GALADARI
COLOMBO

ANNUAL REPORT 2025

AWAIT THE REVELATION !



GALADARI
COLOMBO

The Rebirth of a Legend

GALADARI HOTEL ANNUAL REPORT 2025

Contents

Corporate Information	2
Notice of Meeting	3
Chairman's Message	4
Management Discussion and Analysis	5
Board of Directors	6-7
Statement of Directors' Responsibilities	8
Annual Report of the Board of Directors	9-10
Corporate Governance	11-21
Report of the Audit Committee	22-23
Report of the Remuneration Committee	24
Report of the Related Party Transactions Review Committee	25-26
Report of the Nomination & Governance Committee Report	26-27
Independent Auditor's Report	28-30
Statement of Financial Position	31
Statement of Profit or Loss	32
Statement of Comprehensive Income	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36-60
Information to Shareholders	61-62
Five Year Summary	63
Notes	64
Form of Proxy	65

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. S. A. I. H. Galadari Mr. I. A. I. 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.64, Lotus Road, Colombo 01
EXTERNAL AUDITORS	:	M/s KPMG, Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha, Colombo 03.
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 45th 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 29th June 2026 at 4.30 p.m. for the following purposes:

Agenda

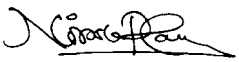
1. To receive and consider the Audited Financial Statements for the Year Ended 31st December, 2025 together with the Reports of the Directors' and Auditors' thereon.

2. To re-elect Mr. Don Tiburtius Sujeewa Handapangoda Mudalige, Director, who retires by rotation in terms of Article 87 and 88 of the Articles of Association of the Company.

3. To re-elect Mr. Anuradha Rohan Dunuwille, Director, who retires by rotation in terms of Article 87 and 88 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

02 June, 2026
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 and 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 04th June 2026, the 45th 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 is my privilege to present the Annual Report and Audited Financial Statements of Galadari Hotels (Lanka) PLC for the financial year ended 31st December 2025.

A Defining Year of Transition
The year 2025 marks a pivotal phase in the Company's journey. Building on the strategic direction outlined last year, the Galadari Colombo entered a period of comprehensive transformation through a major refurbishment program. This initiative reflects our long-term commitment to reposition the property in line with evolving market expectations and international standards.

Strategy and Rebranding
A key milestone in this journey is our partnership with the Radisson Hotel Group. Upon completion of the renovation, the Hotel will operate as Radisson Blu Hotel Galadari Colombo.

This strategic alignment is expected to:

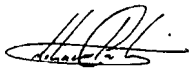
- Strengthen the Hotel's market position within the 5-star segment
- Significantly enhance operational standards and guest experience
- Support sustainable value creation for our shareholders over the long term

A Note of Appreciation
Our progress would not be possible without the conducive environment fostered by the Government of Sri Lanka. We remain deeply grateful for their continued assistance and support as we contribute to the revitalization of the nation's tourism landscape.

I wish to extend my heartfelt gratitude to our management team and staff. Their unwavering dedication and "service-first" mindset have been the backbone of this company, even as we navigate the complexities of a major transition.

Looking Ahead
While the ongoing refurbishment requires patience in the near term, we are confident in the long-term value it will unlock. The repositioned hotel, under the Radisson Blu brand, is expected to emerge as a strong contender within Colombo's 5-star hospitality landscape.

We remain committed to building a business that delivers consistent performance, operational excellence, and enduring value for all stakeholders.



M. A. I Galadari
Chairman

Management Discussion and Analysis

1. Executive Summary: A Milestone Year

The year 2025 marked a historic turning point for Sri Lankan tourism. The industry officially moved beyond "recovery" and into a phase of "new growth," surpassing the long-standing all-time arrival record set in 2018. Despite external challenges, including the impact of Cyclone Ditwah in December, the sector demonstrated exceptional resilience.

- Total Arrivals (2025): 2,362,521
- Year-on-Year (YoY) Growth: 15.1% (vs. 2,053,465 in 2024)
- Key Milestone: Surpassed the 2018 record of 2,333,796 arrivals on December 29, 2025.

2. Main Feeder Markets (Source Markets)

Sri Lanka's visitor profile in 2025 was dominated by two primary regions: Asia & Pacific and Europe, which together accounted for over 90% of total arrivals.

Rank	Source Market	2025 Arrivals (Est. Total)	Market Share	Key Characteristics
01	India	531,511	22.5%	Dominant leader; high frequency; driven by MICE and weddings.
02	United Kingdom	191,742	8.1%	Highest spending Western market; preference for luxury/heritage.
03	Russia	135,000	5.7%	Significant volume during winter; high stay duration.
04	Germany	131,259	5.5%	Steady growth; focused on wellness and eco-tourism.
05	China	118,000	5.0%	Slow but steady recovery; major potential for 2026.

Emerging & High-Growth Markets

- Bangladesh: Surged as a "breakout" market in 2025, with growth exceeding 110% YoY, making its debut in the top 10.
- Australia: Showed robust performance (+26% growth), particularly for the Colombo-based business and leisure segments.

3. Seasonality and Monthly Performance

The SLTDA reported a shift toward a more balanced year-round tourism pattern in 2025.

- Peak Months: January (252,761) and February (240,217) remained the strongest.
- Shoulder Season Strength: April, May, and June saw double-digit growth (17-21%), reducing the traditional "off-peak" slump.
- Q4 Momentum: September saw the highest monthly YoY growth at 30.2%, signaling a strong lead-in to the winter season.

4. Economic Impact & Future Aspect (2026 Outlook)

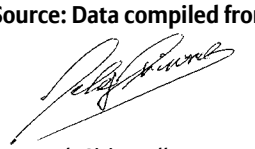
According to reports from EconomyNext and the Ministry of Tourism, the focus is now shifting from Volume to Value.

- Revenue Missed Target: While arrivals hit record highs, the industry missed the ambitious USD5 billion revenue target for 2025 due to lower-than-expected daily spending.
- 2026 Targets: The government has set a target of 3 million arrivals and USD4 billion in revenue for 2026.
- Risks: Early 2026 data shows a dip in arrivals (18.1% in March 2026) due to geopolitical escalations in the Middle East, which may affect long-haul travel from Europe.
- Galadari Impact: With the hotel's ongoing USD48 million refurbishment (extended through November 2026), the property is well-positioned to capture the high yield from India and China once fully modernized.

5. Summary

"The tourism landscape in 2025 provided a fertile ground for Colombo-based hoteliers. With Sri Lanka ranked as the 5th best place to visit in Asia for 2026, the convergence of record-breaking volumes and a strategic shift toward high-yield Western markets aligns with the ongoing transformation of the Galadari Colombo to meet evolving global standards."

Source: Data compiled from SLTDA Statistics and Economy Next Research



Sampath Siriwardhana
General Manager
2nd June, 2026

Board of Directors

MR. MOHAMMED ABDULLATIF IBRAHIM GALADARI
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

Nominations and Governance Committee

Directorships in other Companies in Sri Lanka
None

Material Business Relationship of the Director or his close family members 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 2 decades 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 of the Director or his close family members 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 of the Director or his close family members with other Directors
None

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

Skills and Experience
Appointed to the Board on 01st January 2025, Mr. Sujeewa Mudalige counts over 30 years of experience as a Chartered Accountant. He is also a fellow member of CIMA (UK), ACCA (UK) and CPA (Australia). He has vast experience as the Audit Committee Chair in both public and private sector organizations. Mr. Mudalige recently retired as the Managing Partner of PricewaterhouseCoopers, Sri Lanka. He is also an Independent Non-Executive Director at several other public and private companies.

