.	
9.3	**Board Committees**		
9.3.1	Listed Entities shall ensure that the Board committees set out in Rule 9.3.1 are established and maintained at a minimum and are functioning effectively.	Complied	Company has formed the following sub-committees details of which are set out in pages 26 to 31 - Remuneration Committee - Audit Committee - Related Party Transactions Review Committee - Nominations and Governance Committee
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the Board committees as set out in the Rules.	Complied	Please refer to the pages below for the details regarding the composition, responsibilities and disclosures. i) Audit Committee Report- pages 26-27 ii) Remuneration Committee Report – pages 27-28 iii) Related Party Transaction Review Committee Report – pages 28-29 iv) Nominations and Governance Committee Report – pages 30-31
9.3.3	The Chaiman of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied	
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 information set out in Rule 9.4.1 relating to such resolutions being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC.	Complied	

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.4.2	Communication and relations with shareholders and investors (a) 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. (b) Disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied	The written policy on relations with the shareholders and the investors has been adopted by the Company and the same has been made available on the Company's website. All Shareholders have access to the information and advice of the Company Secretaries and major issues and concerns of shareholders (if any) are being notified to the Board at Board Meetings. The Company conducts shareholder meetings through virtual means in compliance with its Articles of Association and the Guidelines issued by the Exchange.
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors	Complied	Policy on matters relating to the Board of Directors has been adopted by the Company in compliance with Listing Rule 9.5.1 and the same has been made available on the Company's website.
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy governing matters relating to the Board of Directors	Complied	
9.6	**Chairperson and CEO**		
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual	Complied	
9.6.2	A Listed Entity which is not in compliance with Rule 9.6.1 above shall make a Market Announcement as stipulated in Rule 9.6.2.	Not Applicable	
9.6.3	The Requirement of a Senior Independent Director.	Not Applicable	

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.6.4	Rationale for appointing a Senior Independent Director.	Not Applicable	
9.7	**Fitness of Directors and CEOs**		
9.7.1	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	The company conducts Fit and Proper Assessment for all directors, and the General Manager as stipulated in section 9.7.3.
9.7.2	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of the Listing Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Complied	The Nominations and the Governance Committee obtains Fit and Proper declarations from those individuals before recommending their appointment to the Board and before recommending their re-election at the Annual General Meeting
9.7.4	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied	
9.7.5	Disclosures in the Annual Report	All directors and the General Manager satisfy the fit and proper assessment criteria	
9.8	**Board Composition**	**Complied**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied	Complied. Refer page 11
9.8.2	Minimum Number of Independent Directors: (a) 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. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Complied	Durind the period under consideration minimum number of independent directors was short of 1/3 of the total number of directors. The said non-compliance was rectified within 22 days from the date of the change

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.8.5	The Board of Directors of listed entities shall require (a) Require each Independent Director to annually submit a signed and dated declaration of their "independence" or "non-independence" using the specified criteria and format in Appendix 9A.	Complied	Each Independent Director has submitted a declaration of independence in the prescribed format.
	(b) Annually assess the "independence" or "non- independence" of each Independent Director based on their declaration and other available information, listing the names of "independent" Directors in the Annual Report.	Complied	During the period under review, the Board has determined that Mr. L R De Silva and Dr. J A S Felix PC be designated as Independent Non-Executive Directors, even though they have served on the Board of the Company for more than 9 years, since they are not directly involved in the day-to-day operations of the Company. Changes to the composition of independent directors was made effective from 01st January 2025.
	(c) If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination.	Not Applicable	Necessary actions will be taken to issue a Market Announcement, if the Board finds that the independence of an Independent Director is compromised.
9.9	**Alternate Directors**		
9.9	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 and such requirements shall also be incorporated into the Articles of Association of the Entity	Complied	
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. In the event such number is exceeded by a Director(s), the entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2.	The maximum number of directorships in Listed Entities that may be held by Directors is 05 and the same is specified in the policy on the matters relating to the Board of Directors.	

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement in compliance with Rule 9.10.2	Relevant market announcements are made when a new Director is appointed to the Board	
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors and Board Committees, with the details of changes including appointments, resignations and the capacity of directorship with the effective date thereof.	Relevant disclosures are made when changes in the composition of the Board or Board Committees take place.	
9.10.4	Listed Entities shall also disclose the details set out in Rule 9.10.4 in relation to the Directors in the Annual Report	Complied	Please refer pages 7 to 9 of this report for the profiles of the Board of Directors. Please refer to the page 13 for the number of Board meetings attended by the Board of Directors during the year. Please refer to the pages below for the details of attendance of Committee Meetings. (i) Audit Committee report – pages 26 to 27 (ii) Related Party Transactions Review Committee report – pages 28 to 29 (iii) Remuneration Committee report – pages 27-28 (iv) Nominations and Governance Committee report – pages 30-31
9.11	**Nominations and Governance Committee**		
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Listing Rule 9.11	Complied	Refer pages 30-31
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied	

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.11.4	(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 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. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	Complied	Refer pages 30 to 31
9.11.5	Functions of Nominations and Governance Committee	Complied	Please refer to the Nominations and Governance Committee Report in Pages in 30 to 31 of this report.
9.11.6	Disclosure in Annual Report	Complied	Please refer to the Nominations and Governance Committee Report in Pages in 30 to 31 of this report.
9.12	**Remuneration Committee**		
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules or 7.10.5(a) of the previous Rules, as applicable.	Complied	
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied	

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied	
9.12.6	(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 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 Remuneration Committee by the Board of Directors.	Complied	Refer pages 27 to 28
9.12.7	The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Complied	Please refer to the Remuneration Committee Report in Pages in 27 to 28 of this report.
9.12.8	The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	Complied	Please refer to the Audit Committee Report in Pages in 26 to 27 of this report.

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.13	**Audit Committee**		
9.13.1	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 the Rules	Complied	Refer pages 26 to 27
9.13.3	1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity. (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. (4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (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. (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	Please refer to the Audit Committee Report in Pages in 26 to 27 of this report.

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.13.4	Functions of the Audit Committee	Complied	Please refer to the Audit Committee Report in Pages in 26 to 27 of this report.
9.13.5	Disclosure in the Annual Report	Complied	Please refer to the Audit Committee Report in Pages in 26 to 27 of this report.
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	Please refer to the Related Party Transaction Review Committee Report in Pages in 28 to 29 of this report.
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Complied	Related Party Transactions Review Committee consists of three Non-Executive Directors two of whom are Independent. The Chairman is an Independent Director.
9.14.3	Listed Entities shall have a Related Party Transactions Review Committee which shall be responsible for reviewing the Related Party Transactions as set out in the Listing Rule 9.14.3	Complied	Please refer to the Related Party Transaction Review Committee Report in Pages in 28 to 29 of this report.
9.14.4	The Related Party Transactions Review Committee shall comply with the general requirements set out in Listing Rule 9.14.4.		
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	The committee complies with section 9.14.5 when reviewing the Related Party Transactions.
9.14.8	Disclosure in the Annual Report	Complied	Please refer to the Note 31 in Page 63 of this report

Corporate Governance Contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
9.16 Additional Disclosures	The following declarations by the Board of Directors to be included in the Annual Report: (i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested; (ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so; (iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Complied	Refer page 12

Report of the Audit Committee

Role of the Audit Committee

The Audit Committee assists the Board of Directors in discharging its responsibilities over the accounting and financial reporting process and audit of Financial Statements of the Company by monitoring:

- Reliability and integrity of the Financial Statements
- Adequacy and effectiveness of Risk Management and Internal Controls
- Independence and qualifications of the External Auditors
- Effectiveness and performance of Internal and External Audits
- Compliance with Statutory and Regulatory requirements

The Audit Committee further make recommendations to the Board pertaining to the appointment, re-appointment or removal of External Auditors and approve the remuneration of the External Auditors.

Composition of the Audit Committee

The Audit Committee comprises of three (03) Members, two of whom are independent Non-Executive Directors:

The current Committee is as follows.

Name Of The Committee Member	Category	Position
Mr. Sujeewa Mudalige	Non-Executive Independent	Chairman
Mr. Rohan Dunuwille	Non-Executive Independent	Committee Member
Mr.Venkatramanan Radhakrishnan	Non-Executive	Committee Member

The Chairman of the Audit Committee is a member of Institute of Chartered Accountants of Sri Lanka. The Company is in compliance with Listing Rule 9.13.3 relating to the composition of the Audit Committee.

Financial Reporting, Financial Control and Compliance

The Audit Committee reviewed the Company's quarterly and annual Financial Statements and made recommendations to the Board for approval .

The Audit Committee has obtained and reviewed assurances received from the Key Management Personnel that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Compliance

The Audit Committee has overseen the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and is of the opinion that the Company's financial reporting is in compliance with Sri Lanka Accounting Standards and other Regulatory requirements pertaining to financial reporting.

Risk Management and Internal Controls

The Audit Committee reviews the risk policies on an annual basis and oversees the processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. Further in reviewing and assessing the company's risk management process, it has looked at the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans. In this regard, the Committee has obtained and reviewed assurances from the Key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Internal Audit

The Audit Committee reviews the Internal Audit carried out by Messrs. Ernst & Young , Chartered Accountants, its effectiveness and independence, performance and objectivity of the Internal Auditors and ensures the follow up of the recommendations for corrective measures.

Following are the functions of the Audit Committee.

- Reviewed and approved the Annual Internal Audit Plan.
- Coordinate with Internal and External Auditors.
- Reviewed and discussed the periodic reports submitted by the Internal Auditors with management comments on financial and operational audits, IT Security, and risk assessments carried out in line with the approved audit plan.

External Audit

The Audit Committee also reviews the progress of the Audit carried out by the External Auditors, Messrs. KPMG, Chartered Accountants and resolves any audit related issues with the External Auditors.

The Audit Committee has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Ernst & Young, Chartered Accountants, served as the Company's External Auditors for a period of five years. At the Annual General Meeting held in 2024, KPMG, Chartered Accountants, were appointed as the new External Auditors. Accordingly, KPMG, Chartered Accountants, have been engaged for one year and the Audit Partner has been engaged for the first year.

Further as there were no shares held by the External Auditors, the confirmation received from the External Auditors and the non-provision of non-audit sevices, the Committee considers that KPMG, Chartered Accountants, are independent and are eligible for re-appointment as the External Auditors of the Company. Accordingly, the Committee has recommended to the Board, having

Report of the Audit Committee Contd...

considered their independence and performance, Messrs. KPMG, Chartered Accountants to be re-appointed as the External Auditors of the Company for the financial year ending 31st December 2025 subject to the approval by the share-holders at the forthcoming Annual General Meeting.

Meetings and reporting to the Board

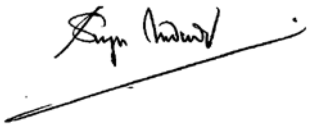
Four (04) Meetings of the Committee were held during the period under review and attendance of the Members at these Meetings is given on page 14 of the Annual Report. The General Manager and the Financial Controller of the Company attended the Audit Committee Meetings of the Company.

