HOTEL SIGIRIYA PLC

ANNUAL REPORT 2025/26

Contents

Hotel Sigiriya PLC

ANNUAL REPORT

2025/26

Our Vision

To be one of the top three contributors to the development of the hospitality industry in Sri Lanka and be the benchmark for guest service, F&B standards and management of human capital

Our Mission

Our Guests

To create experiences to write home about by exceeding the expectations of our guests at all times

Our Customers

To be the most trusted hotel partner, delivering consistently superior value at all times

Our People

To create an environment that will inspire our people to work with pride, happiness and passion which will reflect in service excellence, thus delighting our guests

Our Community

To develop our community and protect our environment by adopting and implementing sustainable tourism initiatives

Our Shareholders

To deliver superior returns to our shareholders through sustained performance excellence

Our Philosophy

To reflect our engagement with our stakeholders and our passion to elevate the Hotel Sigiriya PLC to the pinnacle of service excellence. Our decade-long experience in hospitality and pursuit of achieving 100% customer satisfaction drives all our operations.

Our Values

We Keep Learning
We constantly strive to be the best we can be. And when we get there, we strive to be even better -never stopping or resting on our laurels.

We Think Boldly
We take pride in big ideas. And we believe that each and every one of us should have an input into the future of the company.

We Personalise Experiences
For our career journeys as well as for our customers, we believe in catering to the individual rather than to the masses.

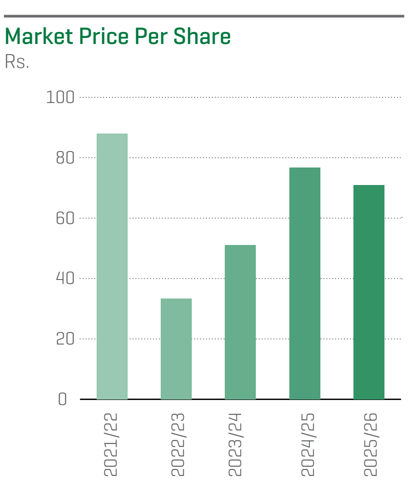
We Lead Change
Never content with maintaining the status quo. We always embrace change, relishing the chance to meet the shifting needs of the world around us.

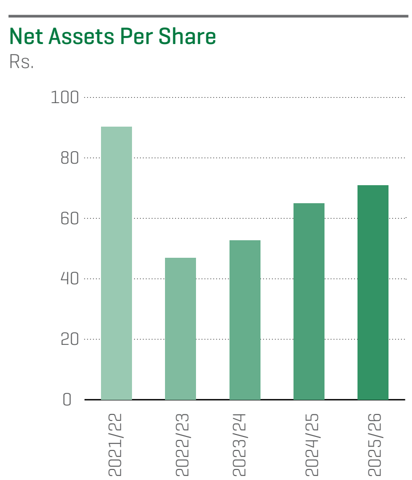
We Evolve With Our Customers
We foster a dynamic culture that inspires total confidence and evolves based on the changing demands of all our stakeholders.

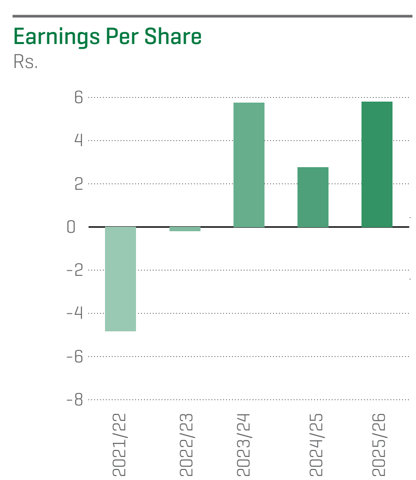
We Thrive On Creativity
It doesn't matter where you come from or what your background is - we judge each other on our ability to look at things differently and find novel solutions to complex puzzles.

Financial Highlights

Year ended 31 March		2026	2025	2024	2023	2022
Revenue	Rs.000's	732,104	624,872	491,955	245,494	103,771
Profit before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs.000's	145,676	75,889	13,483	(3,797)	(62,697)
Profit / (Loss) before Tax	Rs.000's	157,653	101,381	118,480	(28,601)	(66,465)
Profit / (Loss) after Tax	Rs.000's	101,957	48,493	101,309	(3,600)	(59,805)
Earnings per Share	Rs.	5.80	2.76	5.76	(0.20)	(10.21)
Cash Earnings / (Loss) per Share	Rs.	(9.11)	(3.22)	(1.18)	6.07	17.17
Interest Cover	Times	27.96	10.74	100.55	(2.68)	(16.64)
Return on Equity (ROE)	%	12.64	0.04	0.13	(0.03)	(0.13)
Return on Capital Employed (ROCE)	%	0.05	0.02	0.06	(0.06)	(0.12)
Statement of Financial Position Highlights and Ratios						
Total Assets	Rs.000's	1,703,307	1,628,799	1,238,980	1,069,016	852,760
Total Debt	Rs.000's	53,190	41,254	45,787	34,915	37,883
Total Shareholders' Funds	Rs.000's	1,247,056	1,142,807	927,919	825,891	529,326
No. of Shares in Issue		17,577,000	17,577,000	17,577,000	17,577,000	5,859,000
Net Assets per Share	Rs.	71	65.02	52.79	46.99	90.34
Debt / Total Equity	%	4.27	1.54	4.93	0.04	7.16
Debt / Total Assets	%	3.12	2.53	3.70	0.03	4.44
Market/ Shareholder Information						
Market Price of Share as at 31st March	Rs.	71	76.80	51.00	33.30	88.00
Market Capitalisation	Rs.000's	445,649	482,014	896,427	585,314	188,439
Price Earnings Ratio	Times	12.24	27.83	8.85	(114.83)	(18.18)
Dividend Per Share	Rs.	Nil	Nil	Nil	Nil	Nil
Dividend Pay out	%	Nil	Nil	Nil	Nil	Nil







LEADERSHIP

Chairman's Review

"From Recovery to Renewed Growth"

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of Hotel Sigiriya PLC for the financial year ended 31 March 2026.

The year under review marked another encouraging chapter for both the global and Sri Lankan tourism industries. While the operating environment continued to be shaped by geopolitical uncertainty, inflationary pressures, rising operating costs, and evolving traveller expectations, the hospitality sector demonstrated remarkable resilience. Against this backdrop, Hotel Sigiriya PLC delivered a commendable performance by remaining focused on operational excellence, exceptional guest experiences, disciplined financial management, and sustainable long-term value creation.

Positioned at the heart of Sri Lanka's Cultural Triangle with the iconic Sigiriya Rock Fortress as its backdrop, our hotel continues to offer guests an authentic blend of culture, nature, and hospitality. The sustained appeal of Sigiriya as a world-renowned destination, together with our commitment to service excellence, enabled the Company to capitalise on improving tourism demand while strengthening its competitive position.

Global & Sri Lankan Tourism

The global tourism industry continued its recovery during the year, supported by stronger international travel demand, improved airline connectivity, digital innovation, and increasing consumer confidence. Travellers increasingly sought authentic, experience-driven journeys centred on culture, wellness, sustainability, and nature, while technology continued to transform the guest experience through digital platforms and personalised services.

Sri Lanka benefited from these positive global trends as tourist arrivals continued to improve, supported by enhanced destination marketing, expanding airline connectivity, and improving macroeconomic stability. Nevertheless, hotels continued to operate amidst inflationary pressures, fluctuating energy costs, labour shortages, and geopolitical uncertainties, requiring operators to balance service excellence with prudent cost management and strategic investment.

Despite these challenges, the long-term outlook for Sri Lanka's tourism industry remains positive, underpinned by the country's rich cultural heritage, natural attractions, biodiversity, and growing reputation as a preferred destination for experiential and sustainable tourism.

Financial Review

Hotel Sigiriya PLC delivered a resilient financial performance during the year despite operating in a challenging environment. Occupancy remained strong at 85%, compared with 87% in the previous year, while a higher Average Room Rate (ARR) more than compensated for the marginal decline in occupancy, reflecting the strength of our pricing strategy and market positioning.

Revenue increased by 17% over the previous year, supported by growth across key operating segments. Food and beverage revenue recorded an impressive 26% increase, driven by improved guest spending and stronger business volumes. At the same time, the Company continued to invest in maintaining and enhancing its property, infrastructure, and guest facilities to preserve service standards and strengthen long-term competitiveness.

These initiatives contributed to a significant improvement in profitability, with EBITDA increasing to Rs. 145.6 million from Rs. 75.8 million in the previous year, while Profit Before Tax reached Rs. 157.6 million, reflecting disciplined execution, operational resilience, and sustained focus on long-term value creation.

Value Creation

The Board remains committed to creating sustainable value for all stakeholders through responsible governance, financial discipline, operational excellence, and environmental stewardship. We continue to invest in our people, strengthen relationships with guests and business partners, support local communities, and promote sustainable tourism practices that preserve the unique heritage and natural environment surrounding Hotel Sigiriya. These efforts reinforce our long-term resilience while ensuring that value creation extends beyond financial performance.

Future Outlook

Looking ahead, we remain confident in the long-term prospects of Sri Lanka's tourism industry and Hotel Sigiriya PLC. The continued growth of cultural, wellness, eco, and experiential tourism aligns closely with our unique location and competitive strengths.

We will continue to enhance operational excellence, invest in our property and people, strengthen our digital capabilities, and advance our sustainability agenda while maintaining financial discipline. These priorities will enable us to respond effectively to changing market dynamics, enhance guest experiences, and create sustainable long-term value for our stakeholders.

While external uncertainties remain, we are confident that the Company's strong fundamentals, experienced management team, and strategic direction position Hotel Sigiriya PLC to capitalise on emerging opportunities and deliver sustainable growth in the years ahead.

Appreciation

On behalf of the Board, I extend my sincere appreciation to my fellow Directors for their guidance, expertise, and unwavering commitment throughout the year. I also thank our shareholders for their continued trust and confidence in the Board's stewardship.

My appreciation extends to our Chief Executive Officer, the management team, and all employees for their professionalism, dedication, and resilience in delivering another year of commendable performance. I also thank our valued guests, business partners, and all other stakeholders for their continued support and confidence in Hotel Sigiriya PLC.

It is through the collective efforts of all our stakeholders that the Company continues to strengthen its position and create sustainable long-term value, and I look forward to building on this momentum in the years ahead.

W.D.K Jayawardena
Chairman - HOTEL SIGIRIYA PLC

13 August 2026

"Navigating Excellence in Hospitality"

OPERATIONAL PERFORMANCE OVERVIEW

Improved market conditions, coupled with effective revenue management practices and stronger operational controls, contributed positively to the Company's performance during the year. Management's continued focus on optimising occupancy, enhancing rate realisation, improving operational efficiency, and elevating service delivery enabled the Company to strengthen its financial position while creating sustainable value for stakeholders.

Despite operating within an environment marked by rising costs, changing travel patterns, and continued global economic and geopolitical uncertainties, Hotel Sigiriya PLC delivered a year of steady operational advancement and improved financial performance. The Company remained focused on executing its strategic priorities with discipline, balancing revenue growth initiatives with prudent cost management while preserving the quality and authenticity of the guest experience.

REVENUE AND BUSINESS SEGMENT PERFORMANCE

The Company reported an occupancy level of 85% during the year under review, compared to 87% achieved in the previous financial year. While occupancy moderated marginally, this was more than offset by a significant improvement in Average Room Rate (ARR), reflecting the effectiveness of the Company's revenue optimisation and pricing strategies. As a result, total revenue increased by 17% compared to the previous year, demonstrating the Company's ability to capitalise on strengthening market demand while enhancing yield performance.

Food and beverage operations also delivered a strong performance, recording a 26% increase in revenue over the previous year. This growth was driven by higher guest spending, improved outlet utilisation, and continued efforts to enhance the overall dining experience offered to guests.

The overall performance of the business reflects the success of management's focus on revenue diversification, operational excellence, and guest engagement.
The balanced contribution from both accommodation and food and beverage segments strengthened the Company's revenue base and further enhanced its ability to generate sustainable long-term value.

COST MANAGEMENT AND OPERATIONAL PRESSURES

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

In response, management adopted a disciplined approach to cost management, implementing enhanced expenditure controls, strengthened budget monitoring processes, and operational efficiency initiatives across all departments. At the same time, the Company continued to invest in essential property maintenance, infrastructure improvements, and service quality enhancements to preserve the hotel's competitive positioning and ensure the delivery of exceptional guest experiences.

Supported by strong revenue growth and prudent financial management, the Company delivered a significant improvement in profitability during the year. Earnings Before Interest Tax Depreciation & Amortisation and (EBITDA) increased to Rs. 145.6 million, compared to Rs. 75.8 million recorded in the previous financial year, reflecting improved operational performance and greater efficiency across the business.

Profit Before Tax (PBT) for the financial year 2025/26 amounted to Rs. 157.6 million, demonstrating the resilience of the Company's operating model and the effectiveness of management's strategic and operational initiatives. This performance underscores the Company's ability to sustain profitability amidst a challenging operating environment while continuing to invest in service excellence, operational infrastructure, and long-term value creation for stakeholders.

OPERATIONAL ENVIRONMENT AND MARKET DYNAMICS

The global tourism landscape remained dynamic during the year under review, influenced by evolving traveller preferences, persistent inflationary pressures across major economies, and heightened geopolitical uncertainty in several regions of the world. While international travel demand continued to demonstrate resilience, these factors contributed to increased volatility within the global tourism and aviation sectors, creating challenges for both travellers and industry participants.

A significant development during the year was the escalation of geopolitical tensions in the Middle East, which affected global aviation networks and international travel patterns. The resulting airspace restrictions, flight rerouting requirements, and operational disruptions across key international flight corridors increased airline operating costs through longer flight durations, higher fuel consumption, and scheduling inefficiencies. These additional costs were, in part, transferred to travellers through higher airfares, particularly on long-haul routes.

For Sri Lanka, the impact was particularly relevant given the country's reliance on major Middle Eastern aviation hubs such as Dubai and Doha for international connectivity. Disruptions within these transit networks led to increased travel times, reduced scheduling flexibility, and elevated travel costs for visitors from several key source markets. Consequently, international travellers adopted a more cautious and price-conscious approach to travel planning, resulting in longer booking cycles and greater sensitivity to airfare fluctuations.

The uncertainty surrounding the geopolitical situation also influenced airline capacity deployment and route optimisation decisions, leading to periodic variations in seat availability to Sri Lanka. These fluctuations occasionally affected the consistency of inbound tourism flows, particularly during peak travel periods when capacity constraints became more pronounced.

Despite these external challenges, the Sri Lankan tourism industry demonstrated considerable resilience. The sector responded by strengthening market diversification initiatives, expanding promotional efforts in regional and emerging source markets, and enhancing engagement with short-haul travellers to reduce dependence on traditional transit routes. Tourism operators also focused on improving direct distribution channels and adopting more agile commercial strategies to navigate the evolving operating environment.

Encouragingly, the underlying demand fundamentals for Sri Lanka as a destination remained strong. Continued global interest in experiential travel, cultural heritage tourism, wellness-focused experiences, and nature-based travel supported visitor demand throughout the year. As one of the country's most iconic heritage destinations, Sigiriya continued to benefit from these emerging travel preferences, reinforcing its appeal among both international and domestic travellers.

While geopolitical developments created short-term disruptions for the tourism industry, they also underscored the importance of market diversification, connectivity resilience, and adaptive business strategies. The sector's ability to respond effectively to these challenges provides confidence in its capacity to sustain long-term growth and capitalise on future opportunities as global travel conditions continue to stabilise.

Sustainability

Within the Cultural Triangle, Hotel Sigiriya strengthened sustainable tourism practices through a comprehensive naturalist training programme for staff across multiple properties. The initiative enhanced knowledge of biodiversity, ecosystems, wildlife and cultural heritage, enabling staff to deliver richer guest experiences while promoting environmental awareness. The Hotels Bee Keeping Project also continued to support biodiversity conservation and rural livelihoods through sustainable beekeeping practices developed in collaboration with local communities

Execution Focus and Management Priorities

Throughout the year under review, management maintained a disciplined and execution-focused operating model, guided by a clear emphasis on revenue optimisation, operational efficiency, financial discipline, and service excellence. Operational priorities were closely aligned with strategic objectives, ensuring that commercial initiatives translated effectively into measurable performance outcomes across all areas of the business.

A key focus area during the year was the continued enhancement of revenue management practices. Through a structured and data-driven approach, the Company strengthened yield performance by leveraging dynamic pricing strategies, demand forecasting capabilities, and market segmentation initiatives. Occupancy levels were supported through targeted sales and marketing efforts, improved distribution channel effectiveness, and stronger conversion rates across both direct and third-party booking platforms. These initiatives enabled the Company to maximise revenue opportunities while maintaining a balanced and sustainable customer mix.

Alongside revenue growth initiatives, significant emphasis was placed on cost management and operational efficiency. Robust control frameworks were maintained across all departments, supported by continuous expenditure monitoring, enhanced procurement oversight, and more effective allocation of operational resources. These measures helped mitigate the impact of inflationary pressures across key cost categories while safeguarding operating margins. Importantly, management remained committed to ensuring that efficiency improvements were achieved without compromising service quality or the overall guest experience.

Recognising that service excellence remains a critical differentiator within the hospitality industry, the Company continued to strengthen guest engagement and service delivery standards throughout the customer journey. Focus was placed on improving responsiveness, enhancing service consistency, and elevating guest satisfaction across all touchpoints. This was supported through targeted staff development initiatives, stronger cross-functional coordination, and enhanced accountability mechanisms designed to foster a culture of continuous improvement and customer-centricity.

The Company also remained committed to preserving and enhancing the long-term value of its assets through ongoing investment in property maintenance, refurbishment, and operational infrastructure. Preventive maintenance programmes were strengthened and selected capital improvements were undertaken to enhance both operational effectiveness and guest comfort. These investments are considered essential to maintaining the property's competitive positioning, protecting brand equity, and supporting sustainable revenue growth over the long term.

Collectively, these initiatives enabled the Company to maintain operational stability, strengthen financial performance, and enhance guest satisfaction despite a challenging and cost-intensive operating environment. The results achieved during the year reflect the effectiveness of management's disciplined execution strategy and reinforce the Company's ability to create sustainable value for all stakeholders.