He is a past President of ICASL and has been a member of the Council of CA Sri Lanka and of the governing board of CIMA UK- Sri Lanka Division, a Commission member of multiple regulatory bodies including the Securities and Exchange Commission of Sri Lanka, BOI and the National Medicines Regulatory Authority (NMRA). He has also held several other positions locally and globally during the span of his career.

The University of Plymouth UK awarded him an Honorary Doctor of Business in December 2024. This honor is in recognition of outstanding contributions made in the field of accounting and finance.

Board Sub-Committee memberships
Audit Committee - Chairman

Related Party Transactions Review Committee - Chairman

Nominations and Governance

Remunerations Committee

Directorships in other Companies in Sri Lanka

Listed companies:
Independent Non-Executive Director-
NDB Bank PLC, CIC Holdings PLC,

Board of Directors contd...

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 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 of the Director or his close family members with other Directors
None

MR. ANURADHA ROHAN DUNUWILLE
Non-Executive-Independent Director (Appointed on 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 15 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, providing strategic legal advice on corporate merges and corporate restructuring. 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 is 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 of the Director or his close family members 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 since 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. Under his leadership, the Group has also received global accolade and recognition for its treasury transformation initiative and financial excellence.

He is also a Cost Accountant and a Certified Information Systems Auditor with a proven 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 of the Director or his close family members 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, 2025 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.

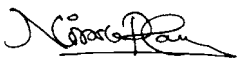
The Directors have also taken all reasonable steps to ensure that, the Company maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

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
02nd June, 2026

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, 2025. 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, 2025.

Financial Statements
The Financial Statements for the year ended 31st December, 2025 are set out on pages 31 to 60 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, 2025 is set out in pages 28 to 30 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 31 to 60. 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 31 to 60 give a true and fair view of the state of affairs of the Company as well as the profit for the year then ended.

Accounting Policies
The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 36 to 43. 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 11 to 21.

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. S. A. I. H. Galadari
Mr. I. A. I. 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)

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 22nd January 2025.

In terms of Article 87 and 88 of the Articles of Association of the Company Mr. D. T. Sujeewa H. Mudalige, Director, retires by rotation and being eligible is recommended by the Board of Directors for re-election by the Members at the Annual General Meeting for the Year 2026.

In terms of Article 87 and 88 of the Articles of Association of the Company Mr. A. Rohan Dunuwille, Director, retires by rotation and being eligible is recommended by the Board of Directors for re-election by the Members at the Annual General Meeting for the Year 2026.

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

The Reports of the Board and Audit, Remuneration, Related Party Transactions Review and Nominations and Governance Committees, being the subcommittees are set out on pages 22 to 27, 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 11 to 21 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, 2025 are as follows.

Rs. 1,640,000/- (2024 -Rs 1,790,000/-)

Donations
There were no charitable contributions made in the Year 2025.

Annual Report of the Board of Directors contd...

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:

	31.12.2025	31.12.2024
Mr. M. A. I. Galadari - Chairman	**9,810,017**	9,810,017
Mr. S. A. I. H. Galadari	**9,810,016**	9,810,016
Mr. I. A. I. Galadari	**9,810,017**	9,810,017
Mr. D. T. S. H. Mudalige	**-**	-
Mr. A. R. Dunuwille	**-**	-
Mr. V Radhakrishnan	**-**	-

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 2025 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.

Shareholders

The total Shareholder base of the Company as at 31st December, 2025 was 11,107 (2024 - 10,645). The distribution of the shareholding and a list of the 20 major shareholders are given under Investor Information on page 61.

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, other than those disclosed in Note 34.

Auditors

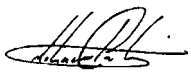
The Financial Statements for the period under review have been audited by Messrs. KPMG, Chartered Accountants. Rs. 3,300,000/- (2024 - Rs. 2,950,000/-) has been paid as Audit Fee for the year ended 31st December, 2025.

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

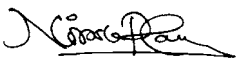
In accordance with Section 9.17 of the Listing Rules, the Board of Directors declare that they have declared all material interests in contracts involving in the Company and that they have conducted a review of the Company's internal controls, including financial, operational, and compliance controls, 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. The Board further confirms that any non-compliance with law or regulations have been disclosed.



Mr. M A I Galadari
Director



Mr. A. Rohan Dunuwille
Director



CORPORATE CONSULTANCY SERVICES (PRIVATE) LIMITED
Secretaries
02nd June, 2026

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, unless prevented due to unavoidable circumstances, 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 8 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	03	03
Mr. S. A. I. H. Galadari	Non-Executive	03	01*
Mr. I. A. I. Galadari	Non-Executive	03	03
Mr. V. Radhakrishnan	Non-Executive	03	03
Mr. D. T. S. H. Mudalige	Non-executive Independent (Appointed w.e.f 01.01.2025)	03	03
Mr. A. R. Dunuwille	Non-Executive Independent (Appointed w.e.f 01.01.2025)	03	03

*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. D. T. S. H. Mudalige	Non-Executive Independent	03	03
Mr. A. R. Dunuwille	Non-Executive Independent	03	03
Mr. V. Radhakrishnan	Non-Executive	03	03

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
Mr. A. R. Dunuwille - Chairman	Non-Executive Independent	03	03
Mr. D. T. S. H.Mudalige	Non-Executive Independent	03	03
Mr. M. A. I. Galadari	Non-Executive	03	03

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. D. T. S. H. Mudalige - Chairman	Non-Executive Independent	03	03
Mr. A. R. Dunuwille	Non-Executive Independent	03	03
Mr. V. Radhakrishnan	Non-Executive	03	03

The composition of the Nominations 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
Mr. A. R. Dunuwille - Chairman	Non-Executive Independent	03	03
Mr. D. T. S. H..Mudalige	Non-Executive Independent	03	03
Mr. M. A. I. Galadari	Non-Executive	03	03

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 contd...

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 2025, 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
9.2.2	Any waivers from internal code of business to be disclosed	Due to unavoidable circumstances, the Board Meeting and Sub-Committee meetings for the fourth quarter of the financial year ended 31st December 2025 could not be held. However, all necessary approvals, including approval of the interim financial statements, were duly obtained through circular resolutions. Due to unavoidable circumstances, the Board Meeting and Sub-Committee meetings for the fourth quarter of the financial year ended 31st December 2025 could not be held. However, all necessary approvals, including approval of the interim financial statements, were duly obtained through circular resolutions.	
9.2.3	List of policies to be disclosed	Complied. Refer page 13. The Policy on Matters Relating to the Board of Directors was amended by increasing the maximum number of directorships in other listed entities from five to ten.	
9.2.4	Make copies of Policies available to shareholders upon written request	Complied. No request have been received as at the date.	

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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 22 to 27. -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- page 22-23. ii) Remuneration Committee Report – page 24. iii) Related Party Transaction Review Committee Report – page 25 to 26. iv) Nominations and Governance Committee Report – page 26-27.
9.3.3	The Chairman 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 except for holding the Board Meeting for the fourth quarter of the financial year ended 31st December 2025 due to unavoidable circumstances. The Board has taken measures to convene meetings at the beginning of each quarter, as far as practicable.	
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 SID	Not Applicable	
9.6.4	Rationale for appointing an SID	Not Applicable	

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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		
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied	Complied. Refer page 9.
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	
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. D. T. S. H. Mudalige and Mr. A. R. Dunuwille be designated as Independent Non-Executive Directors.
	(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.