Members of the Audit Committee during the year ended 31st December 2024

Director	Category	Position
Mr. V Radhakrishnan	Non-Executive	- Chairman - till 08th October 2024 - Committee Member
Mr. L R De Silva	Non-Executive Independent	- Committee Member - Chairman from 09th October 2024 till 31st December 2024
Dr J A S Felix PC	Non-Executive Independent	- Committee Member till 31st December 2024

The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit Committee meetings are also tabled at the Board Meetings.

Based on the reports submitted by the External and Internal Auditors of the Company, and the discussions with the Management, the Audit Committee is of the view that the control environment of reasonable assurance that the financial position of the company is adequately monitored.



Mr. Sujeewa Mudalige
Chairman – Audit Committee

3rd June 2025

Report of the Remuneration Committee

The Remuneration Committee is committed to the principles of accountability and transparency and ensuring that remuneration arrangements align reward with performance.

Composition of the Remuneration Committee

The Remuneration Committee appointed by the Board comprised of three (03) Members two (02) of whom were Independent Non-Executive Directors.

The current Committee is as follows.

Name of the Committee Member	Category	Position
Mr. Rohan Dunuwille	Non-Executive Independent	Chairman
Mr. Sujeewa Mudalige	Non-Executive Independent	Committee Member
Mr. M A I Galadari	Non-Executive	Committee Member

The Company is in compliance with Rule 9.12.6 relating to the composition of the Remuneration Committee.

Responsibilities and functions of the Committee

The primary purpose of the Remuneration Committee is to review the performance of the Executive Directors, General Manager and the Senior Management and recommend appropriate remuneration benefits and other payments based on the Remuneration Policy of the Company.

Meetings and reporting to the Board

Four (04) Meetings of the Committee were held during the period under review and attendance of the Members at these Meetings is given on page 14 of the Annual Report.

Report of the Remuneration Committee contd...

Members of the Remuneration Committee during the year ended 31st December 2024

Name of the Committee Member	Category	Position
Mr. M A I Galadari	Non-Executive	- Chairman - till 29th September - Committee Member
Dr. J A S Felix PC	Non-Executive Independent	- Chairman - from 30th September 2024 till 31st December 2024 - Committee Member till 31st December 2024
Mr. L R De Silva	Non-Executive Independent	- Committee Member till 31st December 2024

The Chairman of the Remuneration Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Remuneration Committee meetings are also tabled at the Board Meetings.

Remuneration Policy

The Company follows a formal and transparent procedure to ascertain the remuneration package for the General Manager and the Senior Management of the Company. The Remuneration Policy has been formulated on market and industry factors to sufficiently motivate, attract and retain talented and useful resources.

The remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

The aggregate remuneration paid to Directors is set out in Note 31 to the Financial Statements.

The proceedings of the Committee are reported to the Board of Directors who will in turn make the final determination based on the recommendations of the Committee.



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Mr. Rohan Dunuwille
Chairman
Remuneration Committee

3rd June 2025

Report of the Related Party Transactions Review Committee

Objective

The objective of the Committee is to constitute and maintain a committee to review the categories of persons who are considered as "related parties" and to provide assistance to the Board in fulfilling its responsibility relating to review of all Related Party Transactions in compliance with the Listing Rules.

Accordingly, the Committee has reviewed the Related Party Transactions during the Financial Year and has communicated its comments/observations to the Board of Directors prior to the completion of the Transaction as per the rules laid down under Section 9 of the Listing Rules.

There had been no Related Party Transactions with the key management personnel except for the transactions stated in the Note No 31.1 to these Financial Statements. The other transactions with related parties are stated in Note 31.2 to these Financial Statements.

Composition of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee appointed by the Board comprised of three (03) Members, two of whom were Independent Non-Executive Directors.

Report of the Related Party Transactions Review Committee contd...

The current Committee is as follows.

Name of the Committee Member	Category	Position
Mr. Sujeewa Mudalige	Non-Executive Independent	Chairman
Mr. Rohan Dunuwille	Non-Executive Independent	Committee Member
Mr. Venkatramanan Radhakrishnan	Non-Executive	Committee Member

The Company is in compliance with Listing Rule 9.14.2 relating to the composition of the Related Party Transactions Review Committee.

Policies and Procedures

The Committee has procedure and process in place for the identification, clarification and reporting the Related Party Transactions across the Company's operations.

This includes;

- Evaluating any proposed Related Party Transactions quarterly,
- Reviewing any post quarter confirmations on Related Party Transactions
- Reviewing the threshold for Related Party Transactions, which require either Shareholders' approval or immediate market disclosures
- Reviewing criteria of Key Management personnel.
- Obtaining Board approval for Related Party Transactions, and,
- Regularly report to the Board on Committee's activities

There were no non-recurrent related party transactions where the aggregate value exceeds 10% of the equity or 5% of the total assets of the Company or recurrent related party transactions where the aggregate value exceeds 10% of the revenue of the Company during the year which required additional disclosures.

Members of the Related Party Transactions Review Committee during the period ended 31st December 2024

Name of the Committee Member	Category	Position
Mr. L R De Silva	Non-Executive Independent	- Chairman - till 31st December 2024 - Committee Member till 31st December 2024
Mr. V Radhakrishnan	Non-Executive	Committee Member
Dr J A S Felix PC	Non-Executive Independent	- Committee Member till 31st December 2024

The Committee has also obtained 'self-declarations' (prepared in line with the format set out in the Listing Rules) from each Director and Key Management Personnel of the Company, in order to identify parties related to them.

Based on these details disclosed by the Directors the Company has developed a system that enables the Company to retrieve data on Related Party Transactions throughout the Company's network.

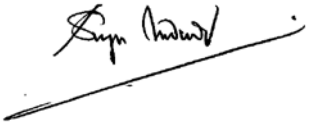
Where necessary, the Committee obtains appropriate professional and expert advice from appropriately qualified persons to better assess all aspects of proposed Related Party Transactions. The proceedings of the Committee are reported to the Board of Directors who will in turn make the final determination based on the recommendations of the Committee.

Meetings and reporting to the Board

Four (04) meetings of the Related Party Transactions Review Committee had been convened during the year under review, i.e. the Year Ended 31st December, 2024. The Related Party Transactions Review Committee meetings are properly documented and communicated to the Board of Directors.

Declaration by the Board

A declaration is made by the Board of Directors in terms of Section 9.14.8(4) of the Listing Rules confirming compliance by the Company of the Listing Rules relating to Related Party Transaction.



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Mr. Sujeewa Mudalige
Mr Chairman – Related Party Transactions Review Committee

3rd June 2025

Report of the Nominations & Governance Committee Report

Objective

The objective of the Committee is to manage the selection, appointment, re-election and evaluation of Directors at a Board, Board Committee and Key Management Personnel level including establishing and maintaining formal procedures for each of the said processes and periodically review and recommend the overall corporate governance framework for the Company and update the Policy Framework in line with regulatory and legal developments.

Composition of Nominations and Governance Committee

The Nominations and Governance Committee appointed by the Board comprised of three (03) Members two (02) of whom were Independent Non-Executive Directors.

The current Committee is as follows.

Name Of The Committee Member	Category	Position
Mr. Rohan Dunuwille w.e.f. 01st January 2025	Non-Executive Independent	Chairman
Mr. Sujeewa Mudalige w.e.f 01st January 2025	Non-Executive Independent	Committee Member
Mr. M A I Galadari w.e.f 01st January 2025	Non-Executive	Committee Member

The Company is in compliance with Rule 9.11.4 relating to the composition of the Remuneration Committee.

Responsibilities and functions of the Committee

The following functions were carried out by the Nominations and Governance Committee ensuring the effectiveness, accountability, and diversity of the Board of Directors through structured nomination and governance processes.

- The Company adopted a documented policy for nominating Directors to the Board.
- In accordance with the Articles, of Association all Directors except those nominated by the foreign investor, are required to retire and offer themselves for re-election at each Annual General Meeting. The Nominations and Governance Committee evaluates and recommends appointments and reappointments to the Board in line with the Listing Rules and the Company's Policy Framework.
- The Committee considers all information on Directors proposed for re-election, including their appointment history, current and past directorships, committee memberships, principal commitments, and any relationships with major shareholders or other Directors when recommending directors for re-election.
- The Committee considers Board diversity in terms of experience, skills and age to support effective Board performance. The current Board includes professionals from various disciplines including business, accountancy, and law, all with relevant qualifications and experience.
- During the period under review, the Company addressed a temporary non-compliance with the Listing Rules pertaining to the composition of the Audit Committee. Appropriate disclosures were made to the Colombo Stock Exchange, and prompt corrective actions were taken to rectify the matter. Except for this instance, the Committee confirms that the Company has fully complied with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange.
- The Committee confirms that all Independent Directors meet the prescribed independence criteria.
- The independent directors are informed of significant matters concerning the Company.
- The Committee confirms all directors and General Manager meet the prescribed fit and proper assessment criteria in terms of Rule 9.7.3.
- Induction programs are conducted for newly appointed Directors covering corporate governance, listing rules, and policy framework's requirements. In addition, the Company Secretary plays a pivotal role in facilitating ongoing updates for existing Directors, advising them on compliance obligations, corporate governance practices, and serving as a key point of contact for Non-Executive Directors and shareholders.
- The Committee periodically reviews the Company's Policy Framework and proposes changes (if any) to ensure alignment with evolving regulatory and legal requirements, while also ensuring that the framework remains well-suited to the Company's operations.

Re-election of Directors at the Annual General Meeting

Mr. Rohan Dunuwille and Mr. Sujeewa Mudalige, who are proposed to be re-elected by the shareholders at the upcoming Annual General Meeting, were appointed to the Board as Independent Non-Executive Directors with effect from 1st January 2025. Both currently serve on all four Board sub-committees.

Report of the Nominations & Governance Committee contd...

Mr. Rohan Dunuwille serves as the Chairman of the Nominations and Governance Committee and the Remuneration Committee, while Mr. Sujeewa Mudalige serves as the Chairperson of the Audit Committee and the Related Party Transactions Review Committee. Neither Director holds shares in the Company or has any close family relationships with other members of the Board.

Meetings and reporting to the Board

One (01) Meeting of the Committee was held during the period under review and attendance of the Members at the Meeting is given on page 14 of the Annual Report.

Members of the Nomination and Governance Committee during the year ended 31st December 2024

Name Of The Committee Member	Category	Position
Dr. J A S Felix PC	Non-Executive Independent	- Chairman - from 30th September 2024 till 31st December 2024
Mr. L R De Silva	Non-Executive Independent	- Committee Member from 30th September 2024 till 31st December 2024
Mr. Venkatramanan Radhakrishnan	Non-Executive	- Committee Member from 30th September 2024 till 31st December 2024

The Chairman of the Nominations and Governance Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Nominations and Governance Committee meetings are also tabled at the Board Meetings.



.....

Mr. Rohan Dunuwille
Chairman – Nominations and Governance Committee

3rd June 2025

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF GALADARI HOTELS (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Galadari Hotels (Lanka) PLC ("the Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA, Ms. S. Joseph FCA, R.M.D.B. Rajapakse FCA, M.N.M. Shameel FCA, Ms. P.M.K. Sumanasekara FCA, T.J.S. Rajakarier FCA, W.K.D.C. Abeyrathne FCA, Ms. B.K.D.T.N. Rodrigo FCA, Ms. C.T.K.N. Perera ACA, R.W.M.O.W.D.B. Rathnadiwakara FCA, W.W.J.C. Perera FCA, G.A.U. Karunaratne FCA, R.H. Rajan FCA, A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R Ziyard FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D Corea Dharmaratne

Independent Auditor's Report Contd...