Outlook and Operational Direction

The year under review demonstrated the Company's ability to operate effectively in a complex and challenging environment, while simultaneously delivering revenue growth, sustaining profitability, and continuing targeted investments in strengthening long-term operational capability. Despite external headwinds, the business maintained a clear focus on execution discipline, operational efficiency, and service quality, which enabled consistent performance across key financial and operational indicators.

Management continues to demonstrate resilience in navigating an operating landscape characterised by cost inflation, geopolitical uncertainty, and evolving travel dynamics. The Company has put in place responsive operational mechanisms that allow it to adapt quickly to market fluctuations, particularly in relation to demand shifts, pricing pressures, and changes in international travel flows. This adaptability has been critical in sustaining performance stability throughout the year.

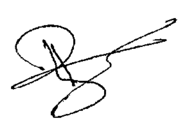
Looking ahead, management remains confident in the Company's ability to effectively manage ongoing external uncertainties, including geopolitical developments affecting global travel routes and continued pressure from input cost inflation. At the same time, the Company is well positioned to benefit from Sri Lanka's ongoing tourism recovery, supported by improving airline connectivity, strengthening inbound demand, and growing interest in experiential and leisure travel segments.

A key strength underpinning this outlook is the Company's disciplined execution framework, supported by a committed and experienced workforce. This has enabled consistent delivery of operational priorities, efficient resource utilisation, and sustained focus on guest satisfaction. The combination of operational discipline, workforce capability, and strategic responsiveness continues to form the foundation of the Company's performance.

Accordingly, Hotel Sigiriya PLC remains well positioned to sustain operational momentum, strengthen financial performance, and deliver long-term value creation for all stakeholders through continued focus on efficiency, service excellence, and strategic growth initiatives.

APPRECIATION

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



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

13 August 2026

Board of Directors

W. D. K. JAYAWARDENA

Chairman

Mr Jayawardena was appointed to the Board with effect from 11th February 2021. Considering his wealth of experience in local and international fields of Banking and Investment Banking, Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

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

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

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

D. S. K. AMARASEKERA

Non-Executive Director

Appointed to the Board on 11th February 2021, Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney- at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. In addition to his directorship in this company, his other key appointments are: Non Executive Director, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantations PLC, Hapugastenna Plantations PLC, Tea Smallholder Factories PLC, Three Tips Ella (Private) Ltd, Eden Hotel Lanka PLC and several other subsidiaries of Browns Investments Group.

DR. J. M. SWAMINATHAN

Independent Director

Appointed to the Board on 11th February 2021, Dr. J. M. Swaminathan is an Attorney-at-Law with over 60 years in practice and has been appointed a Senior Instructing Attorney- at-Law by His Excellency the President. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He was a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission and a Member of the Board of Management of the Superior Court Complex. He is the member of the Board of Studies of the Council of Legal Education and was also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He also serves on the Boards of several public and private companies.

STEFAN FURKHAN

Independent Director

Appointed to the Board on 8th April 2024, Mr. Stefan Furkhan is a seasoned business leader and hospitality professional with over 35 years of commercial experience in Sri Lanka and globally, spanning Europe, South Asia, Australia, and the South Pacific. With a proven track record of managing diverse business portfolios and overseeing multiple industries, Mr. Furkhan is recognised for his strategic leadership, operational excellence, and expertise in driving sustainable growth and innovation.

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

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

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

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

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

T DHARMARAJAH

Independent Director

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

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

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

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

K U AMARASINGHE (MRS)

Non-Executive Director

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

Executive Director

» LOLC Holdings PLC

Director

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

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis

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

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

The Company recorded encouraging operational and financial performance during the year, supported by improved occupancy levels, higher average room rates, strengthened demand from international leisure travellers, and enhanced contribution from tour operator partnerships. Hotel Sigiriya PLC continued to focus on long-term value creation through strategic investments in property enhancement, operational efficiency, digital transformation, and service excellence initiatives aimed at strengthening its positioning within Sri Lanka's leisure and hospitality sector.

Financial Year at a Glance

Rs. 732 Mn Revenue +17% YoY (FY24/25: Rs. 624 Mn)	**Rs. 29,913** Average Room Rate vs. Rs. 24,659 in FY24/25	**85%** Occupancy vs. 87% in FY24/25	**Rs. 1.7 Bn** Total Assets Debt-free as at 31 March 2026

INDUSTRY OVERVIEW

Global Tourism Industry – 2026

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

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

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

Sri Lanka Tourism Industry – 2026

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

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

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

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

Management Discussion and Analysis

EMERGING TRENDS IN TOURISM – KEY FOCUS AREAS

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

Experience-Driven Travel

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

- Guest engagement
- Experiential tourism
- Customised hospitality offerings
- Wellness and lifestyle experiences

Digital Transformation

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

- Digital booking platforms
- Guest engagement technologies
- IT infrastructure
- Revenue management systems
- Data analytics and customer insights

Sustainability and Responsible Tourism

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

- Sustainable operations
- Energy efficiency
- Waste reduction
- Eco-friendly hospitality practices

Service Quality and Guest Experience

Competition within the hospitality industry has increased the importance of:

- Service excellence
- Brand differentiation
- Guest satisfaction
- Facility enhancement
- Consistent operational standards

Leisure and Wellness Tourism

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

FINANCIAL REVIEW

The Company recorded a notable improvement in operational and financial performance during the financial year ended 31 March 2026, supported by strengthening tourism demand, improved occupancy levels, enhanced pricing strategies, and continued focus on operational excellence.

Occupancy for the year stood at 85% compared to 87% recorded in the previous financial year, reflecting a slight drop of 2%. Despite the 2% drop in occupancy, the Average Room Rate (ARR) increased significantly to Rs. 29,913 during the financial year compared to Rs. 24,659 reported in the previous period. The improvement in ARR was driven by enhanced market positioning, improved pricing strategies, increased demand from international travellers, and the Company's continued efforts towards elevating guest experience and service standards.

As a result, the Company recorded topline growth of 17% during the year under review. Revenue increased to Rs. 732 million in the 2025/26 financial year compared to Rs. 624 million reported in the previous financial year. The revenue growth demonstrates the Company's ability to capitalise on the gradual recovery of the tourism and hospitality sector while maintaining competitive positioning within the market.

During the year, the Company undertook significant investments towards property face-uplift initiatives, enhancement of guest experience, and improvements in information technology infrastructure. These strategic investments were undertaken with the objective of strengthening the overall value proposition of the hotel, improving operational efficiency, enhancing customer satisfaction, and supporting long-term sustainable growth. Consequently, operating expenses increased significantly during the year compared to the previous financial period. However, management believes that the long-term operational and financial benefits arising from these investments will positively contribute towards future profitability, operational efficiencies, and market competitiveness.

The Company continued to maintain a strong liquidity position throughout the financial year and remained a cash-rich entity. Excess cash reserves were strategically invested with the objective of generating interest income and optimising treasury returns, thereby contributing positively towards finance income during the year.

As at 31 March 2026, the Company's total asset base stood at approximately Rs. 1.7 billion, reflecting the underlying strength and stability of its asset portfolio. The Company also maintained its debt-free status during the year under review and continued to demonstrate strong cash flow generation and sound financial stability. Management remains confident in the Company's financial strength, liquidity position, and ability to support future operational and strategic investment initiatives.

KEY TOUR OPERATOR AND CUSTOMER DEVELOPMENTS

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

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

The gradual recovery in inbound tourism and strengthening relationships with key travel partners contributed positively towards occupancy growth and revenue generation during the year. The Company also continued to diversify its customer base through increased focus on:

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

Management Discussion and Analysis

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

CAPITAL INVESTMENTS AND FUTURE DEVELOPMENT

Management remains committed to continuously enhancing the Company's asset quality, operational capabilities, and guest experience standards. In line with this strategy, the Company intends to undertake a soft refurbishment program during the 2026/27 financial year with the objective of:

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

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

RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

(a) Industry Outlook

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

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

(b) Sri Lanka Tourism Potential

Sri Lanka continues to demonstrate strong long-term tourism potential supported by its diverse tourism offerings, natural attractions, cultural heritage, wildlife experiences, and

Management Discussion and Analysis

growing international destination appeal. The country remains well-positioned to benefit from the continued recovery in global travel demand and increasing interest in leisure-oriented tourism destinations within the region.

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

(c) Outlook for Hotel Sigiriya PLC

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

The Company also expects future growth opportunities to arise through continued strategic operational enhancements, strengthened guest experience initiatives, expansion of digital and direct booking channels, and ongoing investments in property and infrastructure improvements. In line with its long-term growth strategy, management intends to undertake a soft refurbishment program during the 2026/27 financial year with the objective of further enhancing the overall value proposition of the hotel, improving guest satisfaction, strengthening market positioning, and supporting future revenue growth opportunities.

(d) Challenges and Market Risks

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

The hospitality industry also continues to experience increasing competition within the leisure sector, requiring operators to continuously improve service quality, operational efficiency, pricing strategies, and customer engagement in order to maintain competitiveness and long-term sustainability. Management will continue to closely monitor market developments and adopt appropriate operational, financial, and strategic measures to effectively respond to changing industry conditions.

(e) Strategic Focus Going Forward

Looking ahead, Hotel Sigiriya PLC remains focused on sustainable growth, operational excellence, revenue optimisation, guest experience enhancement, and long-term shareholder value creation. Management will continue to prioritise:

» Enhancing operational efficiencies

» Strengthening customer experience and service quality

» Strategic investments in property and infrastructure enhancement

» Expansion of digital engagement and direct booking capabilities

» Sustainable business practices and long-term operational resilience

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

CONCLUSION

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

Supported by a strong balance sheet, healthy liquidity position, debt-free status, and disciplined operational management, the Company remains well-positioned to capitalise on future opportunities within the tourism and hospitality sector. Management remains confident in the Company's ability to navigate evolving market conditions while continuing to enhance operational efficiency, strengthen guest experience, and deliver sustainable long-term growth.

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

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

STEWARDSHIP

Risk Management

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

We have adopted the ISO 31000 standard of risk management which provides a platform that ensures the quality of managing risk within the guidelines and principles of the framework. The framework elaborates on establishing the context, risk identification, risk assessment, risk response, treatment for the risk, risk reporting and monitoring.

THE GROUP RISK POLICY

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

This implies that we will:

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

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

INTERNAL CONTROL AND RISK MANAGEMENT

The management team of Serendib Leisure Management Ltd, managing agent of Hotel Sigiriya PLC, reviews and assesses significant risks on a regular basis and has implemented an oversight program to ensure that there is a system of information gathering, awareness and action to mitigate exposure to identified risks.

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

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

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

RISK EVALUATION AND MAPPING

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

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

RISK MATRIX

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

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

MANAGING RISK

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

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

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

Annual Report of the Board of Directors

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

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

HOTEL SIGIRIYA PLC

Hotel Sigiriya PLC is a Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 1st October 1971 under the Companies Ordinance (Cap 145) and re- registered under the Companies Act No. 7 of 2007 as required under the provisions of the Companies Act No. 07 of 2007 on 27th September 2007. The Company was listed on the Main Board of the Colombo Stock Exchange on 1st January 1981. The Registered Office of the Company is No. 100/1 Sri Jayewardenapura Mawatha, Rajagiriya. The business premises is situated at Hotel Road, Sigiriya. The Company is a part of the Browns Hotels and Resorts group.

VISION, MISSION AND CORPORATE CONDUCT

The Vision and Mission statements are given on page 02 of this Annual Report.

The Company conducts its business activities at a high level and maintains ethical standards in achieving its vision and mission. The Board of Directors of the Company as well as its employees have pledged to abide by and comply with the respective Codes of Conduct and Ethics.

PRINCIPAL ACTIVITY

The Company's principal activity is carrying on the business of a Hotelier in the name of Hotel Sigiriya PLC in Sigiriya. The Directors to the best of their knowledge and belief confirm that the Company has not been engaged in any activity that contravenes laws and regulations.

CORPORATE GOVERNANCE & INTERNAL CONTROL

Through participation in various workshops / forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to the Listing Rules and applicable capital market provisions. The Corporate Governance practices of the Company are given on pages 27 to 36 of the Annual Report.

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

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

FIT & PROPER ASSESSMENT

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that the financial statements have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The financial statements together with the notes thereon are given on pages 56.

GOING CONCERN

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

MATERIAL ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from pages 56 to 65.

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on pages 62.

MARKET VALUE OF PROPERTIES

Revaluations are made with sufficient regularity for land and buildings owned by the Group and the Company by independent professional valuers. A detailed description is given in Notes 11.5 and 12.1 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 amounted to Rs. 449,190,000/- divided into 17,577,000 ordinary shares.

RESERVES

The total Group/Company Reserves as at 31st March 2026 amounts to Rs. 797 Mn by comparison to Rs. 693 Mn in the previous year.

TAXATION

Income tax expense for the Company is Rs. 55 Mn compared to Rs. 52 Mn in the previous year. Taxation has been provided at the appropriate rates indicated in Note No 9 of the Financial Statements.

SHARE HOLDINGS / SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2026 was Rs. 71/- (31st March 2025 – Rs. 76.80). The number of shareholders as at 31st March 2026 was 2,091(31st March 2025 – 1,441).

The information in respect of earnings, dividends, net assets per share is given on page 96.

SHAREHOLDERS

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

EMPLOYMENT POLICIES

The Company employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company as of 31st March 2026 was 85 (31st March 2025 was 89). The Company promotes a culture of teamwork, integrity and dedication and remuneration is linked to performance by annual appraisals of both qualitative and quantitative performance of all employees.

HR INITIATIVES & STAFF ENGAGEMENT

During the year under review, training had been carried out on areas such Public Relations, Healthy & Safety, Etiquette, First Aid, OBT, Up selling Techniques, Front Office Training, Performance Management for Professionals - Executive Staff , Staff Soft Skills Development and Enhancing Customer Service Excellence

CUSTOMERS

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

SUSTAINABILITY AND ENVIRONMENT PROTECTION

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

As part of its commitment to responsible tourism and environmental stewardship, Browns Hotels & Resorts launched the Sustainable Bee Honey Project, a flagship sustainability and community development initiative implemented through Hotel Sigiriya PLC in collaboration with nearby rural communities. The initiative integrates biodiversity conservation, sustainable livelihoods, indigenous cultural preservation, and experiential tourism within the unique ecological and cultural landscape surrounding Sigiriya.

The project was developed as a long-term, scalable sustainability programme aligned with the Group's ESG commitments and responsible tourism strategy. Operating within the dry zone ecosystem, the initiative supports sustainable beekeeping practices that contribute to pollination, ecosystem health, and community income generation, while strengthening meaningful partnerships between the hotel and surrounding villages.

The programme currently engages rural families from Pidurangala, Diyakapilla, Mahasengama, and Kashyapagama villages. Through the initiative, participating households receive bee boxes, colonies, protective equipment, technical guidance, and continuous training on ethical and sustainable beekeeping methods. Awareness and education programmes were conducted to improve understanding of biodiversity conservation, colony protection, and environmentally responsible harvesting techniques.

The first honey harvest was successfully completed during the year under review, demonstrating the project's operational viability and positive environmental and social impact. Harvesting activities follow ethical beekeeping principles that prioritise colony health, regeneration, and minimal ecological disturbance. In addition to supporting supplementary income generation for rural families, the initiative enhances pollination within hotel-adjacent landscapes, contributing positively to local biodiversity and surrounding agricultural ecosystems.

Honey produced through the project is processed under Browns Hotels' sustainability branding and is intended for controlled internal use and responsible guest engagement initiatives. The project also creates opportunities for future value-added sustainable product development and agro-tourism experiences across the Group's hotel portfolio.

A distinctive feature of the initiative is the planned Ceremonial Harvesting and Indigenous Cultural Interpretation Programme, which respectfully incorporates the ecological knowledge and traditional honey-gathering heritage of Sri Lanka's indigenous Vedda (Wanniyalaetto) community. Historically, the Vedda community practiced forest-based honey collection guided by deep respect for natural cycles, biodiversity, and sustainable resource use.

Through this initiative, the Group seeks to preserve and respectfully interpret indigenous ecological knowledge while creating authentic educational experiences for guests. The ceremonial harvesting programme is expected to include traditional blessings, storytelling sessions, ethical harvesting demonstrations, cultural performances, and interactive guest engagement activities conducted with dignity, cultural sensitivity, and prior community consent.

The initiative reflects the growing importance of transformative tourism experiences, where guests engage meaningfully with local culture, conservation, and community empowerment. By integrating biodiversity conservation with indigenous cultural heritage, Hotel Sigiriya strengthens its positioning as a nature-positive and sustainability-driven tourism destination.

The Sustainable Bee Honey Project contributes directly to several internationally recognised sustainability frameworks and goals, including:

- GRI 203 – Indirect Economic Impacts
- GRI 304 – Biodiversity
- UN Sustainable Development Goals:
- SDG 1 – No Poverty
- SDG 8 – Decent Work and Economic Growth
- SDG 12 – Responsible Consumption and Production
- SDG 15 – Life on Land

The project further demonstrates the Group's commitment to creating long-term environmental, social, cultural, and economic value through innovative sustainability initiatives. With continued technical guidance, strong governance, and active community participation, the initiative is expected to expand across additional Browns Hotels properties in the future, establishing a replicable model for community-based biodiversity conservation and responsible tourism in Sri Lanka.

STATUTORY PAYMENTS

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

The Company has also ensured that it has complied with the applicable laws and regulations including the Listing Rules of the Colombo Stock Exchange.

CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 492,789 (Rs. 29,000 in 2025).

DIRECTORS

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

W D K Jayawardena - Chairman

Mrs K U Amarasinghe - Non-Executive Director

D S K Amarasekera - Non-Executive Director

Dr. J M Swaminathan - Independent Director

S. Furkhan - Independent Director

T. Dharmarajah - Independent Director

The profiles of the Directors are given on pages 10 & 11.

DIRECTORS' MEETINGS

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

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

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

* Chairman
** Committee Chairman

INTEREST REGISTER

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

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

The declarations made by the directors confirm that there are no financial, business, family or other material/ relevant relationship(s) between Mr W D K Jayawardena, Chairman and amongst the other members of the Board. Other directorships held by the Directors in Sri Lanka are disclosed on pages 38 & 39.

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 (2) of the Companies Act, the Directors have declared their interest in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' interest in contracts with the Company is disclosed on Note 29 of the Annual report.