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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 10 and the same is specified in the policy on the matters relating to the Board of Directors.	
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 6 to 7 of this report for the profiles of the Board of Directors. Please refer to the page 11 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 – page12. (ii) Related Party Transactions Review Committee – page 12. (iii) Remuneration Committee report – page 12 (iv) Nominations and Governance Committee – page 12

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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 26 to 27.
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	
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 page 26.
9.11.5	Functions of Nominations and Governance Committee	Complied	Please refer to the Nominations and Governance Committee Report in pages 26 to 27of this report.
9.11.6	Disclosure in Annual Report	Complied	Please refer to the Nominations and Governance Committee Report in pages26 to 27 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 page 24.
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 page 24 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 Remuneration Committee Report in Page24 of this report.
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 22 to 23.

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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 22 to 23 of this report.
9.13.4	Functions of the Audit Committee	Complied	Please refer to the Audit Committee Report in pages 22 to 23 of this report.
9.13.5	Disclosure in the Annual Report	Complied	Please refer to the Audit Committee Report in pages 22 to 23 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 25-26 of this report.

Corporate Governance contd...

CSE Rule No	Listing Rule- Description	Compliance status by the Company	Extent of Adoption
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 pages25 to 26 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 59 of this report
9.17 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.		

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:

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 General Manager and the Financial Controller 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 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.

Report of the Audit Committee contd...

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.

The External Auditor has been engaged for two number of years and the Audit Partner has been engaged for two out of the said two years.

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 services, periodic rotation of the Audit Partner, 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 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 31 December 2026 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

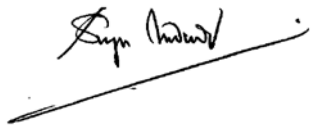
Meetings and reporting to the Board
Three (03) Meetings of the Committee were held during the period under review and attendance of the Members at these Meetings is given on page 12 of the Annual Report. The General Manager and the Financial Controller of the Company attended the Audit Committee Meetings of the Company.

Members of the Audit Committee during the year ended 31st December 2025

Director	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 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
2nd June, 2026

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 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

Three (03) Meetings of the Committee were held during the period under review and attendance of the Members at these Meetings is given on page 12 of the Annual Report.

Members of the Remuneration Committee during the year ended 31st December 2025

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 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 31.1 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.



Mr. Rohan Dunuwille
Chairman

Remuneration Committee
02nd June, 2026

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 Transaction with the key management personnel except for the transactions stated in the Note No 31.2 to the Audited 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. The 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.

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
Three (03) meetings of the Related Party Transactions Review Committee had been convened during the year under review. The Related Party Transactions Review Committee meetings are properly documented and communicated to the Board of Directors.

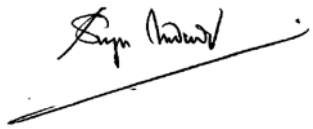
Report of the Related Party Transactions Review Committee contd...

Members of the Related Party Transactions Review Committee during the period ended 31st December 2025

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

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.



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

02nd June 2026

Report of the Nominations & Governance Committee

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 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	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 conducts periodic evaluations on the performance of the Board and the General Manager.
- 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.

Report of the Nominations & Governance Committee contd...

- During the period under review, the Company addressed a temporary non-compliance with the Listing Rules pertaining to the composition of the Board of Directors. 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.

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

Three (03) Meetings of the Committee were held during the period under review and attendance of the Members at the Meeting is given on page 12 of the Annual Report.

Members of the Nomination and Governance Committee during the year ended 31st December 2025

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 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

02nd June 2026

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
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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, 2025, 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 set out in pages 31 to 60.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2025, 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.

Risk Description	**Our Response**
Assessment of fair value of buildings (Refer to Note 07 to the Financial Statements)	**Our audit procedures included:**
As at 31st December 2025, the Company's buildings stated at fair value, classified as Property, Plant and Equipment, amounted to Rs. 2.96 Bn.	Assessing the objectivity, independence, competence, and qualifications of the external valuer engaged by management.
The Company engaged an independent professional valuer with appropriate expertise to determine the fair value of these buildings in accordance with recognized industry standards.	Engaging our own internal experts, where applicable, to assess the reasonableness of the valuation techniques, per square-foot value assumptions, and methods used in the valuation by comparing the same with evidence of current market values.
We identified this as a key audit matter due to the significance of the value of these properties to the Financial Statements and the significant judgement and estimation involved in the valuation process.	Assessing the adequacy of disclosures made in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

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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. G. H. Raddella ACA,
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

Independent Auditor's Report contd...

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. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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:

- 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.

Independent Auditor's Report contd...

- 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 benefits of public interest 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
03rd June, 2026

Statement of Financial Position

As at 31st December,	Note	2025 Rs.	2024 Rs.
Assets			
Non Current Assets			
Property plant & equipment	7	**10,410,879,977**	8,226,866,669
Right of use asset	8	**1,269,350,661**	1,292,857,153
Intangible assets	9	**22,348,606**	28,994,074
Total Non Current Assets		**11,702,579,244**	9,548,717,896
Current Assets			
Inventories	10	**37,969,821**	50,749,265
Trade and other receivables	11	**169,133,640**	110,088,649
Advances to renovation suppliers	12	**1,554,589,675**	1,278,790,477
Income tax and VAT receivable	13	**1,000,480,204**	218,640,517
Investments	14	**999,169,436**	1,611,868,682
Cash and cash equivalents	15	**646,631,110**	1,577,201,251
Total Current Assets		**4,407,973,886**	4,847,338,841
Total Assets		**16,110,553,130**	14,396,056,737
Equity			
Stated capital	16	**8,988,239,455**	8,988,239,455
Revaluation reserve	17	**6,454,099,241**	6,901,141,937
Reserve for replacement of furniture, fittings and equipment	18	**998,355,150**	998,355,150
Accumulated losses		**(10,237,016,478)**	(9,636,594,615)
Total Equity		**6,203,677,368**	7,251,141,927
Non Current Liabilities			
Interest bearing borrowings	19	**5,633,682,365**	2,163,387,361
Deferred tax liabilities	20	**520,990,407**	989,906,528
Retirement benefit obligations	21	**118,212,623**	120,985,971
Total Non Current Liabilities		**6,272,885,395**	3,274,279,860
Current Liabilities			
Trade and other payables	22	**465,720,238**	290,831,549
Provisions	23	**308,958,914**	307,948,148
Related party payable	31	**773,724,971**	482,487,426
Payable to renovation suppliers	32	**1,756,448,310**	2,777,843,158
Interest bearing borrowings	19	**329,137,934**	11,524,669
Total Current Liabilities		**3,633,990,367**	3,870,634,950
Total Liabilities		**9,906,875,762**	7,144,914,810
Total Equity & Liabilities		**16,110,553,130**	14,396,056,737

Notes from the pages no 36 to 60 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

02nd June 2026

Statement of Profit or Loss

For the year ended 31st December,	Note	2025 Rs.	2024 Rs.
Revenue	24	**348,619,278**	1,060,709,448
Cost of sales		**(348,767,747)**	(665,065,143)
Gross (loss) /profit		**(148,469)**	395,644,305
Other income	25	**30,323,807**	82,078,340
Marketing expenses		**(3,464,580)**	(9,594,230)
Administrative expenses		**(430,053,171)**	(531,461,273)
Other operating expenses		**(306,993,509)**	(425,723,024)
Results from operating activities	26	**(710,335,922)**	(489,055,882)
Finance (expenses) /income	27	**(194,073,614)**	239,151,377
Loss before tax		**(904,409,536)**	(249,904,505)
Income tax reversal	28	**292,749,778**	123,145,142
Loss for the year		**(611,659,758)**	(126,759,363)
Basic Loss Per Share	29	**(1.22)**	(0.25)

Figures in brackets indicate deductions.

Notes from the pages no 36 to 60 form an integral part of these Financial Statements.