Risk Description	Our Response
Assessment of fair value of buildings (Refer to Note 07 to the Financial Statements) As at 31st December 2024, the Company's Buildings stated at fair value, classified as Property, Plant and Equipment amounted to Rs. 3.68 Bn. The Company has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these buildings in accordance with recognised industry standards. We identified this as a key audit matter because of the significance of the value of these properties to the Financial Statements and significant judgement/estimation involves in the valuation.	Our audit procedures included, • Assessing the objectivity, independence, competence, and qualifications of the external valuer engaged by the management. • Engaging our own internal experts where applicable to assess the reasonability of the valuation technique, per square-feet value, assumptions and methods used in the valuation by comparing the same with evidence of current market values. • Assessing the adequacy of disclosures made in relation to the revaluation of Building in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

Other Matter

The financial statements of Galadari Hotels (Lanka) PLC for the year ended 31st December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 4th June 2024.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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 will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report Contd...

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.



Chartered Accountants
Colombo, Sri Lanka

June 03, 2025

Statement of Financial Position

As at 31st December	Note	2024 Rs.	2023 Rs.
Assets			
Non Current Assets			
Property plant & equipment	7	**8,226,866,669**	6,706,655,378
Right of use asset	8	**1,292,857,153**	1,316,363,645
Intangible assets	9	**28,994,074**	34,390,855
Total Non Current Assets		**9,548,717,896**	8,057,409,878
Current Assets			
Inventories	10	**50,749,265**	82,830,996
Trade and other receivables	11	**110,088,649**	188,553,646
Advances to renovation suppliers	12	**1,278,790,477**	-
Income tax and VAT receivable	13	**218,640,517**	65,256,847
Investments	14	**1,611,868,682**	2,804,442,455
Cash and cash equivalents	15	**1,577,201,251**	266,780,832
Total Current Assets		**4,847,338,841**	3,407,864,776
Total Assets		**14,396,056,737**	11,465,274,654
Equity			
Stated capital	16	**8,988,239,455**	8,988,239,455
Revaluation reserve	17	**6,901,141,937**	8,165,259,991
Reserve for replacement of furniture, fittings and equipment	18	**998,355,150**	934,390,805
Accumulated losses		**(9,636,594,615)**	(9,426,747,032)
Total equity		**7,251,141,927**	8,661,143,219
Non Current Liabilities			
Interest bearing borrowings	19	**2,163,387,361**	-
Deferred tax liabilities	20	**989,906,528**	1,663,012,498
Retirement benefit obligations	21	**120,985,971**	87,683,866
Total Non Current Liabilities		**3,274,279,860**	1,750,696,364
Current Liabilities			
Trade and other payables	22	**290,831,549**	496,339,451
Provisions	23	**307,948,148**	275,382,791
Related party payable	31	**482,487,426**	281,712,829
Payable to renovation suppliers	32	**2,777,843,158**	-
Term loan interest payable		**11,524,669**	-
Total Current Liabilities		**3,870,634,950**	1,053,435,071
Total Liabilities		**7,144,914,810**	2,804,131,435
Total Equity & Liabilities		**14,396,056,737**	11,465,274,654

Notes from the pages 40 to 64 form an integral part of these Financial Statements.
These Financial Statements are in compliance with the requirement of the Companies Act No.07 of 2007.

M. G. U. Perera
Financial Controller

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 of Directors.

Sujeewa Mudalige
Director

Rohan Dunuwille
Director

03rd June 2025

Statement of Profit or Loss

For the year ended 31st December,	Note	2024 Rs.	2023 Rs.
Revenue	**24**	**1,060,709,448**	1,606,029,441
Cost of sales		**(665,065,143)**	(862,173,517)
Gross profit		**395,644,305**	743,855,924
Other income	**25**	**82,078,340**	5,525,634
Marketing expenses		**(9,594,230)**	(18,815,045)
Administrative expenses		**(531,461,273)**	(490,093,524)
Other operating expenses		**(425,723,024)**	(501,645,800)
Results from operating activities	**26**	**(489,055,882)**	(261,172,811)
Finance income	**27**	**239,151,377**	553,639,767
(Loss) / Profit before tax		**(249,904,505)**	292,466,956
Income tax reversal / (expense)	**28**	**123,145,142**	(138,778,265)
(Loss) / Profit for the year		**(126,759,363)**	153,688,691
Basic (Loss) / Profit Per Share	**29**	**(0.25)**	0.31

Figures in brackets indicate deductions.

Notes from the pages 40 to 64 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31st December,	Note	2024 Rs.	2023 Rs.
(Loss) / Profit for the year		**(126,759,363)**	153,688,691
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation (loss) / gain	**7.1**	**(1,805,882,935)**	519,846,143
Re measurements of retirement benefit obligation	**21**	**(27,319,822)**	(2,596,977)
Impact on deferred tax	**20**	**549,960,828**	(113,059,352)
Total other comprehensive income for the year, net of tax		**(1,283,241,929)**	404,189,814
Total comprehensive income for the year		**(1,410,001,292)**	557,878,505

Figures in brackets indicate deductions.

Notes from the pages 40 to 64 form an integral part of these Financial Statements.

Statement of Changes in Equity

	Note	Stated Capital	Revaluation Reserve	Reserve for Replacement of FF & E*	Accumulated Losses	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2023		**8,988,239,455**	**7,759,252,293**	**826,131,063**	**(9,470,358,097)**	**8,103,264,714**
Total comprehensive income for the year						
Profit for the year		-	-	-	153,688,691	153,688,691
Other comprehensive income						
Revaluation gain of Property, Plant & Equipment	**17**	-	519,846,143	-	-	519,846,143
Deferred tax on revaluation gain / gratuity actuarial valuation loss	**20.3**	-	(113,838,445)	-	779,093	(113,059,352)
Net actuarial loss from gratuity acturial valuation	**21**	-	-	-	(2,596,977)	(2,596,977)
Total comprehensive income for the year		**-**	**406,007,698**	**-**	**151,870,807**	**557,878,505**
Transactions with owners of the company, recognized directly in equity						
Provision for Reserve of replacement of furniture, fittings and equipment	**18**	-	-	108,259,742	(108,259,742)	-
Replacement of furniture, fittings and equipment during the year	**18**	-	-	-	-	-
Total transactions with owners of the company		**-**	**-**	**108,259,742**	**(108,259,742)**	**-**
Balance as at 31st December 2023		**8,988,239,455**	**8,165,259,991**	**934,390,805**	**(9,426,747,032)**	**8,661,143,219**
Balance as at 1st January 2024		**8,988,239,455**	**8,165,259,991**	**934,390,805**	**(9,426,747,032)**	**8,661,143,219**
Total comprehensive income for the year						
Loss for the year		-	-	-	(126,759,363)	(126,759,363)
Other Comprehensive income						
Revaluation loss of Property, Plant & Equipment	**17**	-	(1,805,882,935)	-	-	(1,805,882,935)
Deferred tax on revaluation loss / gratuity actuarial valuation loss	**20.3**	-	541,764,881	-	8,195,947	549,960,828
Net actuarial loss from gratuity acturial valuation	**21**	-	-	-	(27,319,822)	(27,319,822)
Total comprehensive income for the year		**-**	**(1,264,118,054)**	**-**	**(145,883,238)**	**(1,410,001,292)**
Transactions with owners of the company, recognized directly in equity						
Provision for Reserve of replacement of furniture, fittings and equipment	**18**	-	-	63,964,345	(63,964,345)	-
Replacement of furniture, fittings and equipment during the year	**18**	-	-	-	-	-
Total transactions with owners of the company		**-**	**-**	**63,964,345**	**(63,964,345)**	**-**
Balance as at 31st December 2024		**8,988,239,455**	**6,901,141,937**	**998,355,150**	**(9,636,594,615)**	**7,251,141,927**

Figures in brackets indicate deductions.

Notes from the pages 40 to 64 form an integral part of these Financial Statements.

* FF & E - Furniture, Fittings and Equipment

Statement of Cash Flows

For the year ended 31st December,	Note	2024 Rs.	2023 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before tax		**(249,904,505)**	292,466,956
Adjustments for			
Allowance of impairment for bad and doubtful receivables	**11.1**	**(30,000)**	(1,017,896)
Provision reversal for impairment of slow moving inventories	**10**	**-**	(3,293)
Depreciation and amortization	**7 & 8 & 9**	**252,021,013**	244,759,680
Furniture and fittings write off	**7.9**	**1,939,837**	-
Provision for retirement benefit obligations	**21**	**18,840,808**	20,139,199
Interest for provision for litigation settlement	**23**	**32,565,357**	-
Unrealised exchange loss		**(22,792,826)**	(23,156,998)
Profit on disposal of old furniture	**25**	**(68,456,730)**	-
Interest Income	**27**	**(236,173,296)**	(536,138,580)
Operating profit before working capital changes		**(271,990,342)**	(2,950,932)
Decrease / (Increase) in inventories		**32,081,732**	(8,355,019)
Decrease / (Increase) in trade & other receivables		**78,494,997**	(79,455,900)
Increase in advances to renovation suppliers		**(1,278,790,477)**	-
Increase in Income tax and VAT recoverable		**(153,383,670)**	-
Increase / (decrease) in trade & other payables		**(193,983,248)**	49,392,522
Increase in payable to renovation suppliers		**2,777,843,158**	-
Increase in related party payables		**231,418,086**	89,452,888
Total working capital changes		**1,493,680,578**	51,034,491
Cash generated from operations		**1,221,690,236**	48,083,559
Retirement benefits paid	**21**	**(12,858,525)**	(10,947,601)
Income tax paid	**13**	**-**	(72,484,846)
Net Cash flows generated from /(used in) operating activities		**1,208,831,711**	(35,348,888)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	**7**	**(3,551,151,787)**	(534,447,852)
Proceeds from sale of old furniture	**25**	**68,456,730**	-
Interest received	**27**	**236,173,296**	536,138,580
Interest reinvested in Fixed deposits and repos	**14**	**(218,784,774)**	(493,276,434)
New investment in Fixed deposits and repos	**14**	**(250,000,000)**	(2,608,021,953)
Withdrawal of Fixed deposits and repos	**14**	**1,661,358,546**	3,295,582,805
Net Cash flows (used in) / generated from Investing Activities		**(2,053,947,989)**	195,975,146
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan receipts	**19**	**2,155,536,697**	-
Net Cash flows generated from Financing Activities		**2,155,536,697**	-
Net change in cash & cash equivalents		**1,310,420,419**	160,626,258
Cash and cash equivalents at the beginning of the year		**266,780,832**	106,154,574
Cash and cash equivalents at the end of the year (Note A)		**1,577,201,251**	266,780,832
Note A			
Cash in hand		**1,415,000**	1,805,000
Cash at bank		**1,575,786,251**	264,975,832
		1,577,201,251	266,780,832

Figures in brackets indicate deductions.