DIRECTORS' INTEREST IN SHARES

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

The shareholding of the Directors during the financial year was as follows :

	As at 31.03.2026	As at 31.03.2025
W D K Jayawardena	Nil	Nil
Mrs K U Amarasinghe	Nil	Nil
D S K Amarasekera	Nil	Nil
Dr. J M Swaminathan	Nil	Nil
S Furkhan	Nil	Nil
T Dharmarajah	Nil	Nil

DIRECTORS' REMUNERATION

The Directors were paid Rs. 2,100,000/- during the period under review. The Remuneration Committee Report is given on page 44.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 90 of the Articles of Association of the Company, Mr W D K Jayawardena & Mr S Furkhan retire by rotation and offer themselves for re-election. The Directors recommend them for re-election.

In terms of Section 210 of the Companies Act No. 7 of 2007, Dr. J M Swaminathan who reached the age of 70 years in 2011 retires. The Company has received notice from a shareholder of its intention to move a resolution to re-appoint Dr. Swaminathan as an Independent Director until the conclusion of the next Annual General Meeting in accordance with Section 211 of the Companies Act. The Board recommends his re-appointment, and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director.

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

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

BOARD SUB COMMITTEES

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

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Nominations & Governance Committee

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

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

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

The Reports of these Committees can be found on pages 40 to 45 and provide further details.

TRANSACTIONS WITH RELATED PARTIES

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24. Related Party Transactions are disclosed in Note 28 to the Financial Statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the Listing Rules of the Colombo Stock Exchange.

DIVIDENDS

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

AUDITORS

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

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

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

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries apart from acting as external Auditors. The Auditors were paid Rs. 945,000as audit fee.

AUDITOR'S REPORT

The Auditor's report appears on pages 48 to 50.

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

During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 25.2 to the Financial Statements found on page 83.

RISK MANAGEMENT

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

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

The Directors declare that;

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

Internal Control & Risk Management

» the review of the internal controls framework covering financial, operational, compliance and risk management is conducted by the Internal Audit team, the results of which are reported to the Board Audit committee quarterly. Through the Audit committee, the Directors have obtained a reasonable assurance of the effectiveness of such Internal Controls and adherence thereto. The Risk Management review can be found on pages 18 to 21.

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

Compliance with laws and regulations

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

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

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

ANNUAL GENERAL MEETING

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

For and on behalf of the Board
Hotel Sigiriya PLC

W. D. K. Jayawardena
Chairman

Mrs K U Amarasinghe
Non-Executive Director

13 August 2026

INTRODUCTION

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

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE FRAMEWORK

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

AUDIT, RISK AND INTERNAL CONTROL

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

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

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

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

a) Code of Business Conduct and Ethics

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

b) IT Governance

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

BOARD INDEPENDENCE

The Board of Directors of the Company presently comprises 06 as of the date of this report.

The Board has determined that M/s J M Swaminathan, T Dharmarajah and S Furkhan can appropriately be classified as independent directors. This determination is based on their professionalism and conduct. Their expertise and experience are of great value in decision making.

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

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

To facilitate more detailed discussion, the Board has appointed Board sub committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 40 to 45.

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on pages 10 to 11.

AUDITORS

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

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

During the year under review Deloitte Partners Chartered Accountants were paid Rs. 1,206,590 /- as Audit fees.

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

STAKEHOLDERS

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

SHAREHOLDER RELATIONS

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

CORPORATE SOCIAL RESPONSIBILITY

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

BOARD SUB COMMITTEES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

NOMINATIONS & GOVERNANCE COMMITTEE

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

Reviews annual Performance evaluations of Board members

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

This enhances discussion and the resolution of issues in a manner that facilitates not only improved performance but also strengthened controls.

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

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

The Reports of these Committees can be found on pages 31 to 35 and provide further details.

ASSURANCE OF COMPLIANCE

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

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

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

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	**Complied with.** The Company's commitment to the Corporate Governance Code of the CSE is detailed herein.
9.2	**Policies**	
9.2.1	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website; a) Policy on the matters relating to the Board of Directors b) Policy on board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities f) Policy on Risk management and Internal Control g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti- Bribery and Corruption	**Complied with** All policies are now hosted in the Corporate Website https://www.brownshotels.com/investor-Relations.
9.3	**Board Committees**	
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	**Complied with** The Committees are already in place and are functioning effectively:
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	**Complied with**
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	**Complied with** Mr W D K Jayawardena serves as the Chairman of the Company while T Dharmarajah -Independent Director serves as the Committee Chairman

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders**	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained.	**Complied with** Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
(a)	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity	In terms of Rule 9.2.1, a policy on Relations with Shareholders and Investors is in place and hosted on the website.
(b)	Listed Entities shall disclose the contact person for such communication.	**Complied with** The contact person is notified to the public on the Group's website.
9.5	**Policy on matters relating to the Board of Directors**	
	Listed Entities to establish and maintain a formal policy governing matters relating to the Board of Directors.	**Complied with** • In terms of Rule 9.2.1. a policy on Matters relating to the Board of Directors is in place and hosted on the website. • The Company has a well constituted Board as required by the rule.
9.6	**Chairman and CEO**	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	**Complied with** The Chairman, Mr Kapila Jayawardena is a Non-Executive Director. The positions of Chairman and CEO are held by two separate individuals.
9.6.3	The Requirement for a SID	
(a)	A Listed Entity shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Noted for compliance should the need arise.
9.7	**Fitness of Directors and CEOs**	
9.7.1-9.7.4	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	**Complied with** All the Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
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 with** The Board comprises 6 Directors
9.8.2	Minimum Number of Independent Directors: The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	**Complied with** The Board comprises 3 Independent Directors and 3 Non-Executive Directors
9.8.5	The Board of Directors of Listed Entities shall require: a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors` declaration and other information available to it and shall set out the names of Directors determined to be' independent' in the Annual Report. c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	**Complied with** All Independent Directors have submitted annual declarations confirming their independence against the criteria specified in Appendix 9A **Complied with** The following board members serve as Independent Directors • Dr. J M Swaminathan • S. Furkhan • T. Dharmarajah Agree to comply should the need arise.
9.9	**Alternate Directors**	
	If a Listed Entity provides for the appointment of Alternate Directors, it shall be required to comply with the following requirements and such requirements shall also be incorporated into the Articles of Association of the Entity: a) Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) The Listed Entity shall make an immediate Market Announcement regarding the appointment of an Alternate Director. e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.	No Alternate Directors have been appointed to the Board thus far. Agree to comply should the need arise.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.10	**Disclosures Relating to Directors**	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1.	**Complied with** The maximum number of directorships a Board member is permitted to hold includes 10 Specified Business Entities (SBE) and 10 non-SBEs. This is specified in the Policy on Matters Relating to the Board of Directors which is hosted on the corporate website.
9.10.2	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	**Complied with** All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee
9.11	**Nominations and Governance Committee**	
	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of directors to the Board together with written Terms of Reference.	**Complied with** In terms of Rule 9.2.1. a policy for the appointment and re-election of Directors is in place and hosted on the website.
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Rules.	
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 with** A Nominations & Governance Committee is in place. As of 31st March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are Independent.
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Please refer the Report of the Nominations & Governance Committee published in this report.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.11.4	**Composition**:: (1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	
9.12	**Remuneration Committee**	
9.12.1- 9.12.4	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Rules.	**Complied with** Please refer the report of the Remuneration Committee for details.
9.12.6	**Composition**: 1) The members of the Remuneration Committee shall; a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent b) not comprise of Executive Directors of the Listed Entity 2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	**Complied with** Please refer Committee Report for details.
9.13	**Audit Committee**	
9.13.1 & 9.13.2	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	**Complied with** The Audit Committee has oversight of the Risk function, in addition. The Audit Committee functions in terms of a board approved Audit Charter.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.13.3	**Composition**: 1) The members of the Audit Committee shall; a) comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. b) not comprise of Executive Directors of the Listed Entity.	**Complied with** As of 31st March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are independent.
	2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	**Complied with**
	3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	The Committee met 4 times during the financial year ended 31st March 2026
	4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Mr T Dharmarajah-Independent Director functions as the Audit Chair.
	5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	CEO BHRL & Head of Finance attend the Audit Committee meetings by invitation
	6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	**Complied with** Mr T Dharmarajah-Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of AAT and Fellow Member of the Institution of Public Finance and Development Accountancy
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee	**Complied with** Please refer Committee Report on Page 40 to 41
9.14	**Related Party Transactions Review Committee**	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules.	**Complied with.**
9.14.2 & 9.14.3	**Composition & Functions:** The Related Party Transactions Review Committee shall comprise of a minimum of three (3) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	**Complied with.** As of 31st March 2026, the Committee comprised 4 Non-Executive Directors of whom 2 are Independent and is chaired by Mr T Dharmaraja- Independent Director. The Committee functions in accordance with the recommended rules.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.14.4	**General Requirements**	
	1] The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	**Complied with.** The Committee met 4 times during the financial year ended 31st March 2026 with minutes accurately documented and communicated to the board during board meetings.
	2] The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	**Complied with.**
	3] Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Noted for compliance
	4] If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4[3], such Director shall not be present while the matter is being considered at the meeting; and vote on the matter.	Noted for compliance should the need arise
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	**Complied with.** All related party transactions are reviewed prior to obtaining board approval and tabled at quarterly committee meetings, in addition. These Minutes are also noted by the board at the following board meeting.
9.14.6	**Shareholder Approval**	
	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations	During the year under review, there were no such transactions, which required shareholder approval. Noted for compliance should the need arise.
9.17	Additional Disclosures	Please refer report of the Board of Directors on page 22 to 26

Directors' Disclosure In Terms of Section 9.10.4(e)

Name of the Director	Number of Board Seats held in other Companies	Designation
W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLC	Non-Executive Chairman
	Palm Garden Hotels PLC	Non-Executive Chairman
	Serendib Hotels PLC	Non-Executive Chairman
	Sierra Cables PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Chairman
	Hotel Sigiriya PLC	Non-Executive Chairman
	Brown & Company PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	LOLC International (Pvt) Ltd	Non- Executive Director
	LOLC Asia (Pvt) Ltd	Non- Executive Director
	LOLC Advanced Technologies (Pvt) Ltd	Non- Executive Director
	LOLC Global (Pvt) Ltd	Non- Executive Director
	LOLC Life Assurance Limited	Non- Executive Chairman
	Ceylon Graphene Technologies (Pvt) Ltd	Non- Executive Director
	LOLC Africa Holdings (Pvt) Ltd	Non- Executive Director
	Leapstitch Technologies (Pvt) Ltd	Non- Executive Director
	Patronus Wealth Holdings Ltd	Non- Executive Director
	LOLC Securities Ltd	Non-Executive Chairman
Dr. J M Swaminathan	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Serendib Land PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
	CIC Agri Business (Pvt) Ltd	Non-Executive Director
	Frontier Capital Lanka (Pvt) Ltd	Non-Executive Director
	Kammala Hoteliers (Pvt) Ltd	Non-Executive Director
	Sanctuary Resorts Lanka (Pvt) Ltd	Non-Executive Director
	Serendib Leisure Management Limited	Non-Executive Director
	LOLC Securities Limited	Non-Executive Director
	Finetex (Pvt) Ltd	Non-Executive Director
	LOLC Ceylon Holdings Limited	Non-Executive Director
	Lanka Aluminium Industries Ltd	Non-Executive Director
	Lanka Investment & Management Service (Pvt) Ltd	Non-Executive Director
	Alpha Apparels Ltd	Non-Executive Director
	Colonial Motors (Ceylon) Ltd	Non-Executive Director

Directors' Disclosure In Terms of Section 9.10.4(e)

Name of the Director	Number of Board Seats held in other Companies	Designation
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Sierra Cables PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Hapugastenne Planatations PLC	Non-Executive Director
	Udapusellawa Plantations PLC	Non- Executive Director
	Tea Smallholder Factories PLC	Non- Executive Director
	Sun & Fun Resorts Ltd	Non- Executive Director
	Green Paradise (Pvt) Ltd	Non- Executive Director
	Frontier Capital Lanka (Pvt) Ltd	Non- Executive Director
	Excel Restaurants (Pvt) Ltd	Non- Executive Director
	Riverina Resorts (Pvt) Ltd	Non- Executive Director
	Samudra Beach Resorts (Pvt) Ltd	Non- Executive Director
	Sanctuary Resorts Lanka (Pvt) Ltd	Non- Executive Director
	Sansun Boutique Hotels Ltd	Non- Executive Director
	Serendib Leisure Management Limited	Non- Executive Director
	Three Tips Ella (Pvt) Ltd	Non- Executive Director
Mrs. K U Amarasinghe	LOLC Holdings PLC	Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Three Tips Ella (Pvt) Ltd	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Brown & Co. PLC	Non-Executive Director
	Browns Investment PLC	Non-Executive Director
	LOLC General Insurance PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Green Paradise (Pvt) Ltd	Non-Executive Director
	P L Resorts (Pvt) Ltd	Non-Executive Director
	Browns Holdings Ltd	Non-Executive Director
	Danya Capital (Pvt) Ltd	Non-Executive Director
	Ultimate Sports (Pvt) Ltd	Non-Executive Director
	Melana Capital (Pvt) Ltd	Non-Executive Director

Directors' Disclosure In Terms of Section 9.10.4(e)

Name of the Director	Number of Board Seats held in other Companies	Designation
Stefan Furkhan	Eden Hotel Lanka PLC	Non-Executive Director
	Hotel Sigiriya PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Adam & Eve (Pvt) Ltd	Non-Executive Director
	Confifi Capital (Pvt) Limited	Chairman
	Confifi Management Services (Pvt) Ltd	Chairman
	Quantum Asset Management (Pvt) Ltd	Chairman
	Raddison Blue Resort- Galle	Non-Executive Director
	Raddison hotel- Colombo	Non-Executive Director
	Raddison hotel- Kandy	Non-Executive Director
	Sino Lanka Hotels Holdings (Pvt) Ltd	Non-Executive Director
	Travelanka (Pvt) Ltd	Chairman
	MTA Furkhan Foundation	Director
T Dharmarajah	Hotel Sigiriya PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Eden Hotel Lanka PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Browns Investments PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Hapugastenna Plantations PLC	Independent Director
	Renuka City Hotels PLC	Non Executive Director
	Tea Smallholder Factories PLC	Independent Director
	Amerasekera & Company	Non Executive Director
	DHS Medical Group (Pvt) Ltd	Non Executive Director
	Management Applications (Pvt) Ltd	Non Executive Director
	Lotus Tower Management Co.Ltd	Non Executive Director

Report of the Audit Committee

The Audit Committee is a sub-committee of the Board, formally constituted in compliance with the Listing Rules of the Colombo Stock Exchange. The Committee supports the Board in ensuring the integrity of financial reporting, the effectiveness of internal controls, and the independence of audit functions.

KEY HIGHLIGHTS – FY 2025/26

- Four Committee meetings held with strong attendance
- Reviewed quarterly and annual financial statements
- Internal Audit Plan approved and regularly monitored
- Assessed effectiveness of internal controls and risk management framework
- Evaluated independence and performance of External Auditors
- No material weaknesses identified in financial reporting or controls

COMPOSITION:

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

T Dharmarajah
Independent Director/Committee Chairman

S Furkhan
Independent Director/Member

D. S. K. Amarasekera
Non Executive Director/Member

Mr T Dharmarajah-Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of AAT and Fellow Member of the Institution of Public Finance and Development Accountancy, as required by the listing rule. The Board is satisfied that the Committee collectively possesses the necessary financial literacy, industry knowledge, and governance experience required to discharge its responsibilities effectively.

TERMS OF REFERENCE (TOR)

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

ROLES AND RESPONSIBILITIES

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

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

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

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

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

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

GOVERNANCE & COMPLIANCE FRAMEWORK

INTERNAL AUDIT

Internal Audit services are provided by the Group Internal Audit Department. The function operates independently, reporting to the Audit Committee of the respective Company.

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

During the year, the Committee:

- Reviewed audit findings and management responses
- Monitored implementation of corrective actions
- Evaluated the effectiveness of the internal audit function

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

INTERNAL CONTROLS

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

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

THE COMMITTEE CONCLUDED THAT:

- Controls were operating effectively
- Identified issues were promptly addressed
- No material weaknesses were noted

EXTERNAL AUDIT

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

The Committee oversees the process for approving all non-audit work provided by the External Auditors to safeguard the objectivity and independence of the auditors and comply with regulatory and ethical guidance. Details of fees charged by the External Auditors during the year under review are set out in Note 9 to the Financial Statements.

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

RISK MANAGEMENT

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

During the year, the Committee:

» Reviewed principal and emerging risks

» Assessed the adequacy of mitigation strategies

» Monitored developments in IT governance, cybersecurity, and control systems

» Evaluated responsiveness to evolving business and regulatory environments

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

MEETINGS & ATTENDANCE

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

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

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

Committee Member	Attendance
T Dharmarajah (Committee Chairman)	4/4
D S K Amarasekera	2/4
S Furkhan	4/4

CONCLUSION:

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

» Financial reporting processes are robust and reliable

» Internal controls and risk management systems are effective

» Audit functions operate independently and efficiently

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

On behalf of the Committee

T Dharmarajah
Chairman - Audit Committee

13 August 2026

Report of The Nominations and Governance Committee

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

KEY HIGHLIGHTS – FY 2025/26

» Ensured compliance with evolving corporate governance requirements

» Reviewed and recommended Beneficial Ownership Policy in line with Companies Act amendments

» Oversaw Board evaluation, Fit & Proper assessments, and independence confirmations

» Continued implementation of Board Diversity Policy

» Reviewed and recommended Directors for re-election at AGM

» Confirmed full compliance with CSE Listing Rules on governance

COMPOSITION AND INDEPENDENCE

As of 31 March 2026, the Committee comprised entirely of Non-Executive Directors, with a majority being Independent Directors. All members were appointed to the Committee on 1st January 2025

T Dharmarajah	-	Committee Chairman/ Independent Director
S Furkhan	-	Committee Member / Independent Director
W D K Jayawardena	-	Committee Member / Non-Executive Director

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

TERMS OF REFERENCE

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

ROLE AND RESPONSIBILITIES

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

» Identifying and evaluating candidates qualified to become Board members.