Statement of Comprehensive Income

For the year ended 31st December,	**Note**	**2025 Rs.**	2024 Rs.
Loss for the year		**(611,659,758)**	(126,759,363)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation loss	**7.1**	**(603,275,280)**	(1,805,882,935)
Re measurements of retirement benefit obligation	**21**	**16,054,136**	(27,319,822)
Write off Electrical installations from revaluation		**(24,750,000)**	-
Impact on deferred tax	**20**	**176,166,343**	549,960,828
Total other comprehensive income for the year, net of tax		**(435,804,801)**	(1,283,241,929)
Total comprehensive income for the year		**(1,047,464,559)**	(1,410,001,292)

Figures in brackets indicate deductions.

Notes from the pages no 36 to 60 form an integral part of these Financial Statements.

Statement of Changes in Equity

	Stated Capital	Revaluation Reserve	Reserve for Replacement of FF & E	Accumulated Losses	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
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	-	(1,805,882,935)	-	-	(1,805,882,935)
Deferred tax on revaluation loss / gratuity actuarial valuation loss	-	541,764,881	-	8,195,947	549,960,828
Net actuarial loss from gratuity acturial valuation	-	-	-	(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	-	-	63,964,345	(63,964,345)	-
Replacement of furniture, fittings and equipment during the year	-	-	-	-	-
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**
Balance as at 1st January 2025	**8,988,239,455**	**6,901,141,937**	**998,355,150**	**(9,636,594,615)**	**7,251,141,927**
Total comprehensive income for the year					
Loss for the year	-	-	-	(611,659,758)	(611,659,758)
Other Comprehensive income					
Revaluation loss of Property, Plant & Equipment	-	(603,275,280)	-	-	(603,275,280)
Removal of Electrical installation from revaluation	-	(24,750,000)	-	-	(24,750,000)
Deferred tax on revaluation loss / gratuity actuarial valuation gain	-	180,982,584	-	(4,816,241)	176,166,343
Net actuarial gain from gratuity acturial valuation	-	-	-	16,054,136	16,054,136
Total comprehensive income for the year	**-**	**(447,042,696)**	**-**	**(600,421,863)**	**(1,047,464,559)**
Transactions with owners of the company, recognized directly in equity					
Provision for Reserve of replacement of furniture, fittings and equipment	-	-	-	-	-
Replacement of furniture, fittings and equipment during the year	-	-	-	-	-
Total transactions with owners of the company	**-**	**-**	**-**	**-**	**-**
Balance as at 31st December 2025	**8,988,239,455**	**6,454,099,241**	**998,355,150**	**(10,237,016,478)**	**6,203,677,368**

Figures in brackets indicate deductions.

Notes from the pages no. 36 to 60 form an integral part of these Financial Statements.

* FF & E - Furniture, Fittings and Equipment

Statement of Cash Flow

For the year ended 31st December,	**Note**	**2025 Rs.**	2024 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(904,409,536)**	(249,904,505)
Adjustments for			
Allowance of impairment for bad and doubtful receivables	**11.1**	**(10,000)**	(30,000)
Depreciation and amortization	**7, 8 & 9**	**174,301,547**	252,021,013
Furniture and fittings write off	**7**	**-**	1,939,837
Provision for retirement benefit obligations	**21**	**21,354,768**	18,840,808
Interest for provision for litigation settlement	**23**	**1,010,766**	32,565,357
Unrealised exchange loss/ (gain)		**382,674,406**	(22,792,826)
Profit on disposal of old furniture		**-**	(68,456,730)
Interest Income	**27**	**(181,056,718)**	(236,173,296)
Operating profit before working capital changes		**(506,134,767)**	(271,990,342)
Decrease in inventories		**12,779,445**	32,081,732
(Increase) / decrease in trade & other receivables		**(59,034,991)**	78,494,997
Increase in advances to renovation suppliers		**(275,799,198)**	(1,278,790,477)
Increase in income tax and VAT recoverable		**(781,839,687)**	(153,383,670)
Increase / (decrease) in trade & other payables		**225,068,749**	(193,983,248)
(Decrease) /increase in payable to renovation suppliers		**(1,021,394,848)**	2,777,843,158
Increase in related party payables		**238,966,738**	231,418,086
Total working capital changes		**(1,661,253,792)**	1,493,680,578
Cash generated from operations		**(2,167,388,559)**	1,221,690,236
Retirement benefits paid	**21**	**(8,073,980)**	(12,858,525)
Net Cash flows (used in) / generated from operating activities		**(2,175,462,539)**	1,208,831,711
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment	**7**	**(2,956,188,174)**	(3,551,151,787)
Proceeds from sale of old furniture		**-**	68,456,730
Interest received	**27**	**181,056,718**	236,173,296
Interest reinvested in fixed deposits and repos	**14**	**(163,752,018)**	(218,784,774)
New investment in repos and fixed deposits	**14**	**(1,000,000,000)**	(250,000,000)
Withdrawal of repos	**14**	**1,776,451,264**	1,661,358,546
Net cash flows used in investing activities		**(2,162,432,211)**	(2,053,947,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan receipts	**19**	**3,407,324,608**	2,155,536,697
Net cash flows generated from financing activities		**3,407,324,608**	2,155,536,697
Net change in cash & cash equivalents		**(930,570,141)**	1,310,420,419
Cash and cash equivalents at the beginning of the year		**1,577,201,251**	266,780,832
Cash and cash equivalents at the end of the year (Note A)		**646,631,110**	1,577,201,251
Note A			
Cash in hand		**1,375,000**	1,415,000
Cash at bank		**645,256,110**	1,575,786,251
		646,631,110	1,577,201,251

Figures in brackets indicate deductions.

Notes from the pages no 36 to 60 form an integral part of these Financial Statements.

Notes to the Financial Statements

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.64, Lotus Road, Colombo 01 and the principal place of business is situated at the same address.

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 2025 was 306. (2024 - 286)

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 2nd June 2026.

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 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.

Notes to the Financial Statements contd...

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.

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

Notes to the Financial Statements contd...

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

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.

Notes to the Financial Statements contd...

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 meas-ured 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 bring-ing 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 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.

Notes to the Financial Statements contd...

The estimated useful lives of the assets are as follows.

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:

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

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
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 commenc ment 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

Notes to the Financial Statements contd...

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.

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.

Notes to the Financial Statements contd...

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 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

Notes to the Financial Statements contd...

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 othercomprehen-sive 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 accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. However, the Company has not early adopted the new and amended accounting standards, stated below, in preparing these financial statements.

A IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

1. Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
2. Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
3. Enhanced guidance is provided on how to group information in the financial statements.

B Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)
In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amended SLFRS 9 and SLFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

1. Recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payments system; and
2. Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features

C Other Standards
1. Contracts Referencing Nature-dependent Electricity (Amendments to SLFRS 9 and SLFRS 7); and
2. Annual Improvements to SLFRS Accounting Standards - Volume 11.

Notes to the Financial Statements contd...