Notes from the pages 40 to 64 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31st December 2024

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Galadari Hotels (Lanka) PLC, is a company with limited liability incorporated & domiciled in Sri Lanka. The address of the Company's registered office is No.48, Rosmead Place, Colombo 07 and the principal place of business is situated at No. 64, Lotus Road, Colombo 01.

1.2. Principal Activities and Nature of Operations

The principle activity of the Company is hoteliering.

1.3 Principal and Ultimate Parent

The parent company is Galadari Brothers Co. (LLC) and the ultimate parent company is Abdul Latif Galadari Holdings Limited.

1.4 Number of Employees

Number of employees as at 31st December 2024 was 286. (2023 - 530)

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka.

2.2. Statement of Presentation

The Financial Statements and comply with the requirements of the Companies Act No 7 of 2007 and the listing rules of the Colombo Stock Exchange.

The Financial Statements were authorized for issue by the Board of Directors on 3rd June 2025.

2.3. Basis of Measurement

The Financial Statements have been prepared on a historical cost basis except for:

- Property Plant and Equipment excluding cutlery, crockery, linen and capital work in progress.
- The liability for Defined Benefit Obligations are actuarially valued and recognized at the present value.

2.4. Going Concern

These Financial Statements are prepared on a going concern basis as the Board of Directors has assessed and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast signification doubt upon the Company's ability to continue as a going concern. Therefore, these Financial Statements continue to be prepared on the going concern basis.

2.5. Changes in accounting policies

The accounting policies adopted by the Company are consistent with those of the previous financial year

2.6. Functional & Presentation Currency

The Financial Statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional currency. All the financial " information presented in Sri Lanka Rupees have been rounded to the nearest rupee, except when otherwise indicated.

2.7. Use of Estimates & Judgements

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (LKAS/SLFRS) requires management to make judgements, 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. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements is included in the following notes.

- Impairment of Financial Assets	(Note 3.2.c)
- Revaluation	(Note 3.4.5)
- Employee Benefits	(Note 3.11)
- Current Taxation	(Note 4.4.a)
- Deferred Taxation	(Note 4.4.c)

2.8. 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.

3. MATERIAL ACCOUNTING POLICIES

The Accounting policies set out below have been consistently applied to all periods presented in these Financial Statements. The changes to accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in Income Statement.

3.2. Financial Instruments

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

Financial Assets

a) Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial asset at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

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

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

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

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

Financial assets at amortised cost (Debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes cash and short-term deposits, trade and other receivables and other financial assets.

b) Derecognition

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

- The rights to receive cash flows from the asset have expired; Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

c) Impairment of Financial Assets

- **Trade receivables**

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

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent Measurement

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

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method.

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

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

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

Derecognition

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

Fair Value Measurement

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

- In the principal market for the asset or liability,

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible by the Company.

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

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

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

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

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

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

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

3.3. Non-Financial Assets

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

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.
An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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

3.4. Property, Plant and Equipment

3.4.1 Basis of Recognition

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

3.4.2 Initial and Subsequent Measurement

An item of Property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Subsequently items of property, plant and equipment are stated at revalued amount (except for Cutlery, Crockery & Linen and Capital work in progress) less accumulated depreciation and accumulated impairment losses if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed asset includes the cost of materials and direct labor, the initial estimate, when relevant of the cost of the dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of overheads.

The cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.
When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment.

3.4.3 Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing a part of an item of Property, Plant & 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 Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in Income statement.

3.4.4 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part isderecognised. Major inspection costs are capitalised. At each such capitalization, the remaining carrying amount of the previous cost is derecognised.

3.4.5 Revaluation

The Company's property, plant & equipment except for Cutlery, and Crockery & Linen were revalued once in every 5 years and building is revalued every year. As a result of revaluation if the carrying amount is increased, the increased amount is credited to equity under the heading of Revaluation Reserve on Revaluation of Property, Plant & Equipment. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

to that asset, in which case it is charged against any related revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

The Building is reflected at fair value by reference to specific factors such as nature, location, condition and age of the building, with the assistance of an independent professional valuer. Valuation of building is performed annualy to ensure that the fair value of the revalued building does not differ materially from its carrying amount, and of recent years such valuations were carried out annually. To determine the appropriate valuation technique, the valuer has determined using his judgement that the depreciated replacement cost method to be most appropriate given the current status and use of the building.

3.4.6 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

Assets Category	Estimated Usefullives
Buildings	2 to 37 Years
Electrical installations	20 Years
Furniture, fixtures & fittings	2 to 20 Years
Furnishing	4 Years
Kitchen equipment &utensils	20 Years
Generator	20 Years
Plant & machinery	20 Years
Air conditioning equipment	20 Years
Laundry equipment	20 Years
Computers	4 Years
Elevators	2 to 20 Years
Electrical equipment	5 Years
Motor vehicles	4 Years
Cutlery, crockery & linen	2 Years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal Company that is classified as held for sale) and the date that the asset is derecognized. Depreciation does not cease when the assets become idle or is retired from active use unless the asset is fully depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.5 Intangible Assets

The Company's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:
Computer software 08 years

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses on disposal of an item of intangible asset are determined by comparing the proceeds from disposal (net of any directly attributable expenses) with the carrying amount and are recognised on net basis in the Statement of Profit or Loss.

3.6 Inventories

Inventories are valued at the lower of cost and net realizable value, after making allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae
Food and Beverage - At weighted average cost

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

Other Consumables - At weighted average cost

Engineering Supplies - At weighted average cost

Fuel Stock - At actual cost on FIFO basis

3.7 Stated Capital

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

3.8 Liabilities and Provisions

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.9 Lease liability and Right-of-use Assets

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured initially at cost, less any accumulated depreciation and impairment losses, and subsequently at revalued amount. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

3.10 Borrowing costs

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

3.10.1 Provisions

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

3.11 Employee Benefits

a) Defined Benefit Plan - Gratuity

The Company measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary each year using the Projected Unit Credit method. Service cost and interest cos are recognised in full in the period in which they occur in profit or loss. Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income.

This item is stated under Retirement Benefit Obligations in the Statement of Financial Position. The gratuity liability is not externally funded. The Company is liable to pay gratuity in terms of the Gratuity Act No.12 of 1983.

b) Defined Contribution Plans- Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 15% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

c) Short-term benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or leave encashment plans 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.

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

4 INCOME STATEMENT

4.1 Revenue Recognition

4.1.1 Revenue from contracts with Customers

SLFRS 15 "Revenue from Contracts with Customers" outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found across several Standards and Interpretations within SLFRS. It establishes a new five-step model that will apply to revenue arising from contracts with customers.

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2: Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer that is distinct.

Step 3: Determine the transaction price: Transaction price is the amount of consideration to which the entity expects to be entitled to in exchange for transferring the promised goods and services to a customer, excluding amounts collected from third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Accordingly, the revenue from contract with customers of the Company are accounted as follows.

a) Room Revenue

Revenue is recognized on the rooms occupied on daily basis and after completing all other obligation related to the Room.

b) Food & Beverage Revenue

Food & Beverage Revenue is accounted at the time of sale.

c) Other Hotel Related Revenue

Other Hotel Related Revenue is accounted when such service is rendered.

4.1.2 Other income sources

Other income is recognised on an accrual basis.

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

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

4.2. Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of statement of profit or loss, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

The profit incurred by the Company before taxation as shown in the statement of profit or loss is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

4.3. Finance Income & Finance Cost

Finance income comprises interest income on funds invested (Amotized cost financial assets). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.4. Income Tax Expenses

Income tax expenses comprises current and deferred tax. An income tax expense is recognized directly in income statements except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

a. Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Companies which undertake promotion of tourism in Sri Lanka are liable to tax at the rate of 30% of taxable income.

b. Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

is recognised as a part of the cost of the asset or as a part of the expense items as applicable and receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c. Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

4.5. Basic Earnings Per Share

The Financial Statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

5. STATEMENT OF CASH FLOWS

5.1. Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The statement of cash flows has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of statement of cash flows.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2024 and earlier application is permitted. However, the Company has not early adopted the new and amended standards in preparing these Financial Statements.

(a) SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 Climate-related Disclosures.

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

(b) SLFRS S2 Climate - related Disclosures is to requires an entity to disclose information about its climate- related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

Notes to the Financial Statements Contd...

For the year ended 31st December 2024

7. PROPERTY, PLANT & EQUIPMENT

7.1 Reconciliation of Carrying Value

	Building	Electrical installations	Furniture, fixtures & fittings	Kitchen equipment & utensils	Generator	Plant & machinery	Air conditioning equipment
Cost/ Revalued amounts							
Balance as at 01/01/2024	5,662,191,000	24,750,000	15,551,511	27,354,959	17,570,000	45,479,432	5,159,605
Additions	-	-	-	-	-	-	-
Disposals during the year	-	-	(15,551,511)	-	-	-	-
Transferred to intangible assets	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-
Revaluation (loss) / gain	(1,805,882,935)	-	-	-	-	-	-
Depreciation adjustment on revaluation	(176,147,990)	-	-	-	-	-	-
Balance as at 31/12/2024	**3,680,160,075**	**24,750,000**	**-**	**27,354,959**	**17,570,000**	**45,479,432**	**5,159,605**
Depreciation							
Balance as at 01/01/2024	-	-	6,805,845	2,044,890	898,948	3,511,626	670,034
Charge for the year	176,147,990	-	6,805,845	2,044,890	898,948	3,511,626	670,034
Adjustments	-	-	-	-	-	-	
On disposals	-	-	(13,611,690)	-	-	-	-
Depreciation adjustment on revaluation	(176,147,990)	-	-	-	-	-	-
Balance as at 31/12/2024	**-**	**-**	**-**	**4,089,780**	**1,797,896**	**7,023,252**	**1,340,068**
Net Book Value as at 31/12/2024	**3,680,160,075**	**24,750,000**	**-**	**23,265,179**	**15,772,104**	**38,456,180**	**3,819,537**
Net Book Value as at 31/12/2023	5,662,191,000	24,750,000	8,745,666	25,310,069	16,671,052	41,967,806	4,489,571

7.2 Hotel building situated at No. 64, Lotus Road, Colombo 1, was revalued on 31st December 2024 by independent, qualified valuer, Jones Lang LaSalle Property Consultants Private Limited, which resulted in a revaluation loss of Rs. 1,805,882,935/- and this was transferred to revaluation reserve through Other Comprehensive Income. The reason for such loss is the ongoing renovation of the hotel building. As at the balance sheet date due to construction activities, existing parts of the building were demolished to facilitate the renovation project. The revaluation loss reflects values assigned to such demolished parts of the building.

The Company policy is to revalue its building every year. Other property, plant and equipment except for cutlery and crockery, linen and capital work in progress were revalued on 31st December 2022 by P. B. Kalugalagedera and were incorporated in the Financial Statements as at that date. All assets were valued based on cost approach considering Depreciated replacement cost.