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

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

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

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

KEY ACTIVITIES DURING THE YEAR

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

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

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

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

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

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

» Mr W D K Jayawardena – retiring by rotation in terms of Article 90 of the Articles of Association

» Mr S Furkhan - retiring by rotation in terms of Article 90 of the Articles of Association

» Dr. J M Swaminathan - who reached the age of 70 in 2011 and retires in terms of Section 210 of the Companies Act No. 7 of 2007 subject to shareholder approval.

» Mr T Dharmarajah - who reached the age of 70 years in 2026 retires in terms of Section 210 of the Companies Act No.7 of 2007 subject to shareholder approval.

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

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

Description	Mr W D K Jayawardena (Article 90)	Mr S Furkhan (Article 90)	Dr. J M Swaminathan (Sec. 210 of the CA)	Mr. T Dharmarajah (Sec.210 of the CA)
Date of first appointment as a Director	11.02.2021	08.04.2024	11.02.2021	01.10.2024
Date of last re-election as a Director at an AGM	2021	2024	2025	2025
Board Committees Served on during the year under review	RPTRC Rem. Com NGC	Audit RPTRC Rem.Com NGC	None	Audit RPTRC Rem. Com NGC
Present directorships in listed and unlisted Companies	Please refer page 37	Please refer page 39	Please refer page 37	Please refer page 39
Any relationships including close family relationships between the Director proposed for re-election and other directors, the Co. or its shareholders holding more than ten per centum (10%) of the shares of the Company	None	None	None	None

ASSESSMENT OF INDEPENDENCE

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

COMPLIANCE WITH LISTING RULES OF THE COLOMBO STOCK EXCHANGE

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

CONCLUSION

The Committee is satisfied that:

» The Board composition remains appropriate and effective

» Governance frameworks and policies are robust and compliant

» Processes relating to Board evaluation, succession, and independence are operating effectively

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

On behalf of the Committee

T Dharmarajah
Chairman

Nominations & Governance Committee

13 August 2026

Report of the Remuneration Committee

The Remuneration Committee is a sub committee of the Board appointed in terms of the Listing Rule. The Committee supports the Board in establishing a fair, transparent, and performance-driven remuneration framework aligned with the Company's long-term strategic objectives and shareholder interests.

KEY HIGHLIGHTS – FY 2025/26

» Reviewed effectiveness of remuneration policies and practices

» Confirmed alignment of remuneration with Company performance and strategy

» Ensured competitiveness to attract and retain talent

» Strengthened linkage between rewards and performance outcomes

» Considered employee development and training initiatives

» Maintained transparent and governance-aligned remuneration framework

COMMITTEE COMPOSITION AND INDEPENDENCE

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

T Dharmarajah
Committee Chairman/ Independent Director

S Furkhan
Committee Member/ Independent Director

W D K Jayawardena
Committee Member/ Non-Executive Director

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

TERMS OF REFERENCE

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

ROLE & RESPONSIBILITIES

The Remuneration Committee assists the Board in the following areas:

Remuneration Policy

» Reviewing and recommending the remuneration framework for Directors and Key Management Personnel

» Ensuring alignment between remuneration and Company performance

Performance Alignment

» Linking rewards to individual and organisational performance

» Supporting long-term value creation and sustainability

Market Competitiveness

» Ensuring remuneration structures remain competitive to attract and retain talent

Governance and Transparency

» Promoting fairness, transparency, and consistency in remuneration practices

KEY ACTIVITIES DURING THE YEAR

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

» Reviewed the effectiveness of the Company's remuneration policies and practices

» Assessed whether remuneration structures appropriately support performance and strategic objectives

» Evaluated the alignment of rewards with long-term shareholder value creation

» Reviewed overall remuneration disclosures for inclusion in the Financial Statements

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

TALENT RETENTION

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

Training initiatives undertaken during the year included areas such as:

» Customer service excellence

» Professional and technical skills development

» Health and Safety

» Leadership and performance management

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

MEETINGS

The Committee met once during the financial year ended 31 March 2026, with full attendance by all members. Minutes of the Committee Meetings are noted at Board meetings, which enables the Committee to keep the Board informed of its comments and observations.

FUTURE OUTLOOK

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

CONCLUSION

The Committee is satisfied that:

» The remuneration framework is aligned with the Company's strategic objectives

» Policies are fair, transparent, and competitive

» Remuneration practices support long-term sustainable performance

On behalf of the Committee

T Dharmarajah
Chairman - Remuneration Committee

13 August 2026

Related Party Transactions Review Committee

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

KEY HIGHLIGHTS – FY 2025/26

- Four Committee meetings held to review related party transactions
- Monitored compliance with RPT Policy and CSE Listing Rules
- Reviewed transactions to ensure
- Ensured timely and accurate disclosures in financial statements
- No material transactions requiring shareholder approval
- No instances of regulatory non-compliance identified

COMPOSITION

As of 31 March 2026, the Committee comprised entirely of Non-Executive Directors and was chaired by an Independent Director.

T Dharmarajah
Committee Chairman/ Independent Director

S Furkhan
Committee Member/ Independent Director

W. D. K. Jayawardena
Committee Member/ Non-Executive Director

D. S. K. Amarasekera
Committee Member/ Non-Executive Director

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

ROLES AND RESPONSIBILITIES

The Committee assists the Board in the following areas:

- Ensuring compliance with applicable Listing Rules and regulatory requirements
- Approving transactions within delegated thresholds
- Recommending transactions requiring shareholder approval
- Overseeing timely and accurate disclosures

POLICY FRAMEWORK

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

KEY PRINCIPLES INCLUDE:

- Transparency: Clear and timely disclosures must be made
- Approval Thresholds: Transactions exceeding specified thresholds are subject to Board or shareholder approval
- Aggregation Rules: Transactions with the same related party are aggregated for threshold assessment

Approvals and Disclosure Framework includes;

(a) Shareholder Approval

- Non-recurrent transactions exceeding one-third (1/3) of total assets require shareholder approval
- Recurrent transactions exceeding one-third (1/3) of gross revenue require shareholder approval
- Aggregation rules apply for transactions with the same related party within a financial year

(b) Disclosure Requirements

- Immediate market disclosures are made for material transactions exceeding prescribed thresholds
- All Related Party Transactions are disclosed in note 28 to the Financial Statements in this Report in accordance with Section 9.14.8 of the Listing Rules and are found on page 83 of the Annual Report.

KEY ACTIVITIES DURING THE YEAR

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

- Reviewed transactions presented by management to assess compliance with policy and regulatory requirements
- Monitored adherence to the RPT Policy
- Ensured that appropriate disclosures were made in the Financial Statements

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

- No transactions were identified that required shareholder approval
- No transactions were identified which required immediate disclosures
- No material non-compliance with applicable regulations was observed

MEETINGS AND ATTENDANCE

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

Committee Member	Attendance
T Dharmarajah	4/4
W D K Jayawardena	4/4
S Furkhan	4/4
D S K Amarasekera	2/4

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

CONCLUSION

The Committee is satisfied that:

- Related Party Transactions are conducted in a transparent and compliant manner
- Adequate processes are in place to identify, review, and monitor such transactions
- Disclosure requirements have been met in accordance with applicable regulations

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

On behalf of the Committee

T Dharmarajah
Chairman - Related Party Transactions Review Committee

13 August 2026

FINANCIAL STATEMENTS

Statement of Directors' Responsibility in Relation to Preparing Financial Statements

Financial Reports

The Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements.

The Companies Act No. 7 of 2007 requires that the Directors to prepare and circulate amongst the Shareholders, Financial Statements which give a true and fair view of the state of affairs of the Company as at the Balance Sheet date and the profit and loss of the Company for the financial year.

The Directors are required to ensure that in preparing the Financial Statements;

- Appropriate accounting policies are used, selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained.
- All applicable and relevant Accounting Standards have been followed.
- Judgements and estimates have been made which are reasonable and prudent.

The Directors confirm that the Company maintains accounting records with reasonable accuracy. The financial position of the Company and that Financial Statements have been prepared in accordance with the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and have provided the information required by or otherwise complied with the Listing Rules of the Colombo Stock Exchange.

The Directors having reviewed the Company's future financial projections, cash flows and current performance are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Directors have thus adopted a 'Going Concern basis' in preparing the Financial Statements.

The Directors have also taken reasonable steps to safeguard the assets of the Company and to establish proper systems of internal control with a view to detect and prevent any irregularities.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or where relevant provided for in the Financial Statements.

By Order of the Board of Hotel Sigiriya PLC

W. D. K. Jayawardena

13 August 2026

Deloitte Partners
100 Braybrooke Place
Colombo 2
Sri Lanka

Tel: +94 11 771 9700,
+94 11 771 9838
Fax: +94 11 230 7237
www.deloitte.com

Independent Auditor's Report
TO THE SHAREHOLDERS OF HOTEL SIGIRIYA PLC
Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Hotel Sigiriya PLC (the Company) which comprise the statement of financial position as at 31 March 2026, and the statement of profit or loss, 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 policy information.

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

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Independent Auditor's Report (Contd.)
TO THE SHAREHOLDERS OF HOTEL SIGIRIYA PLC (Contd.)
Report on the Audit of Financial Statements (Contd.)

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

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

In preparing the financial statements, 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

Deloitte.

Independent Auditor's Report (Contd.)

TO THE SHAREHOLDERS OF HOTEL SIGIRIYA PLC (Contd.)

Report on the Audit of Financial Statements (Contd.)

Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3015.

Deloitte Partners

CHARTERED ACCOUNTANTS
COLOMBO

13 August 2026

Statement of Financial Position

As at 31 March 2026

As at 31 March	Notes	2026 Rs.	2025 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	732,551,696	730,444,628
Right of Use Assets	12	139,239,307	140,000,000
Intangible Assets	13	202,860	696,392
Other Financial Assets	14	633,526	1,999,589
Total Non-Current Assets		872,627,389	873,140,609
Current Assets			
Inventories	15	19,487,709	15,364,092
Trade and Other Receivables	16	753,044,433	499,862,619
Tax Receivables		4,348,603	3,909,430
Cash and Cash Equivalents	17	53,798,679	236,523,098
Total Current Assets		830,679,424	755,659,239
Total Assets		1,703,306,813	1,628,799,848
EQUITY AND LIABILITIES			
Equity			
Stated Capital	18	449,190,000	449,190,000
Revaluation Reserve	19.1	486,683,813	486,683,813
Fair Value Reserve	19.2	(3,366,474)	(2,000,411)
Retained Earnings	20	314,548,956	208,933,515
Total Equity		1,247,056,295	1,142,806,917
Non-Current Liabilities			
Lease Liabilities	22	13,402,140	16,625,895
Deferred Tax Liabilities	9.2	202,408,046	196,797,030
Retirement Benefit Obligations	21	12,789,859	12,157,373
		228,600,045	225,580,298
Current Liabilities			
Trade and Other Payables	23	133,526,986	210,176,453
Dividends Payable	24	Nil	2,383,836
Income Tax Liabilities		54,335,200	23,223,981
Lease Liabilities	22	3,654,000	935,194
Bank Overdraft	17.2	36,134,287	23,693,169
		227,650,473	260,412,633
Total Equity and Liabilities		1,703,306,813	1,628,799,848

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

K. K. P. J. Perera
Head of Finance

The Board Of Directors is responsible for these financial statements

Signed for and on behalf of the Board by.

W.D.K Jayawardena
Director

T Dharmarajah
Director

The accounting policies and notes on page 56 through 91 form an Integral Part of the financial statements.

13 August 2026

Colombo

Statement of Profit or Loss

Year ended 31 March 2026

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
Revenue	5	732,103,641	624,872,368
Cost of Sales		(189,403,335)	(179,413,030)
Gross Profit		542,700,306	445,459,338
Other Operating Income and Gains	6	1,446,581	1,095,000
Sales and Marketing Expenses		(7,279,392)	(12,277,574)
Administrative Expenses		(446,354,456)	(400,877,434)
Results of Operating Activities		90,513,039	33,399,330
Finance Cost	7	(3,442,640)	(3,360,167)
Finance Income	7	70,582,876	71,341,536
Profit Before Tax	8	157,653,275	101,380,699
Tax Income	9	(55,696,275)	(52,888,033)
Profit for the year		101,957,000	48,492,666
Profit for the year attributable to:			
Owners of the Hotel Sigiriya PLC		101,957,000	48,492,666
Earnings Per Share - Basic / Diluted	10	5.80	2.76

The accounting policies and notes on page 56 through 91 form an Integral Part of the financial statements.

Statement of Comprehensive Income

Year ended 31 March 2026

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
Profit for the Year		101,957,000	48,492,666
Other Comprehensive Income			
Items that will not be reclassified to profit or loss subsequently			
Fair Value Loss on Fair Value Through OCI Investments	14.1	(1,366,063)	(682,977)
Surplus from Revaluation of Right of Use Assets	12	Nil	100,306,902
Surplus from Revaluation of Buildings and Swimming Pool	11	Nil	138,329,285
Deferred Taxation Attributable to Surplus from Revaluation Gain on Right of Use Assets, Buildings & Swimming Pool	9.2	Nil	(71,590,857)
Actuarial Gains on Retirement Benefit Obligations	21	1,820,864	47,145
Deferred Taxation Attributable to Actuarial (Gain)	9.2	(546,259)	(14,144)
Other Comprehensive Income for the Year, Net of Tax		(91,458)	166,395,354
Total Comprehensive Income		101,865,542	214,888,020
Total Comprehensive Income for the year attributable to:			
Owners of the Hotel Sigiriya PLC		101,865,542	214,888,020

The accounting policies and notes on page 56 through 91 form an Integral Part of the financial statements.

Statement of Changes in Equity

Year ended 31 March 2026

Year ended 31 March	Notes	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2024		449,190,000	319,638,483	(1,317,434)	160,407,848	927,918,897
Profit for the Year		Nil	Nil	Nil	48,492,666	48,492,666
Other Comprehensive Income						
Surplus from Revaluation of Right of Use Assets	12	Nil	100,306,902	Nil	Nil	100,306,902
Surplus from Revaluation of Buildings and Swimming Pool	11	Nil	138,329,285	Nil	Nil	138,329,285
Deferred Taxation Attributable to Surplus from Revaluation of Right of Use Assets, Buildings & Swimming Pool	9.2	Nil	(71,590,857)	Nil	Nil	(71,590,857)
Fair Value Loss on Fair Value Through OCI Investments	14.1	Nil	Nil	(682,977)	Nil	(682,977)
Actuarial gains on Retirement Benefit Obligations	21	Nil	Nil	Nil	47,145	47,145
Deferred Taxation Attributable to Actuarial Gain	9.2	Nil	Nil	Nil	(14,144)	(14,144)
Total Comprehensive (Loss)/Income		Nil	167,045,330	(682,977)	48,525,667	214,888,020
Balance as at 31 March 2025		449,190,000	486,683,813	(2,000,411)	208,933,515	1,142,806,917
Balance as at 1 April 2025		449,190,000	486,683,813	(2,000,411)	208,933,515	1,142,806,917
Profit for the Year		Nil	Nil	Nil	101,957,000	101,957,000
Other Comprehensive Income						
Fair Value Loss on Fair Value Through OCI Investments	14.1	Nil	Nil	(1,366,063)	Nil	(1,366,063)
Actuarial Gains on Retirement Benefit Obligations	21	Nil	Nil	Nil	1,820,864	1,820,864
Deferred Taxation Attributable to Actuarial Gain	9.2	Nil	Nil	Nil	(546,259)	(546,259)
Total Comprehensive Income		Nil	Nil	(1,366,063)	103,231,605	101,865,542
Transactions with owners:						
Unclaimed Dividends Written Back to Retained Earnings	24	Nil	Nil	Nil	2,383,836	2,383,836
Balance as at 31 March 2026		449,190,000	486,683,813	(3,366,474)	314,548,956	1,247,056,295

The accounting policies and notes on page 56 through 91 form an Integral Part of the financial statements.

Statement of Cash Flows

Year ended 31 March 2026

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
Operating Activities			
Profit Before Income Tax		157,653,275	101,380,699
Adjustments for			
Depreciation of Property, Plant and Equipment	11.2	32,639,665	41,664,742
Amortisation of Intangible Assets	13	493,532	825,035
Amortisation of Right of Use Assets	12	16,294,483	4,289,646
Finance Income	7.2	(64,847,233)	(68,650,988)
Foreign Currency Gains - Cash and Cash Equivalents		(8,633,588)	(3,282,831)
Provision for Impairment of Trade Receivables	16.2	1,380,079	Nil
Finance Costs	7.1	3,442,640	3,360,167
Provision for Retirement Benefit Obligations	21.1	2,453,350	2,364,306
		140,876,203	81,950,776
Working Capital Adjustments:			
Increase in Inventories		(4,123,617)	(1,934,956)
Increase in Trade and Other Receivables		(200,898,347)	(188,313,866)
(Decrease)/Increase in Trade and Other Payables		(76,243,458)	65,809,117
Cash Used In Operations		(140,389,219)	(42,488,928)
Finance Cost Paid		(293,588)	(3,360,167)
Retirement Benefit Obligations Paid	20	Nil	(564,500)
Income Tax Paid		(19,520,307)	(13,480,731)
Net Cash Flows Used In Operating Activities		(160,203,114)	(59,894,326)
Investing Activities			
Purchase of Property, Plant and Equipment	11.1	(34,746,733)	(19,802,772)
Interest Received		10,744,514	(1,154,342)
Advance Payments for Right of Use Assets	12	(15,533,790)	Nil
Net Cash Flows Used In Investing Activities		(39,536,009)	(20,957,114)
Financing Activities			
Payment of the Principle Portion of Lease Liabilities	22.1	(4,060,001)	(3,817,691)
Net Cash Flows Used In Financing Activities		(4,060,001)	(3,817,691)
Net Decrease in Cash and Cash Equivalents		(203,799,124)	(84,669,131)
Movement in Cash and Cash Equivalents			
At the Beginning of the Year		212,829,929	294,216,230
Net Decrease During the Year		(203,799,124)	(84,669,131)
Effect of Exchange Rate Changes		8,633,587	3,282,830
Cash and Cash Equivalents at the End of the Year	17.2	17,664,392	212,829,929

The accounting policies and notes on page 56 through 91 form an Integral Part of the financial statements.

1. CORPORATE INFORMATION

1.1 General

Hotel Sigiriya PLC ("Company") is a public limited liability Company listed in the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office is located at No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is operation of a hotel in Sigiriya, Sri Lanka.