7. PROPERTY, PLANT & EQUIPMENT

7.1 Reconciliation of Carrying Value

	Building	Electrical installations	Kitchen equipment & utensils	Generator	Plant & machinery	Air conditioning equipment
Cost/ Revalued amounts						
Balance as at 01/01/2025	3,680,160,075	24,750,000	27,354,959	17,570,000	45,479,432	5,159,605
Additions	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Adjustments	-	(24,750,000)	-	-	-	-
Revaluation loss	(603,275,280)	-	-	-	-	-
Depreciation adjustment on revaluation	(108,240,002)	-	-	-	-	-
Balance as at 31/12/2025	**2,968,644,793**	**-**	**27,354,959**	**17,570,000**	**45,479,432**	**5,159,605**
Depreciation						
Balance as at 01/01/2025	-	-	4,089,780	1,797,896	7,023,252	1,340,068
Charge for the year	108,240,002	-	2,044,890	898,948	3,511,626	670,034
Adjustments	-	-	-	-	-	
On disposals	-	-	-	-	-	-
Depreciation adjustment on revaluation	(108,240,002)	-	-	-	-	-
Balance as at 31/12/2025	**-**	**-**	**6,134,670**	**2,696,844**	**10,534,878**	**2,010,102**
Net Book Value as at 31/12/2025	**2,968,644,793**	**-**	**21,220,289**	**14,873,156**	**34,944,554**	**3,149,503**
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

7.2 Hotel building situated at No. 64, Lotus Road, Colombo 1, was revalued on 31st December 2025 by independent, qualified valuer, Prathap Chartered Valuation and Consultancy (Pvt.) Ltd, which resulted in a revaluation loss of Rs. 603,275,280/- 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
2025	698,154,137	-	-	19,921,095	373,426	23,485,136
2024	719,310,323	-	-	22,083,919	415,868	26,255,754

Laundry equipment	Computers	Elevators	Electrical equipment	Cutlery, crockery and linen	Capital Work in Progress	2025	2024
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
-	3,828,170	-	-	-	2,952,360,004	2,956,188,174	3,551,151,787
-	-	-	-	(30,269,418)	-	(30,269,418)	(20,056,005)
-	-	-	-	-	-	(24,750,000)	10,509,226
-	-	-	-	-	-	(603,275,280)	(1,805,882,935)
-	-	-	-	-	-	(108,240,002)	(176,147,990)
17,228,375	**64,160,316**	**3,794,300**	**47,011,461**	**49,218,556**	**7,324,898,808**	**10,570,520,605**	8,380,867,131
4,109,924	34,403,189	3,794,300	18,272,391	79,169,662	-	154,000,462	114,637,670
2,054,962	18,038,462	-	8,372,352	318,311	-	144,149,586	223,117,740
-	-	-	-	-	-	-	10,509,226
-	-	-	-	(30,269,418)	-	(30,269,418)	(18,116,184)
-	-	-	-	-	-	(108,240,002)	(176,147,990)
6,164,886	**52,441,651**	**3,794,300**	**26,644,743**	**49,218,556**	**-**	**159,640,628**	154,000,462
11,063,489	**11,718,665**	**-**	**20,366,718**	**-**	**7,324,898,808**	**10,410,879,977**	**-**
13,118,451	25,928,957	-	28,739,070	318,312	4,372,538,804	-	8,226,866,669

Air conditioning equipment	Laundry equipment	Computers	Elevators	Electrical equipment	Cutlery, crockery and linen	Total
5,090818	7,724,776	2,871,128	357,755	1,020,453	-	758,998,722
6,731,768	9,597,063	7,345,499	385,274	1,802,941	318,311	794,246,720

Notes to the Financial Statements contd...

7.4 Fully depreciated property, plant & equipment as at the reporting date is Rs.1,184,004,063/- (2024 - Rs.1,165,969,879/-)

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 2025.

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.37,500/- per square foot	Positively correlated sensitivity

7.7 Disposals during the year.

During the year the Company disposed Rs. 30,269,418/- (2024 - 20,056,005/-) worth of assets which were fully depreciated.

7.8 Capital work in progress

The Company started renovating its building in February 2024. During the year, addition to capital work in progress is Rs. 2,952,360,004/- which related to renovation project. During the year the Company has capitalised Rs, 229,384,552/- as borrowing costs. (2024 – Rs. 11,524,669/-). These capitalized amounts includes Interest relating to the borrowings directly attributed to the construction project.

Notes to the Financial Statements contd...

As at 31st December,	2025 Rs.	2024 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	**(825,221,418)**	(801,714,926)
Charge for the year	**(23,506,492)**	(23,506,492)
Balance as at 31st December	**(848,727,910)**	(825,221,418)
Net Balance as at 31st December	**1,269,350,661**	1,292,857,153

8.2 The leashold property is amortized on a straight line basis over 99 years. Remaining lease period as at 31st December 2025 was 54 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**	42,075,593
Balance as at 31st December	**42,075,593**	42,075,593
Accumulated Amortization		
Balance as at 1st January	**(13,081,519)**	(7,684,738)
Charge for the year	**(6,645,468)**	(5,396,781)
Balance as at 31st December	**(19,726,987)**	(13,081,519)
Net Book Value as at 31st December	**22,348,606**	28,994,074

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

The amortization of intangibles assets is included in the administrative expenses.

10. INVENTORIES		
Food and beverage	**11,921,010**	17,559,957
Other consumables	**5,383,388**	8,510,908
Engineering supplies	**10,045,755**	10,893,897
Fuel inventories	**10,673,647**	13,838,482
	38,023,800	50,803,244
Less: Impairment provision for slow moving inventories **(Note 10.1)**	**(53,979)**	(53,979)
	37,969,821	50,749,265
10.1 Impairment provision for slow moving inventories		
As at 1st January	**53,979**	53,979
As at 31st December	**53,979**	53,979

Notes to the Financial Statements contd...

As at 31st December,	2025	2024
	Rs.	Rs.
11. TRADE AND OTHER RECEIVABLES		
Trade receivables	**25,396,109**	31,204,831
Less: Allowance for impairment of doubtful receivables **(Note 11.1)**	**(11,937,402)**	(11,947,402)
	13,458,707	19,257,429
Deposits, advances and other receivables	**38,572,519**	69,376,083
Prepayments	**114,941,015**	19,072,588
Advances to staff **(Note 11.2)**	**2,161,399**	2,382,549
	169,133,640	110,088,649
11.1 Allowance for impairment of doubtful receivables		
As at 1st January	**(11,947,402)**	(11,977,402)
Reversal for allowance for impairment	**10,000**	30,000
As at 31st December	**(11,937,402)**	(11,947,402)
11.2 Advances to staff		
As at 1st January	**2,382,549**	3,389,427
Granted during the year	**8,357,230**	9,486,877
Repayments	**(8,578,380)**	(10,493,755)
As at 31st December	**2,161,399**	2,382,549

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	**1,278,790,477**	-
Advances paid during the year	**994,756,348**	1,713,991,821
Advances capitalised during the year	**(718,957,150)**	(435,201,344)
As at 31st December	**1,554,589,675**	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**	65,256,847
Income tax expenses for the year **(Note 28.1)**	**-**	-
Payments during the year	**-**	-
WHT claimed during the year	**31,000,701**	-
As at 31st December	**96,257,548**	65,256,847

The Company has an Income tax refund of Rs. 96,257,548/- for the year of assessment 2024/25.

13.2 Value Added Tax		
As at 31st December	**904,222,656**	153,383,670
	904,222,656	153,383,670
Total Income and Value added tax receivable	**1,000,480,204**	218,640,517

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,	2025 Rs.	2024 Rs.
14. INVESTMENTS		
14.1 Investment classified at amortised cost		
Fixed Deposits **(Note 14.2)**	**351,532,764**	328,147,727
Repurchase agreements **(Note 14.3)**	**647,636,672**	1,283,720,955
	999,169,436	1,611,868,682
14.2 Fixed Deposits Movement Schedule		
At the beginning of the year	**328,147,727**	67,682,936
Investments during the year	**-**	250,000,000
Interest reinvested during the year	**26,024,655**	10,853,594
WHT deducted during the year	**(2,639,618)**	(388,803)
Withdrawals during the year	**-**	-
At the end of the year	**351,532,764**	328,147,727

The Company has an overdraft facility of Rs. 225 miliion from Hatton National Bank and three Fixed Deposits, amounting to Rs. 100 Mn, Rs. 100 Mn and Rs. 50 Mn respectively, are under a lien for the overdraft. As at 31st December 2025 overdraft balance is nil.