7.3 The carrying amount of revalued assets that would have been included in the Financial Statements, had the assets been carried at historical cost less depreciation, is as follows;

Year	Building	Electrical installation	Furniture, fixtures & fittings	Kitchen equipment & utensils	Generator	Plant & machinery
2024	719,310,323	-	-	22,083,919	415,868	26,255,754
2023	740,466,509	-	49,582,446	24,246,743	458,311	29,026,371

Notes to the Financial Statements Contd...

Laundry equipment	Computers	Elevators	Electrical equipment	Cutlery, crockery and linen	Capital Work in Progress	Total 2024	Total 2023
17,228,375	60,332,146	3,794,300	46,270,361	72,846,532	822,764,827	6,821,293,048	5,960,164,204
-	-	-	741,100	636,710	3,549,773,977	3,551,151,787	534,447,852
-	-	-	-	(4,504,494)	-	(20,056,005)	(15,669,262)
-	-	-	-	-	-	-	(15,955,046)
-	-	-	-	10,509,226	-	10,509,226	-
-	-	-	-	-	-	(1,805,882,935)	519,846,143
-	-	-	-	-	-	(176,147,990)	(161,540,843)
17,228,375	**60,332,146**	**3,794,300**	**47,011,461**	**79,487,974**	**4,372,538,804**	**8,380,867,131**	**6,821,293,048**
2,054,962	17,282,519	1,897,150	9,032,315	70,439,381	-	114,637,670	75,865,039
2,054,962	17,120,670	1,897,150	9,240,076	2,725,549	-	223,117,740	215,982,736
-	-	-	-	10,509,226	-	10,509,226	-
-	-	-	-	(4,504,494)	-	(18,116,184)	(15,669,262)
-	-	-	-	-	-	(176,147,990)	(161,540,843)
4,109,924	**34,403,189**	**3,794,300**	**18,272,391**	**79,169,662**	**-**	**154,000,462**	**114,637,670**
13,118,451	**25,928,957**	**-**	**28,739,070**	**318,312**	**4,372,538,804**	**8,226,866,669**	**-**
15,173,413	43,049,627	1,897,150	37,238,046	2,407,151	822,764,827	-	6,706,655,378

Air conditioning equipment	Laundry equipment	Computers	Elevators	Electrical equipment	Cutlery, crockery and linen	Total
6,731,768	9,597,063	7,345,499	385,274	1,802,941	318,311	794,246,720
8,372,718	11,469,350	14,708,999	412,794	2,626,380	2,407,150	883,777,771

Notes to the Financial Statements contd...

7.4 Fully depreciated property, plant & equipment as at the reporting date is Rs.1,165,969,879/- (2023 - Rs. 1,144,090,736/-)

7.5 Assets pledged as Securities

The Company has mortgaged its leasehold interest over hotel property under Galadari Hotels (Lanka) PLC situated at No 64, Lotus road, Colombo 1, to Mashreq bank, Dubai for a term loan facility of USD 20 million.

7.6 Fair Value Measurement

(a) Fair Value Hierarchy

The fair value of the building was determined by external independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

Fair value measurement of the building has been categoriesd as a Level 3 fair value based on the inputs to the valuation techniques used.

Fair value measurements of the other property, plant and equipment except for cutlery and crockery, linen and capital work in progress has been categoriesd as a Level 3 fair value based on the inputs to the valuation techniques used as at 31st December 2022.

(b) Valuation Techniques and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring fair value of the Building and quantitative information, as well as the significant unobservable inputs used in the valuation as at 31 December 2024.

Valuation Technique	Significant unobservable inputs	Estimates for unobservable inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurement
Depreciated replacement cost method	Estimated constructed cost per square foot	Rs. 22,276/- per square foot	Positively correlated sensitivity

7.7 Disposals during the year.

During the year the Company disposed Rs. 20,056,005/- (2023 - 15,669,262/-) worth of assets which were fully depreciated.

7.8 During the year the Company has capitalised Rs. 11,524,669/- as borrowing costs. (2023 – nil)

7.9 Since all the rooms in the hotel were demolished for the renovation, furniture and fittings in the rooms also were disposed. As at the reporting date, the balance of the furniture and fittings was nil.

7.10 Capital work in progress

The Company started renovating its building in February 2024. During the year, addition to capital work in progress is Rs. 3,549,773,977/- which related to renovation project.

Notes to the Financial Statements contd...

As at 31st December,	2024	2023
	Rs.	Rs.
8. RIGHT OF USE ASSETS		
8.1 Reconciliation of Carrying Value		
Balance as at 1st January	**2,118,078,571**	2,118,078,571
Balance as at 31st December	**2,118,078,571**	2,118,078,571
Accumulated Amortization		
Balance as at 1st January	**(801,714,926)**	(778,208,434)
Charge for the year	**(23,506,492)**	(23,506,492)
Balance as at 31st December	**(825,221,418)**	(801,714,926)
Net Balance as at 31st December	**1,292,857,153**	1,316,363,645

8.2 The leashold property is amortized on a straight line basis over 99 years. Remaining lease period as at 31st December 2024 was 55 years. The extent of the land is 3 Acres 1 Rood and 37.422 Perches. There is a renewable option in the lease agreement at the end of 99 years.

8.3 The Company does not foresee any indications of impairment of right-of-use asset as at the reporting date.

9. INTANGIBLE ASSETS		
Cost		
Balance as at 1st January	**42,075,593**	26,120,547
Additions	**-**	-
Transferred from CWIP	**-**	15,955,046
Balance as at 31st December	**42,075,593**	42,075,593
Amortisation		
Balance as at 1st January	**7,684,738**	2,414,286
Charge for the year	**5,396,781**	5,270,452
Balance as at 31st December	**13,081,519**	7,684,738
Net Book Value as at 31st December	**28,994,074**	34,390,855

The intangible assets includes the value of computer software used in the operations of the hotel.

10. INVENTORIES		
Food and beverage	**17,559,957**	36,151,517
Other consumables	**8,510,908**	14,471,170
Engineering supplies	**10,893,897**	15,414,236
Fuel inventories	**13,838,482**	16,848,052
	50,803,244	82,884,975
Less: Impairment provision for slow moving inventories **(Note 10.1)**	**(53,979)**	(53,979)
	50,749,265	82,830,996
10.1 Impairment provision for slow moving inventories		
As at 1st January	**53,979**	57,272
Reversal during the year	**-**	(3,293)
As at 31st December	**53,979**	53,979

Notes to the Financial Statements contd...

As at 31st December,	2024	2023
	Rs.	Rs.
11. TRADE AND OTHER RECEIVABLES		
Trade receivables	**31,204,831**	114,738,300
Less: Allowance for impairment of doubtful receivables **(Note 11.1)**	**(11,947,402)**	(11,977,402)
	19,257,429	102,760,898
Deposits, advances and other receivables	**69,376,083**	71,937,888
Prepayments	**19,072,588**	10,465,433
Advances to staff **(Note 11.2)**	**2,382,549**	3,389,427
	110,088,649	188,553,646
11.1 Allowance for impairment of doubtful receivables		
As at 1st January	**(11,977,402)**	(12,995,298)
Reversal of allowance for impairment	**30,000**	1,017,896
As at 31st December	**(11,947,402)**	(11,977,402)
11.2 Advances to staff		
As at 1st January	**3,389,427**	1,664,897
Granted during the year	**9,486,877**	16,303,041
Repayments	**(10,493,755)**	(14,578,511)
As at 31st December	**2,382,549**	3,389,427

11.3 The Company's exposure to credit risk and impairment losses for trade and other receivables is given on Note No 30.

12.	**ADVANCES TO RENOVATION SUPPLIERS**		
12.1	As at 1st January	**-**	-
	Advanes paid during the year	**1,713,991,821**	-
	Advance capitalised during the year	**(435,201,344)**	-
	As at 31st December	**1,278,790,477**	-

12.2 The Company has given advances to its suppliers involved in the renovation of the hotel. When the payment is made to the supplier, part of the original advance is recovered and deducted from the payment.

13.	**INCOME TAX AND VAT RECEIVABLE**		
13.1	**Income tax**		
	As at 1st January	**65,256,847**	(7,227,999)
	Income tax expenses for the year **(Note 28.1)**	**-**	-
	Payments during the year	**-**	72,484,846
	As at 31st December	**65,256,847**	65,256,847

The Company has an Income tax refund of Rs. 65,256,847/- for the year of assessment 2022/23.

13.2	**Value Added Tax**		
	As at 31st December	**153,383,670**	-
		153,383,670	-
	Total Income and Value added tax receivable	**218,640,517**	65,256,847

Consequent to the closure of all the rooms in the Hotel and large payments to the suppliers of the renovation project, the Company had a Value Added Tax Refund as at the reporting date.

Notes to the Financial Statements contd...

As at 31st December,		2024	2023
		Rs.	Rs.
14.	**INVESTMENTS**		
14.1	**Investment classified at amortised cost**		
	Fixed Deposits **(Note 14.2)**	**328,147,727**	67,682,936
	Repurchase agreements **(Note 14.3)**	**1,283,720,955**	2,736,759,519
		1,611,868,682	2,804,442,455
14.2	**Fixed Deposits Movement Schedule**		
	At the beginning of the year	**67,682,936**	2,998,726,873
	Investments during the year	**250,000,000**	-
	Interest reinvested during the year	**10,853,594**	364,538,867
	WHT deducted during the year	**(388,803)**	-
	Withdrawals during the year	**-**	(3,295,582,805)
	At the end of the year	**328,147,727**	67,682,936

During the year, the Company obtained an overdraft facility of Rs. 225 Mn from Hatton National Bank and three Fixed Deposits, amounting to Rs. 100Mn, Rs. 100Mn and Rs. 50Mn respectively, are under a lien for the overdraft. As at 31st December 2024 overdraft balance is nil.

14.3	**Repurchase Agreements Movement Schedule**		
	At the beginning of the year	**2,736,759,519**	-
	Withdrawals during the year	**(1,661,358,546)**	-
	Investments during the year	**-**	2,608,021,953
	Interest reinvested during the year	**208,319,982**	128,737,566
	At the end of the year	**1,283,720,955**	2,736,759,519
15.	**CASH AND CASH EQUIVALENTS**		
	Cash in hand	**1,415,000**	1,805,000
	Cash at bank	**1,575,786,251**	264,975,832
	Cash and Cash Equivalents for cash flow purpose	**1,577,201,251**	266,780,832

The Company has entered into a money market agreement with a local bank for the funds in one of its current accounts. The money market investment as at 31st December 2024 is Rs. 1,368,345,268/- (2023 - Rs. 135,591,335/-).

16.	**STATED CAPITAL**		
	As at 1st January	**8,988,239,455**	8,988,239,455
	As at 31st December	**8,988,239,455**	8,988,239,455

The holders of ordinary shares are entitled to receive dividends when declared from time to time and are entitled to one vote per share at General Meetings of the Company. The number of shares included in the stated capital is 500,829,564 .

17.	**REVALUATION RESERVE**		
	As at 1st January	**8,165,259,991**	7,759,252,293
	Revaluation (loss) / gain during the year **(Note 7.1)**	**(1,805,882,935)**	519,846,143
	Recognition of deferred tax liabilities on revaluation (loss) / gain **(Note 20.5)**	**541,764,881**	(113,838,445)
	As at 31st December	**6,901,141,937**	8,165,259,991

Notes to the Financial Statements contd...