1.3 Parent Entity and Ultimate Parent Entity

Serendib Hotels PLC which is the immediate parent of Hotel Sigiriya PLC was acquired by Eden Hotel Lanka PLC. The Company's first intermediate, second intermediate and ultimate parent undertaking and controlling parties are Eden Hotel Lanka PLC, Browns Investments PLC and LOLC Holdings PLC respectively, which are incorporated in Sri Lanka. However, Serendib Hotels PLC continues to be the immediate parent of the Company despite of the said acquisition.

1.4 Date of Authorisation for Issue

The Financial Statements of Hotel Sigiriya PLC for the year ended 31 March 2026 were authorised for issue, in accordance with a resolution of the Board of Directors on 13 August 2026.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company has been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the requirements of the Companies Act No. 07 of 2007, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).
The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in note 3 to the financial statements.

2.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue its business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, and the management do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.3 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention, except for buildings, motor vehicles and right-of-use assets, which are subsequently measured at revalued amounts; fair value through OCI investments and other financial assets and liabilities, which are measured at fair value or amortised cost, as applicable; and the defined benefit obligation, which is measured at the present value of the defined benefit obligation in accordance with LKAS 19.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the parent company's functional and presentation currency.

2.5 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.

2.6 Comparative Information

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the reporting date. These judgments, estimates and assumptions are based on information available when the financial statements are prepared. However, changes in assumptions and future events may result in material adjustments to the carrying amounts of assets and liabilities in subsequent periods. The key judgments, estimates and assumptions are described below.

3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

a) Deferred Tax Assets

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

b) SLFRS 16

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated)

c) Recoverability and tax deductibility of related party service charges

During the year, the Company incurred shared service charges from related parties under group service arrangements. The determination of the amounts charged involves judgement regarding the allocation of costs, the nature of services received and the application of the agreed group charging methodology. Management has assessed that the services were received for the purposes of the Company's operations, the charges are supported by contractual arrangements and underlying documentation, and that the related expenditure is deductible for income tax purposes under the applicable tax legislation. The ultimate determination of the tax deductibility of such charges is subject to review by the Inland Revenue Department. Any differences arising from future tax assessments will be recognized in the period in which such assessments become known.

3.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Revaluation of Property, Plant and Equipment and Right of Use Assets

The Company carries its buildings, motor vehicles and right of use assets at revalued amounts with changes in fair value being recognised in OCI. The Company engages an independent valuation specialist once in three years to assess fair value for the said assets. Buildings, motor vehicles and right of use assets are valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The valuation methodology adopted and the key assumptions to determine the fair value of the properties and sensitivity analyses are provided in relevant notes as required.

b) Estimated Useful Lives of Property, Plant and Equipment (PPE)

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment balance.

c) Impairment of Non - Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

d) Retirement Benefit Obligations

The cost of retirement benefit plans-gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, futures salary increases and retirement age. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

e) Impairment of Financial Assets

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer Note 4.11 for further details.

f) SLFRS 16

Estimating the Incremental Borrowing Rate (IBR)

The Company cannot readily determine the interest rate implicit in its lease arrangements and therefore uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR represents the rate of interest that the Company would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Determining the IBR requires significant judgement as it is not directly observable. The Company estimates the IBR by considering observable market interest rates for comparable borrowings and adjusting these rates for lease-specific factors, including the lease term, nature and value of the underlying asset, security, and the prevailing economic environment. Changes in these assumptions may result in a material adjustment to the measurement of lease liabilities and the corresponding right-of-use assets.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently for all periods presented in the Financial Statements by the Company.

4.1 Changes in Accounting Policies and Disclosures

(a) The Company has applied the following new and amended SLFRS Accounting Standards that are effective for the first time during the current year, for their annual reporting period commencing on 1 April 2025:

In the current year, the Company has applied the below amendment to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

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

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

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

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

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

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

(b) New and revised SLFRS Accounting Standards in issue but not yet effective and not early adopted in 2025/26:

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

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

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

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

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

SLFRS 18 Presentation and Disclosures in Financial Statements

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

SLFRS 18 introduces new requirements to:

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

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

» improve aggregation and disaggregation.

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

The directors of the Company anticipate that the application of this standard may have an impact on the Company's financial statements in future periods.

The Company has not yet completed its assessment of the impact of SLFRS 18. Accordingly, the financial effect of adopting the standard cannot yet be reasonably estimated.

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

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

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

» it does not have public accountability, and

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

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

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

The application of SLFRS 19 will not have an impact to the financial statements of the Company.

Contracts Referencing Nature-dependent Electricity – Amendments to SLFRS 9 and SLFRS 7

The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

» Clarify the application of the 'own-use' requirements for in-scope contracts

» Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts

» Add new disclosure requirements to enable investors to understand the effect of these contracts on a Company's financial performance and cash flows

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

4.2 Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing on the date of the transaction. The financial statements are prepared in Sri Lanka rupees, which is the functional currency of the Company.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or transaction of monitory items are recognised in Profit or Loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

4.3 Current Versus Non-Current Classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

» Expected to be realised or intended to be sold or consumed in the normal operating cycle

» Held primarily for the purpose of trading

» Expected to be realised within twelve months after the reporting period or

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- It does not have the right at the reporting date to defer the settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.4 Fair Value Measurement

The Company measures financial instruments classified as Financial Assets at Fair Value Through OCI (FVOCI), Financial assets at Fair Value Through Profit or Loss (FVPL), at fair value at each reporting date and Non-Financial Assets such as certain classes of Property, Plant and Equipment, motor vehicles and Right of Use Assets, at fair value once in every three years. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised under the respective notes.

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 reassessing categorisation at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations.

Involvement of external valuers is decided upon annually after discussion with and approval by the Company's Board Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board Audit Committee whenever necessary after discussions with the Company's external valuers decide which valuation techniques and inputs to use for each case.

At each reporting date the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.5 Revenue

Recognition of Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

SLFRS 15 requires entities to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

In connection with contracts with travel agents, tour operators, on-line travel agents, corporate customers and free-individual-travellers, the Company identified certain principal versus agent considerations. In recognising revenue from these transactions, the Company considered whether the nature of its promise is a performance obligation to provide the hotel services itself (acting as a principal) or to arrange for the other party to provide those such services (acting as an agent).

Goods Transferred at a Point in Time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services.

Services Transferred Over Time

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

Contract Liabilities

Contract liabilities are Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities include advances received for reservations. Contract liabilities of the Company have been disclosed in Trade and Other Payables note 23.2.

4.6 Taxation

Current Income Taxes

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 Commissioner General of Inland Revenue Department of Sri Lanka. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

i) Where 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; and

ii) In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward unused tax credits 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:

i) Where the deferred income 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.

ii) In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income 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 income 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 assets to be recovered.

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

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

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

Tax on Dividend income

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss.

4.7 Property, Plant and Equipment

Plant and Machinery, Furniture, Fittings and Equipment, Cutlery, Crockery, Glassware and Silverware are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Where items of leasehold land, buildings and improvements on leasehold land and motor vehicles are subsequently revalued, the entire class of such assets is revalued in every 03 years. Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the Asset Revaluation Reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on straight line basis over the estimated useful lives of the assets as follows:

	2026	2025
Buildings on Leasehold Land	Over a maximum period of 60 Years	Over a maximum period of 60 Years
Furniture, Fittings and Equipment	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Swimming Pool	Up to 60 Years	Up to 60 Years
Land Improvements	Up to 30 Years	Up to 30 Years
Cutlery, Crockery Glassware and Silverware	2-3 Years	2-3 Years

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is de-recognised.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. 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.

4.8 Rights of Use Asset and Lease Liabilities

The Company assesses a contract at inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company only reassesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

Right of use assets

The Company recognises right of use assets at the commencement date of the lease, when the underlying asset is available for use. Right of use assets are measured initially at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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.

Subsequent measurement basis of the same is fair value. Further details on revaluation are disclosed in Note 3.2.(a).

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

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

4.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are 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 assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

4.10 Inventories

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

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

Food and Beverage Stocks - On weighted average basis.

Maintenance and Others - On weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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 de-recognition (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 de-recognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, loans to employees and loans to related parties.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

» The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has not classified any instrument under this category as of 31 March 2026 and 31 March 2025.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to Statement of Profit or Loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

The Company has not classified any instrument under this category as of 31 March 2026 and 31 March 2025.

Derecognition

A financial asset is de-recognised when:

» The rights to receive cash flows from the asset have expired.

» The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

Impairment of Financial Assets

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

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

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

Loans and Borrowings

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

Amortised cost is calculated by considering 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 de-recognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.12 Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a original maturity of three months or less.

For the purpose of the Company statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

4.13 Employee Benefit Obligation

Defined Contribution Plans - Employees' Provident Fund and 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 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Defined Benefit Plans – Gratuity

A defined benefit plan is post-employment benefits plan other than a defined contribution plans - Employees' Provident Fund and Employees' Trust Fund. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the 'Projected Unit Credit method'.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the Financial Statements for retiring gratuities from the first year of service for all employees, in conformity with LKAS 19 - "Employee Benefits". Actuarial gain or losses are recognised in Other Comprehensive Income (OCI) in the period which it arises.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service. The liability is not externally funded.

4.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5. REVENUE

Year ended 31 March	2026 Rs.	2025 Rs.
Accommodation, Food and Beverage	690,596,797	586,840,257
Others (Hotel Operations)	41,506,844	38,032,111
	732,103,641	624,872,368

5.1 Disaggregation of revenue from contracts with customers

Year ended 31 March	2026 Rs.	2025 Rs.
Accommodation Revenue	546,170,369	472,084,055
Food & Beverage Revenue	144,426,428	114,756,202
Spa and Ayurvedic related Income	33,137,469	32,043,944
Transport Income	2,782,749	801,483
Laundry Income	2,552,517	2,153,727
Other Revenue	3,034,109	3,032,957
	732,103,641	624,872,368

5.2 Timing of Revenue Recognition

Year ended 31 March	2026 Rs.	2025 Rs.
Revenue recognised over time	546,170,369	472,084,055
Revenue recognised at a point in time	185,933,272	152,788,313
	732,103,641	624,872,368

6. OTHER OPERATING INCOME AND GAINS

Year ended 31 March	2026 Rs.	2025 Rs.
Rental Income	1,446,581	1,095,000
	1,446,581	1,095,000

7 FINANCE COST AND INCOME

7.1 Finance Costs

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
Interest Expense to - Related Parties	28.4	293,588	323,399
Interest on Lease Liabilities	22.1	3,149,052	3,036,768
		3,442,640	3,360,167

7 FINANCE COST AND INCOME (Contd.)

7.2 Finance Income

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Interest Income from - Related Parties	28.4	54,102,719	58,735,212
Interest Income from - Commercial Papers		8,400,341	8,761,434
Interest Income from - Saving Accounts		2,344,173	1,154,342
Exchange Gain on Operations		5,735,643	2,690,548
		70,582,876	71,341,536

8. PROFIT BEFORE TAX

Stated After charging

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
The following items have been charged in arriving at operating profit.			
Directors' emoluments	29 (a)	2,100,000	1,570,000
Auditors' Remuneration - Audit (Fees and Expenses)		945,000	920,000
Auditors' Remuneration - Non Audit (Fees and Expenses)		Nil	Nil
		945,000	920,000
Depreciation on Property, Plant and Equipment	11.2	32,639,665	41,664,742
Amortisation on Right of Use Assets	12	16,294,483	4,289,646
Amortisation on Intangible Assets	13	493,532	825,035
Legal Fees		2,000	Nil
Donations		492,789	29,000
Provision for Impairment of Trade Receivables	16.2	1,380,079	Nil
Management Fees	28.4	52,965,663	30,790,518
Accounting Fees	28.4	615,385	600,000
Secretarial Fees	28.4	1,200,000	1,200,000
Consultancy Fees	28.4	Nil	17,700,000
Expenses Shared	28.4	Nil	90,000,000
Treasury and Funding Management Fee	28.4	30,750,000	Nil
Hyperion Financial Management Support Services	28.4	35,875,000	Nil
Marketing and Promotional Expenses	28.4	20,500,000	Nil
Tax Consultancy Fees	28.4	15,375,000	Nil
Sales Promotional Costs	28.4	3,344,000	Nil
Employee Benefit Expense	8.1	100,237,714	100,148,670

8.1 Employee Benefit Expense

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Salaries, Wages and Other Benefits		91,635,174	91,635,174
Defined Contribution Obligations		6,149,190	6,149,190
Retirement Benefit Obligations	21	2,453,350	2,364,306
		100,237,714	100,148,670

9. INCOME TAX EXPENSE

Year ended 31 March	Notes	2026 Rs.	2025 Rs.
Statement of Profit or loss			
Current Income Tax			
Current Tax Expense on Ordinary Activities for the Year	9.1	51,999,474	35,223,977
(Over)/ Under Provision of Current Taxes in Respect of Prior Years		(1,367,956)	590,857
Deferred Tax			
Deferred Taxation Charge	9.2.2	5,064,757	17,073,199
		55,696,275	52,888,033
Statement of Other Comprehensive Income			
Deferred Taxation Charge	9.2.2	546,259	71,605,001
		546,259	71,605,001
Income Tax Expense Recorded in Total Comprehensive Income		56,242,534	124,493,034

9.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit

Year ended 31 March	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	157,653,275	101,380,699
Expenses Not Deductible for Tax Purposes	67,632,419	55,957,122
Income from Other Sources and Exempt Income	(71,965,577)	(69,745,988)
Additional Allowable Deductions	(46,282,351)	(39,924,564)
Assessable Income from Business	107,037,766	47,667,269
Assessable Income from Investment	66,293,814	69,745,988
Taxable Income	173,331,580	117,413,257
Current Tax Expense at 30% (2025-30%)	51,999,474	35,223,977

9.1.1 Reconciliation of Effective Tax Rate

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of the Company as follows:

Year ended 31 March	2026		2025	
	Rate	Rs.	Rate	Rs.
Accounting Profit Before Tax		157,653,275		101,380,699
Tax Calculated at the Statutory Tax Rate	30%	47,295,983	30%	30,414,210
Expenses Not Deductible for Tax Purposes	13%	20,289,725	37%	37,710,933
Additional Allowable Deductions	-9%	(13,884,705)	-21%	(20,923,796)
Exempt Income	-1%	(1,701,529)	-12%	(11,977,369)
Current Tax Expense on Ordinary Activities for the Year	33%	51,999,474	35%	35,223,977
(Over)/ Under Provision of Current Taxes in Respect of Prior Years	-1%	(1,367,956)	1%	590,857
Deferred Tax Arising from Temporary Differences	3%	5,064,757	17%	17,073,199
Income Tax Expense at the Effective Tax Rate	35%	55,696,275	52%	52,888,033

9. INCOME TAX EXPENSE (Contd.)

9.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit (Contd.)

9.1.2 The business profits and income of Hotel Sigiriya PLC, being a Company involved in the promotion of tourism are liable to tax at rate of 30% as per the first schedule of the Inland Revenue Act No. 24 of 2017 and amendment thereto. Other sources of income are taxable at 30%.

9.1.3 Tax Losses Brought Forward

Year ended 31 March	2026 Rs.	2025 Rs.
Tax Losses Brought Forward	9,918,665	76,949,631
Adjustment to Tax losses	(9,918,665)	(67,030,966)
Tax Losses Carried Forward	Nil	9,918,665

9.2 Deferred Tax

9.2.1 Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;

As at 31 March	Notes	2026 Rs.	2025 Rs.
Deferred Tax Liabilities	9.2.3	213,221,907	210,059,444
Deferred Tax Assets	9.2.3	(10,813,861)	(13,262,414)
Net Deferred Tax Liabilities		202,408,046	196,797,030

9.2.2 Deferred Taxation Charge - Statement of Profit or Loss/Other Comprehensive Income

	Statement of Profit or Loss		Other Comprehensive Income / Directly through Equity	
Year ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	3,162,463	(2,737,042)	Nil	Nil
Surplus from Revaluation of Right of Use Assets, Buildings & Swimming Pool	Nil	Nil	Nil	71,590,857
	3,162,463	(2,737,042)	Nil	71,590,857
Deferred Tax Assets				
Retirement Benefit Obligations	(736,005)	(539,942)	Nil	Nil
Operating Lease Liabilities	76,723	1,052,617	Nil	Nil
Collective Impairment of Trade and Other Receivables	(414,024)	Nil	Nil	Nil
Carry Forward of Unused Tax Losses	2,975,600	19,297,566	Nil	Nil
Actuarial (Gains)	Nil	Nil	546,259	14,144
	1,902,294	19,810,241	546,259	14,144
	5,064,757	17,073,199	546,259	71,605,001

Deferred tax provision as of 31 March 2026 has been computed based on the future tax rate applicable to the Company (30%) in accordance with Inland Revenue Act No.24 of 2017.

9. INCOME TAX EXPENSE (Contd.)

9.2 Deferred Tax (Contd.)

9.2.3 Deferred Tax Asset/Liability relates to the following;

As at 31 March	Statement of Financial Position 2026 Rs.	2025 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	26,318,210	23,155,747
Surplus from Revaluation of Right of Use Assets, Buildings & Swimming Pool	186,903,697	186,903,697
	213,221,907	210,059,444
Deferred Tax Assets		
Retirement Benefit Obligations	8,697,335	7,961,330
Operating Lease Liabilities	6,562,880	6,639,603
Collective Impairment of Trade and Other Receivables	414,024	Nil
Carry Forward of Unused Tax Losses	Nil	2,975,600
Actuarial Gains on Retirement Benefit Obligations	(4,860,378)	(4,314,119)
	10,813,861	13,262,414
Net Deferred Tax Liabilities	202,408,046	196,797,030

As at 31 March	Statement of Financial Position 2026 Rs.	2025 Rs.
Deferred Tax Liabilities:		
- Deferred tax assets to be recovered after more than 12 months	191,299,036	181,233,729
- Deferred tax assets to be recovered within 12 months	21,922,871	28,825,715
	213,221,907	210,059,444
Deferred Tax Assets:		
- Deferred tax liabilities to be recovered after more than 12 months	9,303,637	10,006,256
- Deferred tax liabilities to be recovered within 12 months	1,510,224	3,256,158
	10,813,861	13,262,414
Net Deferred Tax Liabilities	202,408,046	196,797,030

10. EARNINGS PER SHARE

10.1 Basic Earnings Per Share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

10.2 The following reflects the income and share data used in the Basic Earnings Per Share computation.

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Amounts Used as the Numerator:			
Profit Attributable to Ordinary Shareholders		101,957,000	48,492,666

Year ended 31 March		2026 Number	2025 Number
Number of Ordinary Shares Used as the Denominator:			
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	18	17,577,000	17,577,000
Earnings Per Share - Basic / Diluted		5.80	2.76

As there were no potential ordinary shares outstanding as at the year end, Diluted Earnings per Share is equal to the Basic Earnings per Share for the year and last year.