14.3 Repurchase Agreements Movement Schedule		
At the beginning of the year	**1,283,720,955**	2,736,759,519
Withdrawals during the year	**(1,776,451,264)**	(1,661,358,546)
Investments during the year	**1,000,000,000**	-
Interest reinvested during the year	**140,366,981**	208,319,982
At the end of the year	**647,636,672**	1,283,720,955
15. CASH AND CASH EQUIVALENTS		
Cash in hand	**1,375,000**	1,415,000
Cash at bank	**645,256,110**	1,575,786,251
Cash and Cash Equivalents for cash flow purpose	**646,631,110**	1,577,201,251

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 2025 is Rs.261,886,642/- (2024 - Rs. 1,368,345,268/-).

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 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	**6,901,141,937**	8,165,259,991
Revaluation loss during the year **(Note 7.1)**	**(603,275,280)**	(1,805,882,935)
Removal of Electrical installation from revaluation reserve	**(24,750,000)**	-
Recognition of deferred tax liabilities on revaluation loss **(Note 20.5)**	**180,982,584**	541,764,881
As at 31st December	**6,454,099,241**	6,901,141,937

Notes to the Financial Statements contd...

As at 31st December,	2025	2024
	Rs.	Rs.
18. RESERVE FOR REPLACEMENT OF FURNITURE, FITTINGS AND EQUIPMENTS		
As at 1st January	**998,355,150**	934,390,805
Transfer during the year	**-**	63,964,345
Replacement during the year	**-**	-
As at 31st December	**998,355,150**	998,355,150

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	**2,163,387,361**	-
	Loan obtained during the year	**3,407,324,608**	2,155,536,697
	Repayments during the year	**-**	-
	Currency translation difference	**330,403,599**	7,850,664
	Balance as at 31st December	**5,901,115,568**	2,163,387,361
	Balance payable after one year	**5,633,682,365**	-
	Balance payable within one year	**267,433,203**	2,163,387,361
	Term loan interest payable within one year	**61,704,732**	11,524,669
		329,137,935	11,524,669

19.2 Security and Repayment Terms of Borrowings

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	**989,906,528**	1,663,012,498
	Income statement charge **(Note 20.2 and 20.5)**	**(292,749,778)**	(123,145,142)
	Deferred tax on revaluation loss of building **(Note 17)**	**(180,982,584)**	(541,764,881)
	Deferred tax on remeasurement of retirement benefit obligations **(Note 21)**	**4,816,241**	(8,195,947)
	Balance as at 31st December	**520,990,407**	989,906,528

Deferred tax liabilities are calculated on all temporary differences under the liability method using an effective tax rate of 30% (2024 - 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**
At 1 January 2024	(6,947,099)	(60,898,448)	(26,305,160)	(94,150,707)
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)
At 31 December 2024	(13,784,946)	(109,665,245)	(36,295,792)	(159,745,983)
At 1 January 2025	(13,784,946)	(109,665,245)	(36,295,792)	(159,745,983)
Credited to income statement	(87,109,015)	(151,754,300)	(3,984,236)	(242,847,551)
Charged to other comprehensive income	-	-	4,816,241	4,816,241
At 31 December 2025	**(100,893,961)**	**(261,419,545)**	**(35,463,788)**	**(397,777,293)**

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 2025			As at 31 December 2024		
Tax loss	**Tax rate**	**Unrecognised Deferred tax Asset**	**Tax loss**	**Tax rate**	**Unrecognised Deferred tax Asset**
203,675,310	30%	61,102,593	206,390,648	30%	61,917,194

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**
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	187,608,684	2030/31	Yes
2025/26	514,109,802	2031/32	Yes

20.5 Deferred tax liabilities

	Deferred tax liabilities arising from			
	Accelerated tax on amortisation	**Accelerated tax on depreciation**	**Fair value gains on buildings revaluation**	**Total**
As at 1 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 of buildings	-	-	(541,764,881)	(541,764,881)
As at 31 December 2024	(507,243)	50,329,143	1,099,830,611	1,149,652,511
As at 1 January 2025	(507,243)	50,329,143	1,099,830,611	1,149,652,511
Release to income statement	(774,794)	(16,964,055)	(32,163,378)	(49,902,227)
Deferred tax on devaluation of buildings			(180,982,584)	(180,982,584)
As at 31 December 2025	**(1,282,037)**	**33,365,088**	**886,684,649**	**918,767,700**

Notes to the Financial Statements contd...

As at 3st December,	2025 Rs.	2024 Rs.
21. RETIREMENT BENEFITS OBLIGATIONS		
As at 1st January	**120,985,971**	87,683,866
Current service cost	**9,256,171**	7,441,906
Interest cost	**12,098,597**	11,398,902
Benefits paid	**(8,073,980)**	(12,858,525)
Actuarial (gain)/loss	**(16,054,136)**	27,319,822
As at 31st December	**118,212,623**	120,985,971

21.1 Actuarial valuation was carried out as at 31st December, 2025 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	9.50%	10.00%
Future salary increases	8.00%	10.00%
Staff turnover rate	8.00%	3.00%
Retirement age	60 years	60 years

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	**9,256,171**	7,441,906
Interest cost	**12,098,597**	11,398,902
Total expenses recognized in the Income Statement	**21,354,768**	18,840,808

21.5 Expenses recognized in other comprehensiveincome		
Net actuarial (gain)/loss recognized immediately	**(16,054,136)**	27,319,822
Total expenses recognized in other comprehensiveincome	**(16,054,136)**	27,319,822

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 31/12/25 (Rs.)
1% point increase	8.00%	8.00%	111,980,252
1% point decrease	8.00%	8.00%	125,105,194
9.5%	1% point increase	8.00%	125,403,815
9.5%	1% point decrease	8.00%	111,603,410
9.5%	8.00%	1% point increase	118,575,456
9.5%	8.00%	1% point decrease	117,812,340

Notes to the Financial Statements contd...

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

	As at 31st December	
	2025	2024
Future Working Life Time		
Within the next 12 months	**16,024,310**	10,445,860
Between 1-2 years	**19,036,932**	8,724,923
Between 2 -5 years	**36,541,796**	28,834,318
Between 5 -10 years	**31,035,876**	38,882,600
Beyond 10 years	**15,573,709**	34,098,270
Total	**118,212,623**	120,985,971

21.8 The Company Weighted Average Duration of Defined Benefit Obligation is 6 years. (2024 - 9)

As at 31st December,	**2025**	2024
	Rs.	Rs.
22. TRADE AND OTHER PAYABLES		
Trade payables	**21,318,987**	118,671,528
Directors fees payable	**7,706,614**	6,866,614
Retention payable	**357,965,332**	73,126,400
Advances and deposits	**23,689,868**	26,721,004
Accrued expenses	**43,490,999**	49,556,280
Other creditors	**11,548,438**	15,889,723
	465,720,238	290,831,549

23. PROVISIONS

23.1 Legal cases

As at 1st January	**267,470,169**	234,904,812
Legal interest accrued during the year **(Note 23.1.1)**	**1,010,766**	32,565,357
Balance as at 31st December	**268,480,935**	267,470,169

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 2025. Note 23.2.1 - In addition to the said negotiations, the Company is also awaiting the Supreme Court decision in relation to the appeal from a Court of Appeal judgement in relation to the license fee payable by the hoteliers.

Total Provisions	**308,958,914**	307,948,148

Notes to the Financial Statements contd...