As at 31st December,	2024	2023
	Rs.	Rs.
18. RESERVE FOR REPLACEMENT OF FURNITURE, FITTINGS AND EQUIPMENTS		
As at 1st January	**934,390,805**	826,131,063
Transfer during the year	**63,964,345**	108,259,742
Replacement during the year	**-**	-
As at 31st December	**998,355,150**	934,390,805

This reserve is used to bear the cost incurred in replacements of the items in nature of furniture, fittings and equipments. Every year 5% of the total revenue is transferred to the reserve from retained earnings. As all the rooms in the hotel were closed for renovation, the transfer is only upto 30th September 2024.

19. INTEREST BEARING BORROWINGS

19.1 Movement during the year

Balance as at 1st January	**-**	-
Loan obtained during the year	**2,155,536,697**	-
Repayments during the year	**-**	-
Currency translation difference	**7,850,664**	-
Balance as at 31st December	**2,163,387,361**	-

19.2 Security and Repayment Terms of Borrowings

Company has borrowed to finance its building renovation. Details are provided below. All borrowing costs are capitalized to the building based on the accounting policy 3.10.

Bank - Mashreq Bank, Dubai
Loan Amount - USD 20 Million
Commencement date - October 2024
Interest rate - 3 months EIBOR + 2.25
Term - 84 months
Security - Mortage of the leasehold interest over hotel property under Galadari Hotels (Lanka) PLC situated at No 64, Lotus road, Colombo 1
First repayment date - 3 months from the end of 18 months Moratorium or Phase 1 of the renovation completion, whichever is earlier

20 DEFERRED TAX LIABILITIES

20.1 Net Movement During the year

Balance as at 1st January	**1,663,012,498**	1,411,174,881
Income statement (reversal) / expense **(Note 25.1)**	**(123,145,142)**	138,778,265
Deferred tax on revaluation (loss) / gain of buildings **(Note 17)**	**(541,764,881)**	113,838,445
Deferred tax on remeasurement of retirement benefit obligations **(Note 21)**	**(8,195,947)**	(779,093)
Balance as at 31st December	**989,906,528**	1,663,012,498

Deferred tax liabilities are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2023 - 30%).

Notes to the Financial Statements contd...

20.2 Deferred tax assets

	Deferred tax asset arising from			
	Unrealised gain on valuation of related party	Carried forward tax losses	Retirement benefit obligations	Total
As at 1st January 2023	-	(221,348,110)	(22,768,500)	(244,116,610)
Charged / (credited) to income statement	(6,947,099)	160,449,662	(2,757,567)	150,744,996
Charged to other comprehensive income	-	-	(779,093)	(779,093)
As at 31st December 2023	**(6,947,099)**	**(60,898,448)**	**(26,305,160)**	**(94,150,707)**
As at 1st January 2024	(6,947,099)	(60,898,448)	(26,305,160)	(94,150,707)
Charged / (credited) to income statement	(6,837,847)	(48,766,797)	(1,794,685)	(57,399,329)
Charged to other comprehensive income	-	-	(8,195,947)	(8,195,947)
As at 31st December 2024	**(13,784,946)**	**(109,665,245)**	**(36,295,792)**	**(159,745,983)**

20.3 Unrecognised deferred tax assests

Deferred tax assests have not been recognised for following tax losses, because it is not probable that future taxable profits are available against which the Company can use the benefits therefrom.

As at 31 December 2024			As at 31 December 2023		
Tax loss	Tax rate	Unrecognised Deferred tax Asset	Tax loss	Tax rate	Unrecognised Deferred tax Asset
206,390,648	30%	61,917,194	3,699,916,612	30%	1,109,974,983

20.4 Tax losses carried forward

Tax losses for which no deferred tax has been recognised is as follows.

Year of Assessment	Tax loss	Expiry Year of Assessment	Recognised for Deferred Tax Asset
2020/21	2,715,338	2026/27	No
2021/22	203,675,310	2027/28	No
2022/23	133,058,363	2028/29	Yes
2023/24	21,426,874	2029/30	Yes
2024/25	211,065,579	2030/31	Yes

The management is of the view that adequate profits will be available in future to set off the deferred tax asset.

20.5 Deferred tax liabilities

	Deferred tax liabilities arising from			
	Accelerated tax on amortisation	Accelerated tax on depreciation	Fair value gains on building revaluation	Total
As at 1st January 2023	400,121	68,560,316	1,586,331,054	1,655,291,491
Release to income statement	(316,147)	(5,612,351)	(6,038,233)	(11,966,731)
Deferred tax on revaluation gain of buildings	-	-	113,838,445	113,838,445
As at 31st December 2023	**83,974**	**62,947,965**	**1,694,131,266**	**1,757,163,205**
As at 1st January 2024	83,974	62,947,965	1,694,131,266	1,757,163,205
Release to income statement	(591,217)	(12,618,822)	(52,535,774)	(65,745,813)
Deferred tax on revaluation loss of buildings	-	-	(541,764,881)	(541,764,881)
As at 31st December 2024	**(507,243)**	**50,329,143**	**1,099,830,611**	**1,149,652,511**

Notes to the Financial Statements contd...

As at 31st December,	2024	2023
	Rs.	Rs.
21. RETIREMENT BENEFITS OBLIGATIONS		
As at 1st January	**87,683,866**	75,895,291
Current service cost	**7,441,906**	6,478,046
Interest cost	**11,398,902**	13,661,153
Benefits paid	**(12,858,525)**	(10,947,601)
Actuarial loss	**27,319,822**	2,596,977
As at 31st December	**120,985,971**	87,683,866

21.1 Actuarial valuation was carried out as at 31 December, 2024 by Mr. M. Poopalanathan ,AIA, of Actuarial & Management Consultants (Pvt) Ltd. The valuation method used by the actuary was "Projected Unit Credit Method".

21.2 Principal actuarial assumptions as at the reporting date are,

Discount rate as at 31 December	10.00%	13.00%
Future salary increases	10.00%	10.00%
Staff turnover rate	3.00%	2.50%
Retirement age	60 years	60 years

Discount rate is based upon the yields available on government bonds or high quality corporate bonds at the accounting date with a term that matches that of the liabilities.

21.3 Assumptions regarding future mortality are based on A67/70 Mortality table, issued by the Institute of Actuaries, London, United Kingdom.

21.4 Expenses recognized in the Income Statement

Current service cost	**7,441,906**	6,478,046
Interest cost	**11,398,902**	13,661,153
Total expenses recognized in the Income Statement	**18,840,808**	20,139,199

21.5 Expenses recognized in Other Comprehensive Income

Net Actuarial Loss recognized immediately	**27,319,822**	2,596,977
Total expenses recognized in Other Comprehensive Income	**27,319,822**	2,596,977

21.6 Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant acturial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount Rate	Salary Escalation Rate	Staff Turnover Rate	Present Value of Defined Benefit Obligation as at 31/12/24 (Rs.)
1% point increase	10.00%	3.00%	112,025,188
1% point decrease	10.00%	3.00%	131,193,026
10.00%	1% point increase	3.00%	131,349,308
10.00%	1% point decrease	3.00%	111,729,467
10.00%	10.00%	1% point increase	120,904,197
10.00%	10.00%	1% point decrease	121,067,364

Notes to the Financial Statements contd...

21.7 The following table explains the retirement benefit obligations which are expected in the future years.

Future Working Life Time	As at 31st December	
	2024	2023
Within the next 12 months	**10,445,860**	2,959,079
Between 1-2 years	**8,724,923**	9,518,420
Between 2 -5 years	**28,834,318**	18,021,939
Between 5 -10 years	**38,882,600**	34,782,320
Beyond 10 years	**34,098,270**	22,402,107
Total	**120,985,971**	**87,683,865**

21.8 The Company Weighted Average Duration of Retirement Benefit Obligation is 9 years. (2023 - 9).

As at 31st December,		**2024**	2023
		Rs.	Rs.
22.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**118,671,528**	243,702,745
	Directors fees payable	**6,866,614**	6,026,614
	Annual fee received in advance	**-**	113,928
	Retention payable	**73,126,400**	2,814,095
	Advances and Deposits	**26,721,004**	67,551,524
	VAT Payable	**-**	65,508,805
	Accrued Expenses	**49,556,280**	85,968,406
	Other Creditors	**15,889,723**	24,653,335
		290,831,549	496,339,451

22.1 The Company's exposure to liquidity risk is given on Note No 30.

23.	**PROVISIONS**		
23.1	**Legal cases**		
	As at 1st January	**234,904,812**	234,904,812
	Legal interest accrued during the year **(Note 23.1.1)**	**32,565,357**	-
	Balance as at 31 December	**267,470,169**	234,904,812

23.1.1 The Provision represents the award delivered by the Arbitrator in favour of Phil East Asia Construction Corporation (PEACC) on 24 April, 2008 in relation to claims in litigation for construction of the hotel. The legal interest per annum as set out in the Award has been accrued based on the annual legal interest rate published each year in the Gazette by the Government.

23.2	**CMC Licence**		
	As at 31st December	**40,477,979**	40,477,979
		40,477,979	40,477,979

23.2.1 Colombo Municipal Council (CMC) imposed a trade tax on the hotel revenue in 2009 for all the hotels within the Colombo city limits with subsequent gazetted amendments. However, the hoteliers together with Tourist Hotels Association of Sri Lanka (THASL) are in the process of negotiations with CMC through court, for which the resolution is still pending. Accordingly, the Company has made a provision in the Financial Statements amounting to Rs. 40 million for all the years up to 2024.

Total Provisions	**307,948,148**	275,382,791

Notes to the Financial Statements contd...

For the year ended 31 December,		2024	2023
		Rs.	Rs.
24.	**REVENUE**		
	Revenue	**1,060,709,448**	1,606,029,441
	Total revenue	**1,060,709,448**	1,606,029,441
24.1	**Revenue analysis**		
	Room revenue	**233,340,309**	444,549,991
	Food and beverage revenue	**721,169,374**	1,046,532,854
	Rental income	**55,898,256**	63,903,030
	Other hotel related revenue	**50,301,509**	51,043,566
		1,060,709,448	1,606,029,441
25.	**OTHER INCOME**		
	Taxi charges	**134,795**	258,784
	Sale of old furniture	**68,456,730**	-
	Sundry income	**13,486,815**	5,266,850
		82,078,340	5,525,634

Sundry income includes sale of scrap iron and profit from beverage sales with tenant's outlet.

26. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities is stated after charging all expenses including the followings;

Auditors remuneration - Audit services	**2,950,000**	2,950,000
- Other services	**-**	299,500
Other consultancy services	**400,000**	400,000
Directors' remuneration	**1,790,000**	1,740,000
Depreciation	**223,117,740**	215,982,736
Right of use asset amortization	**23,506,492**	23,506,492
Intangible assets amortisation	**5,396,781**	5,270,452
Advertising	**1,208,210**	1,902,302
Legal fees	**2,652,343**	3,005,104
Reversal of impairment of doubtful receivables	**(30,000)**	(1,017,896)
Staff cost **(Note 26.1)**	**357,204,107**	392,389,711

26.1 Staff cost

Salaries	**232,733,363**	245,492,509
Casual wages	**56,923,253**	76,356,422
EPF and ETF	**48,706,683**	50,401,581
Defined benefit plan- gratuity	**18,840,808**	20,139,199
	357,204,107	392,389,711

27.	**FINANCE INCOME**		
	Interest income	**236,173,296**	536,138,580
	Exchange gain	**2,978,081**	17,501,187
	Total finance income	**239,151,377**	553,639,767

Notes to the Financial Statements contd...