11. PROPERTY, PLANT & EQUIPMENT

11.1 Gross Carrying Amounts

	Balance As at 01.04.2024 Rs.	Additions Rs.	Transfers Rs.	Revaluation Transfers Rs.	Revaluation Surplus Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
At cost							
Plant, Machinery and Equipment	78,579,320	1,501,012	Nil	Nil	Nil	(1,812,893)	78,267,439
Furniture, Fittings and Equipment	171,950,570	8,809,270	299,219	Nil	Nil	(9,473,983)	171,585,076
Cutlery, Crockery, Glasswear and Silverwear	12,512,050	4,864,929	Nil	Nil	Nil	Nil	17,376,979
	263,041,940	15,175,211	299,219	Nil	Nil	(11,286,876)	267,229,494
At Valuation							
Buildings on Leasehold Land	567,954,271	4,462,561	(299,219)	(56,602,279)	129,967,666	Nil	645,483,000
Swimming Pool	18,944,250	Nil	Nil	(3,788,869)	8,361,619	Nil	23,517,000
Land Improvements	63,700	165,000	Nil	Nil	Nil	Nil	228,700
Motor Vehicles	204,018	Nil	Nil	Nil	Nil	(64,732)	139,286
	587,166,239	4,627,561	(299,219)	(60,391,148)	138,329,285	(64,732)	669,367,986
Total Value of Depreciable Assets	850,208,179	19,802,772	Nil	(60,391,148)	138,329,285	(11,351,608)	936,597,480

11. PROPERTY, PLANT & EQUIPMENT (Contd.)

11.1 Gross Carrying Amounts (Contd.)

	Balance As at 01.04.2025 Rs.	Additions Rs.	Re-classification Rs.	Balance As at 31.03.2026 Rs.
At Cost				
Plant, Machinery and Equipment	78,267,439	93,890	15,242,035	93,603,364
Furniture, Fittings and Equipment	171,585,076	16,185,626	(15,242,035)	172,528,667
Cutlery, Crockery, Glasswear and Silverwear	17,376,979	4,759,983	Nil	22,136,962
	267,229,494	21,039,499	Nil	288,268,993
At Valuation				
Buildings on Leasehold Land	645,483,000	13,707,234	Nil	659,190,234
Swimming Pool	23,517,000	Nil	Nil	23,517,000
Land Improvements	228,700	Nil	Nil	228,700
Motor Vehicles	139,286	Nil	Nil	139,286
	669,367,986	13,707,234	Nil	683,075,220
Total Accumulated Depreciation	936,597,480	34,746,733	Nil	971,344,213

11.2 Depreciation

	Balance As at 01.04.2024 Rs.	Charge for the Year Rs.	Transfer on Revaluation Rs.	Disposal Transfers Rs.	Balance As at 31.03.2025 Rs.
At Cost					
Plant, Machinery and Equipment	51,997,730	4,875,491	Nil	(1,812,893)	55,060,328
Furniture, Fittings and Equipment	141,807,897	10,789,504	Nil	(9,473,983)	143,123,418
Cutlery, Crockery, Glasswear and Silverwear	2,481,491	5,342,628	Nil	Nil	7,824,119
	196,287,118	21,007,623	Nil	(11,286,876)	206,007,865
At Valuation					
Buildings on Leasehold Land	37,224,578	19,377,701	(56,602,279)	Nil	Nil
Swimming Pool	2,525,912	1,262,957	(3,788,869)	Nil	Nil
Land Improvements	33,970	6,702	Nil	Nil	40,672
Motor Vehicles	159,288	9,759	Nil	(64,732)	104,315
	39,943,748	20,657,119	(60,391,148)	(64,732)	144,987
Total Accumulated Depreciation	236,230,866	41,664,742	(60,391,148)	(11,351,608)	206,152,852

11. PROPERTY, PLANT & EQUIPMENT (Contd.)

11.2 Depreciation (Contd.)

	Balance As at 01.04.2025 Rs.	Charge for the year Rs.	Re-classification Rs.	Balance As at 31.03.2026 Rs.
At Cost				
Plant, Machinery and Equipment	55,060,328	5,113,130	15,087,019	75,260,477
Furniture, Fittings and Equipment	143,123,418	6,014,027	(15,087,019)	134,050,426
Cutlery, Crockery, Glasswear and Silverwear	7,824,119	4,705,275	Nil	12,529,394
	206,007,865	15,832,432	Nil	221,840,297
At Valuation				
Buildings on Leasehold Land	Nil	14,051,639	Nil	14,051,639
Swimming Pool	Nil	2,730,587	Nil	2,730,587
Land Improvements	40,672	15,247	Nil	55,919
Motor Vehicles	104,315	9,760	Nil	114,075
	144,987	16,807,233	Nil	16,952,220
Total Accumulated Depreciation	206,152,852	32,639,665	Nil	238,792,517

11.3 Net Book Value

As at 31 March	2026 Rs.	2025 Rs.
At Cost		
Plant, Machinery and Equipment	18,342,887	23,207,111
Furniture, Fittings and Equipment	38,478,241	28,461,658
Cutlery, Crockery, Glasswear and Silverwear	9,607,568	9,552,860
	66,428,696	61,221,629
At Valuation		
Buildings on Leasehold Land	645,138,595	645,483,000
Swimming Pool	20,786,413	23,517,000
Land Improvements	172,781	188,028
Motor Vehicles	25,211	34,971
	666,123,000	669,222,999
Total Carrying Amount of Property, Plant and Equipment	732,551,696	730,444,628

11.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 34,746,733 (2025 - Rs.19,802,772), the consideration for which was settled by cash.

Property, plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 159,205,662 (2025 - Rs. 151,323,331) which were in use during the year.

The Company's properties are stated at revalued amounts in accordance with its accounting policy, with the most recent revaluation carried out in 31 March 2025. The valuation was performed by Mr. W.M. Chandrasena, an independent valuer, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the revalued properties. The surplus arising from this revaluation has been transferred to the revaluation reserve.

11. PROPERTY, PLANT & EQUIPMENT (Contd.)

11.5 The movement of revaluation reserve and other information are disclosed under note 19.

11.5.1 The following table shows that valuation techniques used in measuring the buildings and swimming pool on leasehold land as well as significant unobservable inputs used.

Property	Category	Number of Assets	Method of Valuation	Extent	Range of Estimates for Unobservable Inputs	Valuation	Sensitivity	Significant Unobservable Inputs	Date of Valuation
Buildings and Swimming Pool on Leasehold land at Sigiriya	Guest Facilities - Accommodation & Public Areas	6	Depreciated Replacement Cost	70,177 sq. ft (78 Rooms)	Rs. 500 to Rs. 20,000 per sq.ft Depreciation rate - 35%	669,000,000	Positively Corelated	Replacement cost per square foot Depreciation rate (Allowance for Physical Deterioration)	31-Mar-25
	Recreational & Leisure Facilities	5			Rs. 1,000 to Rs. 18,000 per sq.ft Depreciation rate - 35%				
	Outdoor & Circulation Areas	2			Rs. 9,000 to Rs. 16,000 per sq.ft Depreciation rate - 35%				
	Utilities, Services & Maintenance Buildings	5			Rs. 500 to Rs. 9,000 per sq.ft Depreciation rate - 35%				
	Staff Accommodation & Support Quarters	6			Rs. 800 to Rs. 17,000 per sq.ft Depreciation rate - 35%				

11.5.2 There was no material impact between the revalued amount and the carrying value of Motor Vehicles as at 31 March 2025 given the insignificance of the value of Motor Vehicles involved.

11.6 The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets Were Carried at Cost Rs.	Net Carrying Amount 2026 Rs.	Net Carrying Amount 2025 Rs.
Buildings on leasehold land	426,189,132	56,537,929	369,651,203	364,417,845
Swimming Pool on leasehold land	11,105,250	1,974,270	9,130,980	9,316,067
	437,294,382	58,512,199	378,782,183	373,733,912

12. RIGHT-OF-USE ASSETS

ents - Rainforest Ecolodge (Private) Limited.

As at 31 March	Note	Motor Vehicles 2026 Rs.	Motor Vehicles 2025 Rs.	Land 2026 Rs.	Land 2025 Rs.	Total 2026 Rs.	Total 2025 Rs.
At Cost							
As at 01 April		Nil	Nil	140,000,000	57,924,089	140,000,000	57,924,089
Transfer on Revaluation		Nil	Nil	Nil	(18,230,991)	Nil	(18,230,991)
Revaluation Surplus		Nil	Nil	Nil	100,306,902	Nil	100,306,902
Addition During the year		15,533,790	Nil	Nil	Nil	15,533,790	Nil
As at 31 March		15,533,790	Nil	140,000,000	140,000,000	155,533,790	140,000,000

12. RIGHT-OF-USE ASSETS (Contd.)

Accumulated amortisation and impairment

As at 31 March	Note	Motor Vehicles		Land		Total	
		2026	2025	2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April		Nil	Nil	Nil	13,941,345	Nil	13,941,345
Transfer on Revaluation		Nil	Nil	Nil	(18,230,991)	Nil	(18,230,991)
Amortisation	8	1,294,483	Nil	15,000,000	4,289,646	16,294,483	4,289,646
As at 31 March		1,294,483	Nil	15,000,000	Nil	16,294,483	Nil
Carrying Value as at 31 March		14,239,307	Nil	125,000,000	140,000,000	139,239,307	140,000,000

12.1 The Company's Right of Use Assets are stated at revalued amounts in accordance with its accounting policy, with the most recent revaluation carried out in 31 March 2025. The valuation was performed by Mr. W.M. Chandrasena, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the revalued Right of Use Assets. The surplus arising from this revaluation has been transferred to the revaluation reserve.

Property	Number of Assets	Method of Valuation	Extent	Range of Estimates for Unobservable Inputs	Valuation	Significant Unobservable Inputs	Date of Valuation
Hotel Land	1	Market Basis of Valuation	8A - 0R - P16.0	Rs. 400,000 per perch	140,000,000	Price per perch of land	31-Mar-2025
Wellness Site	1	Market Basis of Valuation	1A - 2R - P23.2	Rs. 250,000 per perch			

12.2 The Company has obtained leasehold rights to two lots of land situated in Sigiriya from Sri Lanka Tourism Authority by the agreement dated 25 July 2004 and 01 May 2017 respectively. The said leases will expire on 24 July 2034 and the management intends to extend the lease period upon expiry. In addition to the aforementioned, the management also leased a new van during the year for a period of five years for which the payment was made upfront amounting to LKR 15,533,790.

13. INTANGIBLE ASSETS

Computer Software

As at 31 March	Note	2026 Rs.	2025 Rs.
At Cost			
As at 01 April		1,630,082	1,630,082
As at 31 March		1,630,082	1,630,082
Amortisation & Impairment			
As at 01 April		933,690	108,655
Amortisation	8	493,532	825,035
As at 31 March		1,427,222	933,690
Carrying Value as at 31 March		202,860	696,392

13.1 Intangible assets are amortised over their useful economic life and useful economic life is estimated as 5 - 10 years.

14. OTHER FINANCIAL ASSETS

The Company has investments in unquoted equity shares of Rainforest Ecolodge (Private) Limited.

As at 31 March	Note	2026 Rs.	2025 Rs.
Investments in Equity Securities	14.1	633,526	1,999,589
Total Carrying Value		633,526	1,999,589

14. OTHER FINANCIAL ASSETS (Contd.)

14.1 Investments in Equity Securities

Unquoted - Fair Value Through OCI Investments - Rainforest Ecolodge (Private) Limited.

As at 31 March	2026		2025	
	No. of Shares	Rs.	No. of Shares	Rs.
As at 01 April				
Change in fair value (Note 19.2)	400,000	1,999,589	400,000	2,682,566
As at 31 March	Nil	(1,366,063)	Nil	(682,977)
	400,000	633,526	400,000	1,999,589

Investment in Equity Securities solely comprises application and allotment money paid to Rainforest Ecolodge (Private) Limited for the purchase of 400,000 ordinary shares of Rs.10 each. The investment is designated at fair value through other comprehensive income (FVOCI) as it is held for strategic long-term purposes and not for trading. The investment is classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs.

The fair value of the unquoted equity investment in Rainforest Ecolodge (Private) Limited has been determined using the net asset value of the investee as at the reporting date, based on the Company's proportionate ownership interest. Management considers this valuation technique to be appropriate given the nature of the investment, the current stage of operations of the investee, and the absence of an active market for the shares. During the current year, the valuation technique was changed from the Price-to-Book Value (P/BV) approach to the net asset value approach, as management determined that the latter more appropriately reflects the fair value of the investment based on the information available at the reporting date.

The significant unobservable input used in determining the fair value is the net asset value of the investee. A reasonably possible increase/(decrease) in the net asset value of the investee would result in a corresponding increase/(decrease) in the fair value of the investment. No material adjustments were made to the investee's reported net asset value in determining the fair value of the investment.

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

15. INVENTORIES

As at 31 March	2026 Rs.	2025 Rs.
Food	6,889,283	4,337,744
Beverage	4,567,165	2,789,646
House - keeping and Maintenance	8,031,261	8,236,702
	19,487,709	15,364,092

The total consumption of inventories recognised in cost of sales during the year amounted to Rs. 147,754,745 (2025 - Rs. 139,549,854).

16. TRADE AND OTHER RECEIVABLES

As at 31 March	Notes	2026 Rs.	2025 Rs.
Trade Receivables	16.1	68,680,131	48,333,749
Less: Provision for Impairment of Trade Receivables	16.2	(1,380,079)	Nil
		67,300,052	48,333,749
Other Receivables		3,726,296	2,400,547
Advances and Prepayments		4,971,751	2,250,099
		8,698,047	4,650,646
Other Receivables from Related Parties	16.4	676,321,334	446,878,224
Loans and Advances to Company Officers	16.3	725,000	Nil
		677,046,334	446,878,224
		753,044,433	499,862,619

16. TRADE AND OTHER RECEIVABLES (Contd.)

16.1 Trade Debtors Age Analysis

As at 31 March	Total	Neither past due nor impaired	Past due but not impaired		
			30-90 days	91-120 days	>120 days
2026					
Trade Debtors	68,680,131	27,825,452	39,002,635	497,402	1,354,642
Expected Loss Rate		Nil	2%	9%	42%
Less: Provision for Impairment of Trade Receivables	(1,380,079)	Nil	(758,792)	(46,427)	(574,860)
	67,300,052	27,825,452	39,002,635	450,975	779,782

The Company grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the Management. The average credit period granted to such Debtors are 30 Days.

16.2 The Movement of the Provision for Impairment of Trade Receivables

As at 31 March	2026 Rs.	2025 Rs.
As at 01 April	Nil	Nil
Provision for Impairment (Note 8)	1,380,079	Nil
As at 31 March	1,380,079	Nil

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 March 2026 or 1 April 2025 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes.

16.3 Loans and Advances to Company Officers

As at 31 March	2026 Rs.	2025 Rs.
As at 01 April	Nil	360,000
Loans Granted During the Year	1,375,000	Nil
Less: Repayments	(650,000)	(360,000)
As at 31 March	725,000	Nil

16. TRADE AND OTHER RECEIVABLES (Contd.)

16.4 Other Receivables From Related Parties

As at 31 March	Relationship	2026 Rs.	2025 Rs.
Dolphin Hotels PLC	Subsidiary of Immediate Parent Company	437,500	Nil
Browns Investments PLC	Intermediate Parent Company	28,642,425	Nil
Three Tips Ella (Private) Limited	Subsidiary of Intermediate Parent Company	51,120,777	Nil
Serendib Leisure Management Limited	Subsidiary of Immediate Parent Company	Nil	88,500
Sun and Fun Resorts Limited	Subsidiary of Intermediate Parent Company	Nil	5,000,000
Eden Hotel Lanka PLC	Intermediate Parent Company	Nil	8,508
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent Company	596,120,632	441,781,216
		676,321,334	446,878,224

17. CASH AND CASH EQUIVALENTS

17.1 Favourable Cash and Cash Equivalents Balance

As at 31 March	Note	2026 Rs.	2025 Rs.
Cash and Bank Balances		53,798,679	87,960,157
Money Market Investments	17.3	Nil	148,562,941
		53,798,679	236,523,098

17.2 Unfavourable Cash and Cash Equivalent Balances

As at 31 March	2026 Rs.	2025 Rs.
Bank Overdraft	(36,134,287)	(23,693,169)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	17,664,392	212,829,929
The interest rate exposure of the borrowings of the Company was as follows:		
Total borrowings:		
- at floating rates	36,134,287	23,693,169
Weighted Average effective interest rates:		
- bank overdrafts	AWPLR + 2%	AWPLR + 2%

The Company has not pledged any securities for the bank overdraft facility which the Company has obtained from Hatton National Bank PLC.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:

As at 31 March	Note	2026 Rs.	2025 Rs.
3 Months or less	17.2	36,134,287	23,693,169
		36,134,287	23,693,169

17. CASH AND CASH EQUIVALENTS (Contd.)

17.3 Movement of Commercial Papers Investment

As at 31 March	2026 Rs.	2025 Rs.
As at 01 April	148,562,941	101,749,507
Investments and Reinvestments During the Year	232,658,865	131,040,073
Interest Accrued During the Year	8,400,341	8,761,434
Matured During the Year	(155,879,876)	(92,988,073)
Withdrawals During the Year	(233,742,271)	Nil
As at 31 March	Nil	148,562,941

18. STATED CAPITAL

As at 31 March	2026 No.of shares	2025 No.of shares	2026 Rs.	2025 Rs.
Fully Paid Ordinary Share	17,577,000	17,577,000	449,190,000	449,190,000
			449,190,000	449,190,000

18.1 The holders of ordinary shares possess the right to receive dividends as declared from time to time. The holders of ordinary shares are entitled to one vote per share at a meeting of the Company.

Ordinary shares of the Company do not have a par value.