For the year ended 31 December,	2025	2024
	Rs.	Rs.
24. REVENUE		
Revenue	**348,619,278**	1,060,709,448
Total revenue	**348,619,278**	1,060,709,448
24.1 Revenue analysis		
Room revenue	**-**	233,340,309
Food and beverage revenue	**280,639,916**	721,169,374
Rental income	**31,728,491**	55,898,256
Other hotel related revenue	**36,250,871**	50,301,509
	348,619,278	1,060,709,448
25. OTHER INCOME		
Taxi charges	**-**	134,795
Sale of old furniture and damaged items	**25,594,644**	68,456,730
Sundry income	**4,729,163**	13,486,815
	30,323,807	82,078,340

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	**3,300,000**	2,950,000
Other consultancy services	**43,345**	400,000
Directors' remuneration	**1,640,000**	1,790,000
Depreciation	**144,149,587**	223,117,740
Right of use asset amortization	**23,506,492**	23,506,492
Intangible assets amortisation	**6,645,468**	5,396,781
Advertising	**234,703**	1,208,210
Legal fees	**3,788,297**	2,652,343
Reversal of impairment of doubtful receivables	**10,000**	30,000
Staff cost **(Note 26.1)**	**347,189,978**	357,204,107
26.1 Staff cost		
Salaries	**258,660,533**	232,733,363
Casual wages	**33,351,403**	56,923,253
EPF and ETF	**49,877,410**	48,706,683
Defined benefit plan- gratuity	**5,300,632**	18,840,808
	347,189,978	357,204,107
27. FINANCE INCOME		
Interest income	**181,056,718**	236,173,296
Exchange loss/(gain)	**(375,130,332)**	2,978,081
Total finance income	**(194,073,614)**	239,151,377

28. INCOME TAX EXPENSES

28.1 Income tax expense

Current tax		
On current year profits **(Note 28.4)**	**-**	-
Current tax charge to income statement	**-**	-

Notes to the Financial Statements contd...

For the year ended 31 December,	2025	2024
	Rs.	Rs.
Deferred tax		
Reversal of deferred tax liability	**(17,738,849)**	(13,210,039)
Origination of deferred tax asset	**(242,847,551)**	(57,399,329)
Reversal from revaluation of Property Plant and Equipments	**(32,163,378)**	(52,535,774)
	(292,749,778)	(123,145,142)
Total tax expenses	**(292,749,778)**	(123,145,142)

28.2 Tax reconciliation statement

Loss before income tax expense	**(904,409,536)**	(249,904,505)
Other sources of income	**(180,152,428)**	(236,173,296)
Aggregate allowable items	**(17,874,253)**	(53,381,569)
Aggregate disallowable items	**588,326,414**	328,452,790
Business loss	**(514,109,802)**	(211,006,580)
Interest income (excluding USD interest income)	**180,152,428**	232,620,888
Set off interest income	**(180,152,428)**	(232,620,888)
Taxable income	**-**	-

28.3 Tax losses

As at 1st January	**571,941,464**	3,909,224,984
Adjusted in respect of prior period	**(23,397,896)**	(6,313,545)
Expired during the year	**(235,395,225)**	(3,309,355,667)
Loss generated during the year	**514,109,802**	211,006,580
Set off interest income	**(180,152,428)**	(232,620,888)
As at 31st December	**647,105,717**	571,941,464

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 PER SHARE

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

Loss after tax	**(611,659,758)**	(126,759,363)
Number of ordinary shares	**500,829,564**	500,829,564
Basic loss per share - Rs.	**(1.22)**	(0.25)

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.

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)**	**351,532,764**	328,147,727
Repurchase agreements **(Note 14.3)**	**647,636,672**	1,283,720,955
Trade and Other Receivables (Excluding prepayments & advances) **(Note 11)**	**54,192,625**	91,016,06
Cash at bank **(Note 15)**	**645,256,110**	1,575,786,251
	1,698,618,171	3,278,670,994

Notes to the Financial Statements contd...

30.1.2 Financial Liabilities at amortised cost

Trade and other payable **(Note 22)**		
(excluding statutory payables & Annual fees received in advance)	**465,720,238**	290,831,549
Interest bearing borrowings **(Note 19)**	**5,098,001,538**	2,163,387,361
Term loan interest payable	**61,704,732**	11,524,669
	5,625,426,507	2,465,743,579

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.

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	**2025**	2024
	Rs.	Rs.
Trade and Other Receivables (excluding prepayments & advances) **(Note 11)**	**54,192,625**	91,016,061
Fixed deposits **(Note 14.2)**	**351,532,764**	328,147,727
Repurchase agreements (**Note 14.3)**	**647,636,672**	1,283,720,955
Cash at Bank **(Note 15)**	**645,256,110**	1,575,786,251
	1,698,618,171	3,278,670,994

Notes to the Financial Statements contd...

ii) Age analysis of trade receivables

	2025			2024		
	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	7,509,673	-	7,509,673	15,072,210	-	15,072,210
more than 60 days	5,949,034	-	5,949,034	3,497,137	-	3,497,137
more than 120 days	-	-	-	688,082	-	688,082
more than 180 days	-	-	-	-	-	-
more than 365 days	11,937,402	(11,937,402)	-	11,947,402	(11,947,402)	-
Total	**25,396,109**	**(11,937,402)**	**13,458,707**	**31,194,831**	**(11,947,402)**	**19,257,429**

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 2025	Balance as at 31st December 2025 (Rs.)
Fixed Deposit	AA-	351,532,764
Cash at bank	A	75,891,560
Cash at bank	AA-	569,364,550
Repurchase agreements	AA-	647,636,672

iv) Cash and Cash Equivalents

The Company held cash at bank of Rs. 645.2 Mn as at 31 December 2025 (2024 - Rs. 1,575.8 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.

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 UAE Dhiram (AED) against Sri Lankan Rupee (LKR) 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.

Notes to the Financial Statements contd...

	Balance as at 31st December 2025 (AED)	Exch Rate	Impact to profit by Increase or Decrease in Exchange rate by 1% (LKR)
Long term loan	68,585,723	86.04	59,011,156
Related party payable	8,992,619	86.04	7,737,250
Deposits at Mashreq bank	881,733	86.04	758,643
Interest payable	717,162	86.04	617,046

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 2025		as at 31st December 2024	
Fixed Rate instruments	**Fixed interest rate**	**Value (Rs.)**	**Fixed interest rate**	**Value (Rs.)**
Fixed Deposits	7.44%	351,532,764	7.75%	328,147,727
Repurchase agreements	7.60%	647,636,672	8.50%	1,283,720,955

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)	272,432,001	79,100,762
Cash at bank (Rs)	569,229,770	-
Cash at bank (USD)	134,781	-
Cash at bank (AED)	75,891,560	
Cash in hand (Rs)	1,375,000	-
Repurchase agreements (Rs)	647,636,672	-

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

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 2025			
Trade and other payable **(Note 22)**	465,720,238	465,720,238	-
Interest bearing borrowings **(Note 19)**	5,901,115,568	267,433,203	5,633,682,365
Term loan interest payable	61,704,732	61,704,732	-
	6,428,540,538	**794,858,173**	**5,633,682,365**
As at 31st December 2024			
Trade and other payable **(Note 22)**	290,831,549	290,831,549	-
Interest bearing borrowings	2,163,387,361	-	2,163,387,361
Term loan interest payable	11,524,669	11,524,669	-
	2,465,743,579	**302,356,218**	**2,163,387,361**

Notes to the Financial Statements contd...