For the year ended 31 December,	2024	2023
	Rs.	Rs.
28. INCOME TAX EXPENSES		
28.1 Income tax expense		
Current tax		
On current year profits **(Note 28.4)**	**-**	-
Current tax charge to income statement	**-**	-
Deferred tax		
Reversal of deferred tax liability	**(13,210,039)**	(5,928,498)
(Origination of) / Reversal of deferred tax asset	**(57,399,329)**	150,744,996
Reversal from revaluation of Property Plant and Equipments	**(52,535,774)**	(6,038,233)
Deferred tax charge to income statement	**(123,145,142)**	138,778,265
Total tax expenses	**(123,145,142)**	138,778,265
28.2 Tax reconciliation statement		
(Loss) / Profit before income tax expense	**(249,904,505)**	292,466,956
Other sources of income	**(236,173,296)**	(536,138,580)
Aggregate allowable items	**(53,381,569)**	(53,053,046)
Aggregate disallowable items	**328,452,790**	268,984,251
Business loss **(Note 28.3)**	**(211,006,580)**	(27,740,419)
Interest income (excluding USD interest income)	**232,620,888**	534,832,206
Set off interest income	**(232,620,888)**	(534,832,206)
Taxable income	**-**	-
28.3 Tax losses		
As at 1st January	**3,909,224,984**	4,387,180,434
Adjusted in respect of prior period	**(6,313,545)**	29,136,337
Expired during the year	**(3,309,355,667)**	-
Business Loss generated during the year	**211,006,580**	27,740,419
Set off interest income	**(232,620,888)**	(534,832,206)
As at 31st December	**571,941,464**	3,909,224,984

28.4 In accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 (as amended), the Company is liable to pay income tax on its taxable income at 30%. The tax loss from business which includes both losses brought forward and incurred during the year is deductible from both business and investment income.

29. BASIC (LOSS) / EARNINGS PER SHARE

The calculation of basic (loss) / earnings per share is based on the net (loss) / profit attributable to ordinary shareholders and the number of ordinary shares outstanding during the year.

(Loss) / profit after tax	**(126,759,363)**	153,688,691
Number of ordinary shares	**500,829,564**	500,829,564
Basic (loss) / earnings per share - Rs.	**(0.25)**	0.31

There were no potential dilutive ordinary shares at any time during the year. Therefore dilutive earnings per share is as same as basic earnings per share.

Notes to the Financial Statements contd...

As at 31 December,		2024	2023
		Rs.	Rs.
30.	**FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT**		
30.1	**Financial instruments by category**		
30.1.1	**Financial Assets at amortised cost**		
	Fixed Deposit **(Note 14.2)**	**328,147,727**	67,682,936
	Repurchase agreements **(Note 14.3)**	**1,283,720,955**	2,736,759,519
	Trade and Other Receivables (Excluding prepayments & advances) **(Note 11)**	**91,016,061**	178,088,213
	Cash at bank **(Note 15)**	**1,575,786,251**	264,975,832
		3,278,670,994	3,247,506,500
30.1.2	**Financial Liabilities at amortised cost**		
	Trade and other payable **(Note 22)** (excluding statutory payables & Annual fees received in advance)	**290,831,549**	430,716,718
	Interest bearing borrowings **(Note 19)**	**2,163,387,361**	-
	Term loan interest payable	**11,524,669**	-
		2,465,743,579	430,716,718

30.2 Financial Risk Management

30.2.1 Introduction & overview

The Company is exposed to the following risks from its use of financial instruments:

1. Credit risk
2. Market risk
3. Liquidity risk

This note presents information about the Company's exposure to each of the above risk categories, Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these Financial Statements.

30.2.2 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company risk management processes/ guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

30.2.3 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, related parties, deposits with banks and other financial instruments.

The Company is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer taking into account its financial position, past experience and other factors. The utilisation of credit limit is regularly monitored.

Notes to the Financial Statements contd...

i). Exposure to Credit Risk

The carrying amounts of financial assets represent maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows.

As at 31 December	2024 Rs.	2023 Rs.
Trade and Other Receivables (excluding prepayments & advances) **(Note 11)**	**91,016,061**	178,088,213
Fixed deposits **(Note 14.2)**	**328,147,727**	67,682,936
Repurchase agreements **(Note 14.3)**	**1,283,720,955**	2,736,759,519
Cash at Bank **(Note 15)**	**1,575,786,251**	264,975,832
	3,278,670,994	3,247,506,500

ii) Age analysis of trade receivables

	2024			2023		
	Gross Carrying Amount Rs.	Impairment Allowance Rs.	Net Carrying Amount Rs.	Gross Carrying amount Rs.	Impairment allowance Rs.	Net Carrying amount Rs.
Nether past due, nor impaired	15,072,210			85,471,309	-	85,471,309
more than 60 days	3,497,137		3,497,137	15,574,906	-	15,574,906
more than 120 days	688,082	-	688,082	1,714,683	-	1,714,683
more than 180 days	-	-	-	-	-	-
more than 365 days	11,937,402	(11,937,402)	-	11,977,402	(11,977,402)	-
Total	**31,194,831**	**(11,937,402)**	**19,257,429**	**114,738,300**	**(11,977,402)**	**102,760,898**

iii) Investments

The Company limits its exposure to credit risk by investing only in fixed deposits and repurchase agreements with selected bankers with the Board approval.

Credit quality of Investments and cash at bank

Credit quality of financial assets that are not impaired can be assessed by reference to historical information about counterparty default rate.

Financial Instrument	Credit Rating as at 31st December 2024	Balance as at 31st December 2024 (Rs.)
Fixed Deposit	AA-(lka)	328,102,997
Cash at bank	AA-(lka)	1,575,486,960
Cash at bank	A+	299,291
Repurchase agreements	AA-(lka)	1,283,765,685

iv) Cash and Cash Equivalents

The Company held cash at bank of Rs.1,575.7 Mn as at 31 December 2024 (2023 - Rs. 264.9 Mn) which represent its maximum credit exposure on these assets. The cash and cash equivalents are held with banks which have better rankings based on Fitch Ratings.

Notes to the Financial Statements contd...

30.2.4 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

a. Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Company, as at the reporting date does not hold 'financial instruments' denominated in currencies other than its reporting currency except for cash at bank balances.

Sensitivity Analysis for Currency Risk

A reasonably possible strengthening (weakening) of the US Dollar (USD) against Sri Lankan Rupee (Lm) as at the reporting date, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Value of USD savings deposits (Rs.)			
	As at 31 December 2024 [1 USD = Rs. 297.02]		As at 31 December 2023 [1 USD = Rs. 319.18]	
	USD 459,614/33		USD 434,953/78	
	Increase in Rs. 50	Decrease in Rs. 50	Increase by Rs. 50	Decrease by Rs. 50
USD Savings Account Balance	159,495,365	113,533,932	160,576,237	117,077,549
Impact to Income Statement - Gain/(Loss)	22,980,717	(22,980,717)	21,749,344	(21,749,344)

b. Interest Rate Risk

Interest rate risk mainly arises as a result of the Company is having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

Exposure to Interest Rate Risk

As the Company does not have any borrowings and floating rate investments as at the reporting date, the Company does not have exposure to interest rate risk.

	as at 31st December 2024		as at 31st December 2023	
Fixed Rate instruments	Fixed interest rate	Value (Rs.)	Fixed interest rate	Value (Rs.)
Fixed Deposits	7.75%	328,147,727	9.50%	67,682,936
Repurchase agreements	8.50%	1,283,720,955	13%	2,736,759,519

30.2.5 Liquidity Risk

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

The Company ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other binding requirements.

Other Current Financial Assets and Cash & Cash Equivalent	0-6 months (Rs.)	7-12 Months (Rs.)
Fixed Deposits (Rs)	253,991,438	74,156,289
Cash at bank (Rs)	1,443,262,503	-
Cash at bank (USD)	132,523,748	-
Cash in hand (Rs)	1,415,000	-
Repurchase agreements (Rs)	1,283,720,955	-

Short and medium-term fund requirements are regularly reviewed and managed by the finance team.

Notes to the Financial Statements contd...

The following are the remaining contractual maturities held at the end of the reporting period.

		Contractual Cash Flows	
	Carrying value Rs.	Up to 1 Year Rs.	Above 1 Year Rs.
As at 31st December 2024			
Trade and other payable **(Note 22)**	290,831,549	290,831,549	-
(Excluding statutory payable & annual fees received in advance)			
Interest bearing borrowings	2,163,387,361	-	2,163,387,361
Term loan interest payable	11,524,669	11,524,669	-
	2,465,743,578	**302,356,218**	**2,163,387,361**
As at 31st December 2023			
Trade and other payable **(Note 22)**	430,716,718	430,716,718	-
(Excluding statutory payable & annual fees received in advance)			
	430,716,718	**430,716,718**	-

31. RELATED PARTIES

31.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard (LKAS) 24, Related Party Disclosure, Key Management Personnel KMP are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non Executive Directors) of the Company and its parent Company and their close family members are classified as Key Management Personnel of the Company.

For the year ended 31st December	2024 Rs.	2023 Rs.
Director's fees	**1,790,000**	1,740,000
	1,790,000	1,740,000

Directors fees payable as at 31st December 2024 is Rs. 6,866,614/- (2023 - 6,026,614/-).

Except for the above there were no other transactions with KMP during the year.

31.2 Transactions with related parties

	Transactions During The Year		Balance As At 31st December	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Ultimate parent				
Galadari Brothers Co. LLC.	**98,544,981**	1,898,597	**195,192,658**	104,254,177
Galadari Engineering Works Co. LLC	**10,085,192**	64,397,294	**169,642,774**	177,458,652
G B C Streamline Contracting LLC	**119,982,229**	-	**117,651,994**	-
	228,612,402	66,295,891	**482,487,426**	281,712,829

The balance payable to all of the above Companies as at the reporting date consist of capital expenses incurred by them on behalf of the Company. All transactions during the year were related to the hotel renovation project. GCB Streamline Contracting LLC provides management and administrative services from concept design to completion of the renovation project, which is a fully owned subsidiary of Galadri brothers Co. LLC.

Impact on exchange rates are also included in the balances as at 31st December 2024. The Company carried out transactions in the ordinary course of business at arm's length price with all the related parties.

31.3 Terms and Conditions

All related party transactions have been conducted on relevant commercial terms. All related party outstanding balances at the year end are unsecured and interest free. All dues are to be settled in cash or its equivalents.

Notes to the Financial Statements contd...

31.4 Recurrent / Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions where in aggregate value exceeded 10% of the equity or 5% of the total assets which ever is lower of the Company during the year which required additional disclosures. There were no recurrent related party transactions where in aggregate value exceeded 10% of the revenue of the Company during the year which required additional disclosures.