For the purpose of calculation of basic earnings per share, the weighted average number of shares have been considered based on the date of issue of shares.

19. OTHER COMPONENTS OF EQUITY

Reserves

As at 31 March	Notes	2026 Rs.	2025 Rs.
Revaluation Reserve	19.1	486,683,813	486,683,813
Fair Value Reserve	19.2	(3,366,474)	(2,000,411)
		483,317,339	484,683,402

19.1 Revaluation Reserve

As at 31 March	Note	2026 Rs.	2025 Rs.
As at 01 April		486,683,813	319,638,483
Revaluation Surplus During the Year		Nil	238,636,187
Deferred Tax Attributable to Revaluation Surplus	9.2.2	Nil	(71,590,857)
As at 31 March		486,683,813	486,683,813

The above revaluation surplus consists of net surplus resulting from the revaluation of building on leased land, land, swimming pool and right of use assets as described in note 11.5 and 12. Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

19. OTHER COMPONENTS OF EQUITY (Contd.)

19.2 Fair Value Reserve

As at 31 March	Note	2026 Rs.	2025 Rs.
As at 01 April		(2,000,411)	(1,317,434)
Change in Fair Value	14.1	(1,366,063)	(682,977)
As at 31 March		(3,366,474)	(2,000,411)

The Fair Value Reserve consists of the net deficit resulting from the fair valuation of equity securities measured at Fair Value Through OCI as described in the note 14.

20. RETAINED EARNINGS

As at 31 March	Rs.
Balance as at 01 April 2024	160,407,848
Net profit for the year	48,492,666
Other Comprehensive Income Arising from Measurement of Defined Benefit Obligation, Net of Tax	33,001
Balance as at 31 March 2025	208,933,515
Balance as at 01 April 2025	208,933,515
Unclaimed Dividends Written Back to Retained Earnings	2,383,836
Net Profit for the Year	101,957,000
Other Comprehensive Income Arising from Measurement of Defined Benefit Obligation, Net of Tax	1,274,605
Balance as at 31 March 2026	314,548,956

21 RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Notes	2026 Rs.	2025 Rs.
As at 01 April		12,157,373	10,404,711
Charge for the Year	21.1	2,453,350	2,364,306
Actuarial Gain	21.2	(1,820,864)	(47,145)
Benefit Paid		Nil	(564,500)
As at 31 March		12,789,859	12,157,373

21.1 Expense Recognised in Statement of Profit or Loss

Year ended 31 March	2026 Rs.	2025 Rs.
Current Service Cost	994,465	1,011,693
Interest Cost	1,458,885	1,352,613
	2,453,350	2,364,306

21 RETIREMENT BENEFIT OBLIGATIONS (Contd.)

21.2 Expense Recognised in Statement of Other Comprehensive Income

Year ended 31 March	2026 Rs.	2025 Rs.
Due to Changes in Demographic Assumptions	(24,542)	(61,646)
Due to Changes in Financial Assumptions	89,108	14,501
Due to Changes in Experience	(1,885,430)	Nil
	(1,820,864)	(47,145)

Units Actuaries & Consultants (Private) Limited carried out an actuarial valuation of the retirement benefit obligations on 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used are as follows:

21.3 The Principal Assumptions Used Were as Follows:

As at 31 March	2026 Rs.	2025 Rs.
Financial Assumptions		
Discount Rate	9.5%	12.0%
Future Salary Increment Rate	8.0%	10.0%
Demographic Assumptions		
Attrition Rate	20%	20%
Retirement Age	60 Years	60 Years
Weighted Average Duration of Retirement Benefit Obligations	4.0 Years	4.0 Years

21.4 Sensitivity of Assumptions in Actuarial Valuation

The following table demonstrates the sensitivity to possible changes in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligation measurement as at 31 March 2026. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate, salary increment rate and rate of employee turnover on the profit or loss and Retiring Gratuity obligation for the year.

As at 31 March	Sensitivity Effect on Defined Benefit Obligation			
	2026		2025	
	Delta Effect of +1%	Delta Effect of (-1%)	Delta Effect of +1%	Delta Effect of (-1%)
(Increase)/Decrease in Discount Rate	(410,750)	436,294	(466,743)	502,709
Increase/(Decrease) in Salary Increment Rate	496,462	(474,654)	562,441	(530,139)
(Increase)/ Decrease in Employee Turnover	(30,602)	27,841	(41,819)	50,143

21.5 Following undiscounted Payments are Expected Over the Weighted Average Life Span Obligation on the Future Years:

As at 31 March	2026 Rs.	2025 Rs.
Years From the Current Period		
Within the next 12 months	2,634,763	2,204,096
Between 1 to 2 years	3,039,566	2,774,160
Between 3 to 5 years	5,197,260	3,894,159
Between 6 to 10 years	1,703,314	2,626,731
Beyond 10 years	214,956	658,228
	12,789,859	12,157,374

22. LEASE LIABILITIES

As at 31 March	Note	2026 Rs.	2025 Rs.
As at 01 April		17,561,089	18,342,013
Adjustment to reflect changes in lease payments		406,000	Nil
Interest expense on lease liability	7.1	3,149,052	3,036,768
Lease payment		(4,060,001)	(3,817,691)
As at 31 March		17,056,140	17,561,089
Amount Repayable After 1 Year		13,402,140	16,625,895
Amount Repayable Within 1 Year		3,654,000	935,194
		17,056,140	17,561,089

The total cash outflow for leases during the year was LKR 4,060,001 (2025 - LKR 3,817,691).

23. TRADE AND OTHER PAYABLES

As at 31 March	Notes	2026 Rs.	2025 Rs.
Trade Payables		11,315,671	11,660,333
Other Payables to Related Parties	23.1	70,211,435	117,290,758
Other Payables		20,006,568	52,787,950
Contract Liabilities	23.2	8,733,895	4,894,462
Sundry Creditors Including Accrued Expenses		23,259,417	23,542,950
		133,526,986	210,176,453

The average credit period of the company is 60 days.

23.1 Other Payable to Related Parties

As at 31 March	Relationship	2026 Rs.	2025 Rs.
LOLC Holding PLC	Ultimate Parent Company	3,167,931	4,172,453
Browns Hotels and Resorts Limited	Intermediate Parent Company	7,743,632	1,124,892
Dolphin Hotels PLC	Subsidiary of Immediate Parent Company	Nil	182,966
Serendib Leisure Management Limited	Subsidiary of Immediate Parent Company	33,357,929	3,477,669
Sun and Fun Resorts Limited	Subsidiary of Intermediate Parent Company	24,253,254	24,000,000
Eden Hotel Lanka PLC	Intermediate Parent Company	1,385,492	120,580
Browns Investments PLC	Intermediate Parent Company	Nil	17,700,000
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent Company	Nil	66,000,000
LOLC Technology Services Limited	Subsidiary of Ultimate Parent Company	203,196	412,198
LOLC Corporate Services (Private) Limited	Subsidiary of Ultimate Parent Company	100,000	100,000
		70,211,435	117,290,758

23.2 Contract Liabilities

As at 31 March	2026 Rs.	2025 Rs.
As at 01 April	4,894,462	18,438,767
Additions During the Year	154,960,839	82,678,240
Revenue Recognised during the Year	(151,121,406)	(96,222,545)
As at 31 March	8,733,895	4,894,462

23. TRADE AND OTHER PAYABLES (Contd.)

23.2 Contract Liabilities (Contd.)

Contract liabilities represent advance payments received from guests for accommodation and related services. These advance payments are generally received prior to the guest stay and are recognised as revenue when the services are rendered.

Based on the nature of the hotel operations, performance obligations are usually satisfied within a short period of time. Accordingly, the contract liability balance as at the reporting date is expected to be recognised as revenue within the next reporting period.

24. DIVIDEND PAYABLE

As at 31 March	2026 Rs.	2025 Rs.
Unclaimed Dividend	Nil	2,383,836
	Nil	2,383,836

During the year, unclaimed dividends amounting to Rs. 2,383,836 were written back to retained earnings.

25. COMMITMENTS AND CONTINGENCIES

25.1 Commitments

There were no material capital, operating and financial commitments existed as at 31 March 2026 and 31 March 2025.

25.2 Contingencies

No material contingencies outstanding at the statement of financial position date have been identified.

26. ASSETS PLEDGED

There are no assets pledged as security for liabilities.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to, or disclosure in, the Financial Statements.

28. RELATED PARTY DISCLOSURES

28.1 Terms and conditions of transactions with related parties

All related party transactions are conducted at commercial terms agreed by the management. All related party outstanding balances at year-end are unsecured and are to be settled in cash. Interest-bearing borrowings are at pre-determined interest rates and terms, based on the risk profiles of the related entities.

28.2 Non-recurrent related party transactions

There were no non-recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 31 March 2026 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

28.3 Recurrent related party transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the Related Party Transaction Rs.	Value of the Related Party Transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent Company	Aggregate recurrent tranactions	220,339,416	35%	Management Agreed Terms
Browns Investments PLC	Intermediate Parent Company	Aggregate recurrent tranactions	(102,500,000)	16%	Management Agreed Terms
Serendib Leisure Management Limited	Subsidiary of Immediate Parent Company	Aggregate recurrent tranactions	(92, 862,391)	15%	Management Agreed Terms

There were no other recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2025 audited financial Statements, which required additional disclosures in the 31 March 2026 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

28. RELATED PARTY DISCLOSURES (Contd.)

28.4 Transaction With the Parent and Related Entities

Details of significant Related Party Transactions are as follows:

Nature of Transaction	Ultimate Parent LOLC Holdings PLC		Immediate Parent Serendib Hotels PLC		Other Related Parties		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Temporary Loans Granted	Nil	Nil	Nil	Nil	219,213,696	213,845,235	219,213,696	213,845,235
Temporary Loans Received	Nil	Nil	Nil	Nil	(10,000,300)	Nil	(10,000,300)	Nil
Finance Income on Current Account Balances (Note 7.2)	Nil	Nil	Nil	Nil	54,102,719	58,735,212	54,102,719	58,735,212
Finance Cost (Note 7.1)	Nil	(323,399)	Nil	Nil	(293,588)	Nil	(293,588)	(323,399)
Net Investments in Commercial Papers	Nil	Nil	Nil	Nil	(148,562,941)	46,813,434	(148,562,941)	46,813,434
Finance Income from Commercial Papers (Note 7.2)	Nil	Nil	Nil	Nil	8,400,341	8,761,434	8,400,341	8,761,434
Management Fees (VAT exclusive) (Note 8)	Nil	Nil	Nil	Nil	(52,965,663)	(30,790,518)	(52,965,663)	(30,790,518)
Secretarial Fees (Note 8)	Nil	Nil	Nil	Nil	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
"Accounting Fees (VAT exclusive) (Note 8)"	Nil	Nil	Nil	Nil	(615,385)	(600,000)	(615,385)	(600,000)
Expenses Shared (Note 8)	Nil	Nil	Nil	Nil	Nil	(90,000,000)	Nil	(90,000,000)
Consultancy Fees (Note 8)	Nil	Nil	Nil	Nil	Nil	(17,700,000)	Nil	(17,700,000)
"Treasury and Funding Management Fee (VAT exclusive) (Note 8)"	Nil	Nil	Nil	Nil	(30,750,000)	Nil	(30,750,000)	Nil
Hyperion Financial Management Support Services (VAT exclusive) (Note 8)	Nil	Nil	Nil	Nil	(35,875,000)	Nil	(35,875,000)	Nil
Marketing and Promotional Expenses (VAT exclusive) (Note 8)	Nil	Nil	Nil	Nil	(20,500,000)	Nil	(20,500,000)	Nil
Tax Consultancy Fees (VAT exclusive) (Note 8)	Nil	Nil	Nil	Nil	(15,375,000)	Nil	(15,375,000)	Nil
Sales Promotional Costs (Note 8)	Nil	Nil	Nil	Nil	(3,344,000)	Nil	(3,344,000)	Nil
Expenses Incurred on Behalf of the Company	(27,533,551)	(14,113,505)	Nil	(179,072)	(60,620,315)	(37,610,854)	(88,153,866)	(51,903,431)
Expenses Incurred on Behalf of the Others	Nil	Nil	347,500	188,470	4,646,088	6,307,504	4,993,588	6,495,974
Settlement of Dues from Related Parties	Nil	Nil	(347,500)	(376,940)	(8,800,574)	(1,219,004)	(9,148,074)	(1,595,944)
Settlement of Dues to Related Parties	28,538,073	13,727,826	Nil	299,072	265,989,821	105,612,163	294,527,894	119,639,061
	1,004,522	(709,078)	Nil	(68,470)	163,449,899	260,954,606	164,454,421	260,177,058

*** * Other Related Parties Include:** Dolphin Hotels PLC
Serendib Leisure Management Limited
Frontier Capital Lanka (Private) Limited
Sansun Boutique Hotels Limited
Sun & Fun Resorts Limited
Eden Hotel Lanka PLC
LOLC Corporate Services (Private) Limited
LOLC Technology Services (Private) Limited
Browns Hotels & Resorts Limited
Browns Investments PLC
Dickwella resort (Private) Limited
Three Tips Ella (Private) Limited

28. RELATED PARTY DISCLOSURES (Contd.)

28.5 Terms and Conditions:

Management Fees	Management fees are paid based on the management agreement with Serendib Leisure Management Limited.
Expenses Incurred	Expenses Incurred on behalf of/by Related parties are reimbursed on actual cost basis.
Finance Income / Charges - Current Accounts	Finance income or charges on intercompany balances are recognised on outstanding current account balances in accordance with terms agreed by management. The applicable interest rates are determined with reference to prevailing commercial paper rates set by the Browns Group Treasury Department.
Accounting Fees	Accounting fees are paid based on the management agreement entered into with Serendib Leisure Management Limited.
Secretarial Fees	LOLC Corporate Service (Private) Limited provides corporate secretarial services including statutory filings, maintenance of registers, and coordination of board/shareholder meetings and charged are made based on management agreed terms.
Expenses Shared	Due to increased operational demands and temporary staff shortages arising from high occupancy levels, Hotel Sigiriya PLC entered into resource-sharing arrangements with Sun & Fun Resorts Limited and Sansun Boutique Hotels Limited. Under these arrangements, ground staff were assigned to Hotel Sigiriya PLC to support operations, maintain service quality and enhance operational efficiency charged are made based on management agreed terms.
Consultancy Fees	Energy efficiency enhancements, power optimisation, green building compliance, and related consultancy services were provided and charged at management agreed terms by Browns Investments PLC.
Treasury and Funding Management Fee	Charges for centralised services, including cash flow management, financing support, and financial risk management, to enhance capital and liquidity management for the year ended 31 March 2026, charged based on management-agreed terms with Browns Investments PLC.
Hyperion Financial Management Support Services	Charges for Hyperion financial management support services relating to the implementation of a centralised financial reporting and consolidation system to improve reporting efficiency and accuracy, charged based on management-agreed terms with Browns Investments PLC.
Marketing and Promotional Expenses	Charges for centralised services, including brand management, advertising, and digital marketing, to support market presence and brand consistency for the year ended 31 March 2026, charged based on management-agreed terms with Browns Investments PLC.
Tax Consultancy Fees	Charges for centralised services, including tax compliance, advisory, and regulatory support, to ensure effective tax governance and compliance for the year ended 31 March 2026, charged based on management-agreed terms with Browns Investments PLC.
Sales Promotional Costs	Sales promotional activities conducted by Eden Hotel Lanka PLC and charged based on agreed terms.

28.6 The Company wise break down of related party receivable and payable balances are given in note 16.4 and 23.1 respectively.

29. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

The Key Management Personnel of the Company are the Board of Directors of the Company.

a) Key Management Personnel Compensation

Key Management Persons were paid Rs. 2,100,000/- during the year (2025 - Rs. 1,570,000).

b) Transactions, Arrangements and Agreements involving Key Management Personnel

There were no other transactions with the Key Management Personnel during the year (2025 - Rs. Nil).

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

Year ended 31 March	Carrying amount		Fair value	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial Assets				
Trade and Other Receivables	748,072,682	497,612,520	748,072,682	497,612,520
Fair Value Through OCI Investments	633,526	1,999,589	633,526	1,999,589
Cash and Short Term Deposits	53,798,679	236,523,098	53,798,679	236,523,098
Total	802,504,887	736,135,207	802,504,887	736,135,207
Financial Liabilities				
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	127,401,996	174,016,218	127,401,996	174,016,218
Bank Overdraft	36,134,287	23,693,169	36,134,287	23,693,169
Lease Liabilities	17,056,140	17,561,089	17,056,140	17,561,089
Dividend Payable	Nil	2,383,836	Nil	2,383,836
Total	180,592,423	217,654,312	180,592,423	217,654,312

The fair values of the financial assets are stated at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values.

The fair values of Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2026, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Investment in equity shares are carried at fair value .

The fair value of financial liabilities approximate their carrying values.

30.1 Fair Value Hierarchy

The Company held the following financial instruments at fair value in the Statement of Financial Position as at the reporting dates:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Other 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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)

30.1 Fair Value Hierarchy (Contd.)

Non-Financial Assets Measured at Fair Value	31 March 2026	Level 1	Level 2	Level 3
Buildings on leasehold land	645,138,595	Nil	Nil	645,138,595
Swimming Pool	20,786,413	Nil	Nil	20,786,413
Land Improvements	172,781	Nil	Nil	172,781
Right of Use Assets	125,000,000	Nil	Nil	125,000,000
Motor Vehicles	25,211	Nil	Nil	25,211
	791,123,000	Nil	Nil	791,123,000

Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Buildings on leasehold land	645,483,000	Nil	Nil	645,483,000
Swimming Pool	23,517,000	Nil	Nil	23,517,000
Land Improvements	188,028	Nil	Nil	188,028
Right of Use Assets	140,000,000	Nil	Nil	140,000,000
Motor Vehicles	34,971	Nil	Nil	34,971
	809,222,999	Nil	Nil	809,222,999

Financial Assets Measured at Fair Value	31 March 2026	Level 1	Level 2	Level 3
Fair Value Through OCI Investments	633,526	Nil	Nil	633,526
	633,526	Nil	Nil	633,526

Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Fair Value Through OCI Investments	1,999,589	Nil	Nil	1,999,589
	1,999,589	Nil	Nil	1,999,589

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Company also holds investments in equity securities designated at fair value through other comprehensive income (FVOCI).