31. RELATED PARTIES

31.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard (US)24, Related Party Disclosure, Key Management Personnel (IO/IP) 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	**2025**	2024
	Rs.	Rs.
Director's fees	**1,640,000**	1,790,000
	1,640,000	1,790,000

Directors fees payable as at 31st December 2025 is Rs. 7,706,614/- (2024 - 6,866,614/-).
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**	
	2025 Rs	**2024 Rs**	**2025 Rs**	**2024 Rs**
Galadari Brothers Co. LLC.	**107,813,345**	98,544,980	**325,763,881**	195,192,658
Galadari Engineering Works Co. LLC	**-**	10,085,192	**183,229,530**	169,642,774
G B C Streamline Contracting LLC	**129,646,666**	119,982,229	**263,212,094**	117,651,994
International Travel Services	**2,830,472**	-	**1,519,466**	-
	237,460,011	228,612,402	**773,724,971**	482,487,426

The balance payable to all Company's 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. Impact on exchange rates also included in the balances as at 31st December 2025.

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.

31.4 Recurrent / Non-Recurrent Related Party Transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 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 any recurrent related party transactions which in aggregate value exceeds 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.

Notes to the Financial Statements contd...

33. CAPITAL COMMITMENTS AND CONTINGENCIES

33.1 Capital Commitments

As at 31st December	**2025**	2024
	Rs.	Rs.
Capital Commitments Contracted but partially paid	**9,978,862,998**	8,476,408,564
	9,978,862,998	8,476,408,564

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

The Company is in the process of refurbishment of the Hotel with a projected initial investment of USD 33.5 million. It intends to secure additional funding to complete the project. During the year, the hotel has been partially closed for the renovation.

There have been no events subsequent to the reporting date other than this, 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	**2025**	2024
	Rs.	Rs.
Total liabilities	**9,906,875,763**	7,144,914,810
Less: cash in hand and at bank	**(646,631,110)**	(1,577,201,251)
Investments in Repos and FD	**(999,169,436)**	(1,611,868,682)
Adjusted net debt	**8,261,075,217**	3,955,844,877
Total equity	**6,203,677,367**	7,251,141,926
Adjusted net debt to equity ratio	**133%**	55%

37. DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Please refer to the page 8 for the Statement of Directors Responsibility for Financial Reporting.

Information to Shareholders

(i) Ordinary Shareholders as at 31st December, 2025

Number of Shareholders 11,107 (2024 - 10,645)

Range (shareholdings)	No. of Shareholders	Total No. of Shares	Percentage
1-1000	8,997	1,962,394	0.39
1001-5000	1,226	3,220,197	0.64
5001-10000	326	2,541,732	0.51
10001-50000	394	9,454,212	1.89
50001-100000	66	4,928,459	0.98
100001-500000	73	18,660,329	3.73
500001-1000000	8	7,023,217	1.40
1000001-100000000	16	134,643,520	26.88
100000001& above	1	318,395,504	63.57
Total	**11,107**	**500,829,564**	**100.00**

(ii) Major Shareholders as at 31st December, 2025

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
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	1.96
Z.A.I. GALADARI	4,905,000	1.35
SALWA A.I. GALADARI	4,905,000	0.98
F.I.A. ABBAS	3,166,094	0.98
F.N.M. KHAN	2,802,861	0.63
SANDWAVE LIMITED	2,489,278	0.56
SEYLAN BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	2,000,000	0.50
S.S.P. KANDAMBI	1,517,314	0.40
EMPLOYEES PROVIDENT FUND	1,221,365	0.30
SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	1,193,856	0.24
SEYLAN BANK PLC/W.D.N.H.PERERA	1,000,000	0.24
SENKADAGALA FINANCE PLC/M.M.SUGATHAPALA	1,000,000	0.20
PMF FINANCE PLC/M.S.HAMZADEEN	1,000,000	0.20

Information to Shareholders contd...

(iii)	Directors' Shareholding as at 31st December	2025	2024
	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
	D. T. S. H. Mudalige	-	-
	A. R. Dunuwille	-	-
	V. Radhakrishnan	-	-

(iv)	Market Price of share	2025	2024
	Higest Market Value per share	21.70 (01/10/2025)	19.40 (26.12.2024)
	Lowest Market Value per share	16.50 (01/12/2025)	15.30 (30.10.2024)
	Last Traded Price	18.50 (31/12/2025)	18.20 (31.12.2024)

(v) Public holding

As at 31st December	2025	2024
Percentage of Public Shareholding	12.57	12.57
Total No. of Shareholders Represent in the Public Holding	11,095	10,633
Float Adjusted Market Capitalisation (Rs.)	1,164,654,110	1,145,767,827

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	**2025**	2024	2023	2022	2021
FINANCIAL PERFORMANCE					
Revenue	**348,619**	1,060,709	1,606,029	1,183,220	554,025
(Loss) / Profit after tax but before interest expenses and other income	**(641,984)**	(208,837)	159,213	(116,133)	(334,750)
(Loss) / Profit before taxation	**(904,410)**	(249,905)	292,467	65,573	(281,742)
Taxation (provision) / reversal	**292,750**	123,145	(138,778)	(183,465)	(60,690)
(Loss) / Profit after taxation on ordinary activities	**(611,660)**	(126,759)	153,688	(117,892)	(342,431)
As at 31st December	**2025**	2024	2023	2022	2021
SHARE CAPITAL AND RESERVES					
Stated capital	**8,988,239**	8,988,239	8,988,239	8,988,239	8,988,239
Capital reserves	**6,454,099**	6,901,142	8,165,260	7,759,252	7,919,277
Revenue reserves	**(10,237,016)**	(9,636,594)	(9,426,747)	(9,470,358)	(9,274,078)
Provision for replacement of furniture fittings & equipment	**998,355**	998,355	934,391	826,131	750,080
Shareholder's Funds	**6,203,677**	7,251,142	8,661,143	8,103,264	8,383,518
ASSETS EMPLOYED					
Current assets	**4,407,974**	4,847,339	3,407,865	3,287,434	3,112,745
Current liabilities	**(3,633,990)**	(3,870,635)	(1,053,435)	(944,976)	(717,293)
Working capital	**773,984**	976,704	2,354,430	2,342,458	2,395,452
Property, plant & equipment	**10,410,880**	8,226,867	6,706,655	5,884,299	5,166,303
Intangible assets	**22,349**	28,994	34,391	23,706	-
Right of use assets	**1,269,351**	1,292,857	1,316,364	1,339,870	1,363,377
Deferred tax assets	**397,777**	159,745	94,151	244,117	230,605
Long term liabilities	**(1,036,981)**	(1,270,638)	(1,844,848)	(1,731,186)	(772,219)
Interest bearing borrowings	**(5,633,683)**	(2,163,387)	-	-	-
	6,203,677	7,251,142	8,661,143	8,103,264	8,383,518
RATIOS & STATISTICS					
Current ratio (times)	**1.06**	1.25	3.24	3.48	4.34
(Loss) / Earnings per share	**(1.22)**	(0.25)	0.31	(0.24)	(0.68)
Net assets value per share	**12.39**	14.47	17.29	16.18	16.74
Debt equity ratio	**95%**	30%	-	-	-

Notes

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 FIFTH ANNUAL GENERAL MEETING of the Company to be held on 29th June 2026 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, 2025 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 retires by rotation in terms of Article 87 and 88 of the Articles of Association of the Company.	☐	☐
(ii) To re-elect Mr. Anuradha Rohan Dunuwille, Director, who retires by rotation in terms of Article 87 and 88 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 Six.

.....
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 4th June 2026, the 45th 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 Company Secretaries Office 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

Signaling a Bold New Chapter

GALADARI HOTEL ANNUAL REPORT 2025

GALADARI

COLOMBO

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