32. PAYABLE TO RENOVATION SUPPLIERS

Payable to Renovation Suppliers solely consists of the balances payable to suppliers who is engage in the renovation project. Time to time, suppliers are paid based on the approval from the project manager and quantity surveyor.

33. CAPITAL COMMITMENTS AND CONTINGENCIES

33.1 Capital Commitments

As at 31st December	**2024**	2023
	Rs.	Rs.
Capital Commitments Contracted but partially paid	**8,476,408,564**	6,014,332,393
	8,476,408,564	6,014,332,393

33.2 Contingencies

There have been no significant Capital Commitments, Contingent Assets or Contingent Liabilities as at the reporting date other than disclosed above which require disclosures in these Financial Statements except for the matter discussed in Note 23.2. The Company has made sufficient provision in the books in the event of payment of fees.

34. EVENTS OCCURRING SUBSEQUENT TO THE REPORTING DATE

There have been no events subsequent to the reporting date other than above, which require disclosure in the Financial Statements.

35. SEGMENT REPORTING

An operating segment is a component within the Company that engage in business activities for which it may earn distinguish revenue and expenses for such segment.

The operating results arising for hoteling business of the Company as a whole is reviewed regularly but the Company's General manager to make decisions about resource to be allocated & assess its performance. Therefore no operating segment within the Company is identified & reported.

36. CAPITAL MANAGEMENT

The Board's intention is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's objective for managing its capital is to ensure that Company will be able to continue as a going concern while maximizing the return to its shareholders, as well as sustaining the future development of its business. Further information of capital and reserves are included in Note 16 and 17.

As at 31st December	**2024**	2023
	Rs.	Rs.
Total liabilities	**7,144,914,810**	2,804,131,435
Less: cash in hand and at bank	**(1,577,201,251)**	(266,780,832)
Investments in Repos and FD	**(1,611,868,682)**	(2,804,442,455)
Adjusted net debt	**3,955,844,877**	(267,091,852)
Total equity	**7,251,141,926**	8,661,143,219
Adjusted net debt to equity ratio	**55%**	-3%

37. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Please refer to the page 10 for the Statement of Directors Responsibility for Financial Reporting.

Information to Shareholders

(i) Ordinary Shareholders as at 31st December, 2024

Number of Shareholders 10,645 (2023 - 10,699)

Range (shareholdings)	No. of Shareholders	Total No. of Shares	Percentage
1-1000	8,928	1,933,868	0.39
1001-5000	1,074	2,774,227	0.55
5001-10000	282	2,168,801	0.43
10001-50000	259	6,054,148	1.21
50001-100000	37	2,877,138	0.58
100001-500000	45	10,590,487	2.12
500001-1000000	6	3,674,342	0.73
1000001-100000000	13	152,361,049	30.42
100000001- & above	1	318,395,504	63.57
Total	**10,645**	**500,829,564**	**100.00**

(ii) Major Shareholders as at 31st December, 2024

Name of Shareholder	Total Holding	Percentage
GALADARI BROTHERS CO.(LLC)	318,395,504	63.57
ICEBERG 2 LIMITED	29,510,817	5.89
ABDUL LATIF GALADARI HOLDING LIMITED	26,595,192	5.31
EMPLOYEES PROVIDENT FUND	23,712,200	4.73
CALGARY HOLDINGS S.A.	18,146,303	3.62
I.A.I. GALADARI	9,810,017	1.96
M.A.I. GALADARI	9,810,017	1.96
SUHAIL A.I.H. GALADARI	9,810,016	1.96
DUBAI BANK LTD	6,760,390	1.35
Z.A.I. GALADARI	4,905,000	0.98
SALWA A.I. GALADARI	4,905,000	0.98
F.I.A. ABBAS	3,166,094	0.63
F.N.M. KHAN	2,802,861	0.56
INDUSTRIAL ASPHALTS (CEYLON) PLC	2,427,142	0.485
KALIN HOLDINGS (PVT) LTD	692,578	0.138
SEYLAN BANK PLC/ANUJA CHAMILA JAYASINGHE	685,000	0.137
G. ANURAGAVAN	663,303	0.132
SANDWAVE LIMITED	600,000	0.12
THREAD CAPITAL (PRIVATE) LIMITED	528,149	0.105
MAC HOLDINGS (PVT) LTD	505,312	0.101

Information to Shareholders contd...

(iii)	Directors' Shareholding as at 31st December	2024	2023
	M. A. I. Galadari	9,810,017	9,810,017
	S. A. I. H. Galadari	9,810,016	9,810,016
	I. A. I. Galadari	9,810,017	9,810,017
	L. R. De Silva	-	-
	Dr. J. A. S. Felix	-	-
	V. Radhakrishnan	-	-

(iv)	Market Price of share	2024	2023
	Higest Market Value per share	19.00 (30/12/2024)	18.80 (02.10.2023)
	Lowest Market Value per share	15.40 (30/10/2024)	15.70 (21.12.2023)
	Last Traded Price	18.70 (31/12/2024)	16.10 (29.12.2023)

(v) Public holding

As at 31st December	2024	2023
Percentage of Public Shareholding	12.57	12.57
Total No. of Shareholders Represent in the Public Holding	10,633	10,686
Float Adjusted Market Capitalisation (Rs.)	1,177,244,965	1,013,563,847

The Company complies with option 1 of Section 7.13.1(i)(b) of the listing rules, which requires to maintain 7.5% of minimum public holding of the Company if the float adjusted market capitalisation is more than Rs. 1 Billion.

The Company is in compliance of this requirement.

Five Year Summary

Year ended 31st December In Rs.'000	2024	2023	2022	2021	2020
FINANCIAL PERFORMANCE					
Revenue	1,060,709	1,606,029	1,183,220	554,025	569,905
(Loss) / Profit after tax but before interest expenses and other income	(208,837)	159,213	(116,133)	(334,750)	(566,677)
(Loss) / Profit before taxation	(249,905)	292,467	65,573	(281,742)	(224,971)
Taxation (provision) / reversal	123,145	(138,778)	(183,465)	(60,690)	(351,873)
(Loss) / Profit after taxation on ordinary activities	(126,759)	153,688	(117,892)	(342,431)	(576,844)
As at 31st December	**2024**	**2023**	**2022**	**2021**	**2020**
SHARE CAPITAL AND RESERVES					
Stated capital	8,988,239	8,988,239	8,988,239	8,988,239	8,988,239
Capital reserves	6,901,142	8,165,260	7,759,252	7,919,277	8,292,790
Revenue reserves	(9,636,594)	(9,426,747)	(9,470,358)	(9,274,078)	(8,909,838)
Provision for replacement of furniture fittings & equipment	998,355	934,391	826,131	750,080	716,484
Shareholder's Funds	**7,251,142**	**8,661,143**	**8,103,264**	**8,383,518**	**9,087,675**
ASSETS EMPLOYED					
Current assets	4,847,339	3,407,865	3,287,434	3,112,745	3,115,743
Current liabilities	(3,870,635)	(1,053,435)	(944,976)	(717,293)	(578,955)
Working capital	**976,704**	**2,354,430**	**2,342,458**	**2,395,452**	**2,536,788**
Property, plant & equipment	8,226,867	6,706,655	5,884,299	5,166,303	5,783,359
Intangible assets	28,994	34,391	23,706	-	-
Right of use assets	1,292,857	1,316,364	1,339,870	1,363,377	1,386,883
Deferred tax assets	159,745	94,151	244,117	230,605	261,572
Long term liabilities	(1,270,638)	(1,844,848)	(1,731,186)	(772,219)	(880,927)
Interest bearing borrowings	(2,163,387)	-	-	-	-
	7,251,142	**8,661,143**	**8,103,264**	**8,383,518**	**9,087,675**
RATIOS & STATISTICS					
Current ratio (times)	1.25	3.24	3.48	4.34	5.38
(Loss) / Earnings per share	(0.25)	0.31	(0.24)	(0.68)	(1.15)
Net assets value per share	14.47	17.29	16.18	16.74	18.15
Debt equity ratio	30%	-	-	-	-

Notes

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Form of Proxy

I/We the undersigned .....

of.....

..... being a member/members of Galadari Hotels (Lanka) PLC do hereby

appoint .....

of .....

..... whom failing

MR. MOHAMMED ABDULLATIF IBRAHIM GALADARI	(whom failing)
MR. SUHAIL ABDULLATIF IBRAHIM HASSAN GALADARI	(whom failing)
MR IBRAHIM ABDULLATIF IBRAHIM GALADARI	(whom failing)
MR. DON TIBURTIUS SUJEEWA HANDAPANGODA MUDALIGE	(whom failing)
DR. ANURADHA ROHAN DUNUWILLE	(whom failing)
MR. VENKATRAMANAN RADHAKRISHNAN	

as my/our* Proxy to represent me/us* and to vote and**……..as indicated hereunder for me/us* and on my/our* behalf at the FORTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on 26th June 2025 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I /We* the undersigned hereby authorise my/our* proxy to vote on my/our* behalf in accordance with the preference indicate below:-

	For	Against
1. To receive and consider the Audited Financial Statements for the Year Ended 31st December, 2024 and the Reports of the Auditors' and of the Directors' thereon	☐	☐
2. Directors		
(i) To re-elect Mr. Don Tiburtius Sujeewa Handapangoda Mudalige, Director, who was appointed by the Board of Directors effective from 01st January 2025 in terms of Article 93 of the Articles of Association of the Company	☐	☐
(ii) To re-elect Mr. Anuradha Rohan Dunuwille , Director, who was appointed by the Board of Directors effective from 01st January 2025 in terms of Article 93 of the Articles of Association of the Company	☐	☐
3. To re-appoint the Auditors Messrs. KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.	☐	☐

Signed on this ……day of ……Two Thousand and Twenty Five.

……
Signature of Shareholder
*Please delete as appropriate.

Notes:

If you wish your Proxy to speak at the Meeting you should insert the words "to speak" in the place indicated with two asterisks (**) and initial such insertion.

Please indicate with an "x" in the space provided how your Proxy is to vote. If there is, in the view of the Proxy holder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he/she thinks fit.

A Proxy holder need not be a shareholder of the Company

As mentioned in the Circular to the Shareholders dated 3rd June 2025, the 44th Annual General Meeting will be held as a virtual meeting. Instructions given in the Circular to Shareholder must be followed to join the meeting virtually.

Instruction as to Completion

1. The duly completed Form of Proxy should be posted or delivered to the Registered Office of the Company at No. 48, Rosmead Place, Colombo 07 or forwarded by email to agm@galadari.lk and/or ccs@tiruchelvam.com in order to enable the Company to receive the same not less than forty eight (48) hours prior to the time appointed for the holding of the Meeting.

2. The full name and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the Form of Proxy.

3. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details overleaf and initial against this entry.

4. In the case of a Company/Corporation, the Proxy must be under its Common Seal (if applicable), which should be affixed and attested in the manner prescribed by its Articles of Association.

5. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy if it had not already been registered with the Company.





GALADARI
COLOMBO

A Class Apart
We Create Experiences

GALADARI HOTEL ANNUAL REPORT 2024



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