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

The Company's senior management oversees the management of these risks. Senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Serendib Hotels PLC (the Immediate Parent Company).

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

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk compromise three types of risk; Interest rate risk, currency risk and other price risk. Other price risk includes the risk of changes in commodity prices, equity prices and other market prices, other than those arising from interest rate risk or currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In order to reduce the Interest rate risk, the Company implements the following strategies;

1) Proper mechanism to monitor the fluctuations in interest rates.

2) Work towards the low gearing ratio.

3) Internal funding sources rather than the external funding sources.

Variable rate instruments

As the Company did not have any interest-bearing borrowings during the year or as at the reporting date, other than a bank overdraft balance arising from book overdrafts, management is of the view that the Company is not exposed to material interest rate risk during the current year.

Foreign Currency Risk

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

Currency risk is managed by the Group's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Group also monitors its exposure to movements in exchange rates on a net basis. Group estimates exchange rate to convert year end foreign currency denominated amounts based on published rates by the Central Bank of Sri Lanka.

Below are the spot exchange rates used by the Company.

Foreign Currency	As at Reporting Date 31 March 2026 Rs.	As at Reporting Date 31 March 2025 Rs.
USD	311.85	296.35
EURO	356.93	319.86

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Foreign Currency	As at Reporting Date 31 March 2026 Rs.	As at Reporting Date 31 March 2025 Rs.
GBP	411.69	383.78

Foreign currency sensitivity

A strengthening/weakening of the Rupees as indicated below, against the foreign currencies as at 31 March would have increased/ (decreased) Profit or Loss by the amounts shown below

Foreign Currency	Change in exchange rate	Effect on Profit Before Tax	
		2026 Rs.	2025 Rs.
Euro	+1%	70,204	49,466
Euro	-1%	(70,204)	(49,466)
GBP	+1%	12,247	9,280
GBP	-1%	(12,247)	(9,280)
USD	+1%	211,078	487,250
USD	-1%	(211,078)	(487,250)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

The Company's maximum exposure to credit risk on trade receivables as at the year-end based on the carrying value in the statement of financial position is given below.

As at 31 March	Notes	2026 Rs.	2025 Rs.
Trade Receivables	16	68,680,131	48,333,749
Less: Impairment of Trade Receivables	16	(1,380,079)	Nil
		67,300,052	48,333,749
Other Receivables From Related Parties	16.4	676,321,334	446,878,224
Cash and Cash Equivalents	17	53,798,679	236,523,098

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk. Refer Note 16.1 for age analysis of Trade Receivables.

Management of credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

Customer credit risk is managed by each company subject to the Serendib Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment. In monitoring customer credit risk, customers are grouped according to their business volumes and consider separately for granting credit limits. Based on the volume of the transaction and based on the relationship, the customers are ranked. For the customers who identified as High Risks Customers, sales are made once they made an advance or full payment. Outstanding customer receivables are regularly monitored and contracts are signed and agreed with all credit customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for Impairment collectively. The calculation is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limits are established for each customer and these limits are reviewed frequently.

Impairment

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding.

The Company limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings.

Bank of Ceylon	AA- (lka)
Commercial Bank of Ceylon PLC	AA- (lka)
Nations Trust Bank PLC	A (lka)
National Development Bank PLC	A-(lka)
Hatton National Bank PLC	AA- (lka)

Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 16 and 17.

Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and intercompany borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to below. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted cashflows.

31 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

As at 31 March 2026	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	Nil	127,401,996	Nil	Nil	Nil	127,401,996
Bank Overdraft	36,134,287	Nil	Nil	Nil	Nil	36,134,287
Lease Liabilities	Nil	913,500	2,744,700	15,951,600	14,762,160	34,371,960
	36,134,287	128,315,496	2,744,700	15,951,600	14,762,160	197,908,243

As at 31 March 2025	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	Nil	174,016,218	Nil	Nil	Nil	174,016,218
Bank Overdraft	23,693,169	Nil	Nil	Nil	Nil	23,693,169
Lease Liabilities	Nil	892,500	2,677,500	14,280,000	15,470,000	33,320,000
Dividend Payable	2,383,836	Nil	Nil	Nil	Nil	Nil
	23,693,169	174,908,718	2,677,500	14,280,000	15,470,000	231,029,387

Capital Management

Capital includes ordinary shares. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2026 and 31 March 2025. The Company monitors capital using a gearing ratio, which is debt divided by total equity plus debt. The Company's policy is to keep the gearing ratio below 20%.

As at 31 March	2026	2025
Total Debt (Bank Overdraft and Lease Liabilities)	53,190,427	41,254,258
Total equity	1,247,056,295	1,142,806,917
Gearing Ratio	4%	4%

SUPPLEMENTARY INFORMATION

Ten Year Financial Review

(Figures in Rs.'000 unless otherwise stated)

Year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Trading Results										
Revenue	732,104	624,872	491,955	245,494	103,771	111,549	271,874	375,610	325,235	325,263
Profit /(Loss) Before Tax	157,653	101,381	118,480	(28,601)	(66,465)	(54,544)	11,552	41,109	47,184	69,573
Profit /(Loss) for the year	101,957	48,493	101,309	(3,600)	(59,805)	(42,702)	3,848	33,548	27,230	67,108
Hotel Operations										
Annual Sales Growth (%)	17.16	27.02	100.39	136.57	(6.97)	(58.97)	(27.62)	15.49	(0.01)	(2.33)
Room Occupancy (%)	85	87.24	71.00	35.00	0.19	29.81	54.42	79.50	73.00	74.00
Current Ratio (Times)	3.65	2.90	3.26	3.15	0.70	1.97	1.31	2.04	1.71	1.67
Interest Cover (Times)	27.96	31.17	100.55	0.19	(6.54)	(14.13)	4.60	Nil	Nil	Nil
Debt / Total Equity Ratio (%)	4.27	1.54	4.93	0.04	7.16	10.96	7.96	Nil	Nil	Nil
Market/ Shareholder Information										
Return on Equity (%)	12.64	0.04	0.13	(0.44)	(11.30)	(9.84)	0.96	8.41	7.40	16.17
Net assets per Share (Rs.)	70.95	65.02	52.79	46.99	90.34	74.10	68.57	68.08	62.63	70.85
Earnings/(Loss) per Share (Rs.)	5.80	2.76	5.76	(0.20)	(10.21)	(7.29)	0.66	5.73	4.65	11.45
Market value per share (Rs.)	71	76.80	51.00	33.30	88.00	56.60	36.40	59.10	62.80	97.30
Price Earnings Ratio (Times)	-	27.84	8.85	(114.83)	(8.62)	(7.77)	55.42	10.32	13.51	8.49
Dividend (per Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	12.00	10.00

Investor Information - Hotel Sigiriya PLC

SHAREHOLDER INFORMATION

No.of shares		2026			2025		
		No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
1	1,000	1,559	314,464	1.79	1,101	216,901	1.23
1,001	10,000	418	1,449,070	8.24	254	900,457	5.12
10,001	100,000	104	3,027,941	17.22	73	2,042,626	11.62
100,001	1,000,000	9	1,484,755	8.47	12	3,116,246	17.74
Over 1,000,000 Shares		1	11,300,770	64.28	1	11,300,770	64.29
Total		2,091	17,577,000	100.00	1,441	17,577,000	100.00

No.of shares		Resident			Non Resident		
		No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
1	1,000	1,552	312,768	1.79	7	1,696	0.01
1,001	10,000	418	1,449,070	8.24	0	0	0.00
10,001	100,000	101	2,891,953	16.45	3	135,988	0.77
100,001	1,000,000	9	1,484,755	8.45	0	0	0.00
Over 1,000,000 Shares		1	11,300,770	64.29	0	0	0.00
Total		2,081	17,439,316	99.22	10	137,684	0.78

CATEGORIES OF SHAREHOLDERS

	2026			2025		
Institutions	97	13,448,682	76.51	75	13,426,542	76.39
Individuals	1,994	4,128,318	23.49	1,336	4,150,458	23.61
Total	2,091	17,577,000	100.00	1,441	17,577,000	100.00

PUBLIC HOLDING

	2026	2025
Public holding as a percentage of the Issued share capital	35.71%	35.71%
Number of shareholders representing the public holding	2,090	1,440

SHARE TRADING

	2026	2025
Highest Market Price (Rs)	122.00(01/10/25)	88.00(17/02/25)
Lowest Market Price (Rs)	66.00(18/03/26)	42.00(10/07/24)
Last Traded Price (Rs)	71.00(31/03/26)	76.80(28/03/25)
No. of Shares Traded	453,900	7,413,601
No. of Trades	1816	8711
Turnover (Rs)	39,188,005.70	491,072,026.40

TWENTY MAJOR SHAREHOLDERS

Name of Shareholder	2026		2025	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Serendib Hotels PLC	11,300,700	64.29	11,300,700	64.29
LOC Finance PLC/R C J Goonawardena	363,000	2.07	350,000	1.99
Hatton National Bank PLC/Dawi Investment Trust (Pvt) Ltd	177,441	1.01	226,989	1.29
Sampath Bank PLC/S. Vasudevan	166,715	0.95	100,000	0.57
L.T R S L Jayawardena	151,000	0.86	-	-
G D H Philip	146,000	0.83	-	-
People's Leasing & Finance PLC/ Dr. H S D Soysa & Mrs. G Soysa	132,235	0.75	132,235	0.75
B Y Edirisuriya	126,822	0.72	-	-
Dialog Finance PLC/ Fors Investment (Private) Limited	119,505	0.68	119,505	0.68
W A Kelum Kumara	102,037	0.58	-	-
L K Goonawardena	100,000	0.57	250,000	1.42
Hatton National Bank PLC/W Jinadasa	100,000	0.57	-	-
Mrs. S Vasudevan	100,000	0.57	100,000	0.57
M C Gamage	91,738	0.52	81,841	0.47
People's Leasing & Finance PLC/Mr. K K Shujeevan	88,788	0.51	88,788	0.51
A M E Fernando	75,000	0.43	75,000	0.43
P R C Fernando	73,000	0.42	-	-
Guardian Insurance Brokers (Pvt) Ltd	70,680	0.40	350,000	1.99
C.R Hapuwala	70,200	0.40	-	-
E J De Soysa	70,000	0.40	70,000	0.40
Total held by the above shareholders	13,624,861	77.53	13,245,058	75.36
Shares held by the balance shareholders	3,952,139	22.47	4,331,942	24.64
Total Issued capital	17,577,000	100.00	17,577,000	100.00

The Public Shareholding as at 31st March 2026 was 35.71% of the issued ordinary shares held by 2,090 shareholders.

As at 31st March 2026 the Float adjusted Market Capitalisation was Rs. 445,649,016/-

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 52ND ANNUAL GENERAL MEETING of the Company will be held on **Wednesday, 23rd September 2026** at **12.00 Noon** as an on-line audio-visual meeting with arrangements for the on-line meeting platform centered at the LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

ORDINARY BUSINESS

1. To receive the Report of the Directors and Statement of Accounts for the year ended 31 March, 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr W D K Jayawardena who retires by rotation in terms of Article 90 of the Articles of Association of the Company.
3. To re-elect as an Independent Director Mr. S Furkhan who retires by rotation in terms of Article 90 of the Articles of Association of the Company
4. *To re-elect as an Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 and re-appointed as an Independent Director in terms of Rule No. 9.8.3 (ix) of the Listing Rules (Refer Note 4)
5. *To re-elect as an Independent Director Mr T Dharmarajah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 and re-appointed as an Independent Director in terms of Rule No. 9.8.3 (ix) of the Listing Rules (Refer Note 5)
6. To re-appoint as Auditors M/s Deloitte Partners Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.
7. To approve in terms of the Companies Act No. 26 of 1951 (Donations), the making of donations by the Directors as determined by them for the current financial year and until the next Annual General meeting of the Company.

SPECIAL BUSINESS

TO CONSIDER & IF THOUGHT FIT TO PASS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION ;

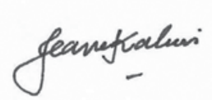
IT IS HEREBY RESOLVED to amend the following Articles of the Articles of Association of the Company by the :

8. (i) addition of a new Article numbered as Article 3A) immediately after Article 3)

   "3A) To establish, operate, and manage an "AYUWASA" Ayurveda Treatment Center that offers traditional Ayurvedic treatments, therapeutic massages, herbal therapies, and related wellness services as an incidental or ancillary activity to the company's main business of operating hotels for tourists and selling Ayurvedic and wellness products to hotel guests and other patrons." ;

   (ii) deletion of the number "81" appearing in line two of Article 85 and substituting therefore the number "82".

By order of the Board
HOTEL SIGIRIYA PLC



L O L C CORPORATE SERVICES (PVT) LTD
Secretaries

24th August 2026

NOTE:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.
2. The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.
3. A Form of Proxy accompanies this Notice.
4. *Special Notice has been received from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :

   "Resolved that Dr. J M Swaminathan who reached the age of 70 years in 2011, be and is hereby re-elected as an Independent Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr. J M Swaminathan."

5. *Special Notice has been received from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :

   "Resolved that Mr. T Dharmarajah who reached the age of 70 years in 2026, be and is hereby re-elected as an Independent Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. T Dharmarajah."

IMPORTANT NOTICE:

» This year too, the Annual Report and Financial Statements of the Company are available on the:
  Corporate Website: https://www.brownshotels.com/investor-relations/

» The Colombo Stock Exchange: https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol= HSIG.N0000

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code:

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Secretaries on +94 11 7248554 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com.

In the event the Company is required to take any further action in relation to the Meeting, in the best interest of the Meeting attendees; any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and publication on the Company website - https://www.brownshotels.com/investor-relations/

Notes

Form of Proxy

I/We of ....

being a member/members of the above named Company hereby appoint ....

.... of

....whom failing;

W. D. K. Jayawardena	of Colombo or failing him
Mrs. K. U. Amarasinghe	of Colombo or failing her
D. S. K. Amarasekera	of Colombo or failing him
Dr. J. M. Swaminathan	of Colombo or failing him
S. Furkhan	of Colombo or failing him
T Dharmarajah	of Colombo

as my/our* Proxy to represent me/us* at the Fifty Second (52nd)Annual General Meeting of the Company to be held as an on- line meeting on **Wednesday, 23rd September 2026** at **12.00 noon** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

THE PREFERENCES IN THE FOLLOWING TABLE TO BE MARKED BY ORDINARY (VOTING) SHAREHOLDER/S ONLY.

I/We* the undersigned, ordinary (voting) shareholder(s) of the Company hereby authorise my/our* Proxy to vote for me/ us* and on my/our* behalf in accordance with the preferences indicated below (please mark your preference with an 'X'):

	For	Against
Ordinary Business		
1. To re-elect as a Director Mr W D K Jayawardena who retires by rotation in terms of Articles 90 of the Article of Association of the Company.		
2. To re-elect as an Independent Director Mr. S Furkhan who retires by rotation in terms of Article 90 of the Articles of Association of the Company		
3. To re-elect as a Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 4 of the Notice of Meeting and Rule No. 9.8.3 (ix) of the Listing Rules		
4. To re-elect as an independent director Mr. T Dharmarajah who retires in terms of Section 210 of the Companies Act. no. 7 of 2007 as set out in item 5 of the Notice of Meeting and Rule No. 9.83 (ix) of the Listing Rules		
5. To appoint as auditors M/s Deloitte Partners Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.		
6. To authorise the Board of Directors to determine donations.		
Special Business		
7. To resolve by Special Resolution to amend the Articles of the Articles of Association of the Company by the :		

(i) addition of a new Article numbered as Article 3A) immediately after Article 3)

"3A) To establish, operate, and manage an "AYUWASA" Ayurveda Treatment Center that offers traditional Ayurvedic treatments, therapeutic massages, herbal therapies, and related wellness services as an incidental or ancillary activity to the company's main business of operating hotels for tourists and selling Ayurvedic and wellness products to hotel guests and other patrons." ;

(ii) deletion of the number "81" appearing in line two of Article 85 and substituting therefore the number "82".

Dated this ....day of..................... 2026

....

Signature of Shareholder
(please refer overleaf for instructions)

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:

   i) addressed to the 'Company Secretaries' and posted or hand delivered to 100/1, Sri Jayawardenapura Mawatha, Rajagiriya;

   or

   ii) Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "HOTEL SIGIRIYA AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Registration of Shareholder Details for Online Participation

Annexure I

To: LOLC Corporate Services (Private) Limited
Secretaries to HOTEL SIGIRIYA PLC
No: 100/1, Sri Jayawardenapura Mawatha
Rajagiriya.

Details of shareholder		
1. Full Name/s of Shareholder/s		
2. Address/s		
3. National Identity Card number/ Company Registration number		
4. CDS Account number/s		
5. Contact number/s	Land line (residence/work):	Mobile:
6. Email address/s (to which the on-line meeting link should be forwarded by the Company)		
In the event a Proxy Holder is appointed by the Shareholder		
7. Name of the Proxy holder		
8. Proxy holder's NIC/PP No.		
9. Proxy holder's contact No. (mandatory)	Land line (residence/work):	Mobile:
10. Proxy holder's email(it is mandatory for the proxy holder to provide an email address in order to forward the login information for the on-line meeting link)		

Important - Only registered shareholders and registered proxy holders will be permitted to log in and participate at the AGM on-line. Duly filled Form should be scanned and emailed to : corporateservices@lolc.com or Sent by facsimile to + 94 112865602 not less than 48 hours before the meeting.

I/My Proxy holder am/is willing to participate at the AGM online: Yes ☐ No ☐

Signature/s & date: ....

Principal Shareholder 1st Joint Holder 2nd Joint Holder

Stakeholder Feedback Form

Hotel Sigiriya PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name : ....

Email : ....

Phone : ....

Company/Organisation : ....

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

- ☐ Shareholder
- ☐ Customer
- ☐ Community
- ☐ Public Authority
- ☐ Employee
- ☐ Student
- ☐ Regulatory Body
- ☐ Journalist
- ☐ Service Provider
- ☐ Supplier
- ☐ Special Interest Group

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

- ☐ Very Satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- ☐ Always
- ☐ Often
- ☐ Sometimes
- ☐ Rarely
- ☐ Never

3. How effective do you find the Company's use of its website and social media for communication?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

- ☐ Financial Reports
- ☐ Annual Reports
- ☐ Press Releases
- ☐ Investor Briefings
- ☐ Social Media Updates
- ☐ Website Content
- ☐ Other (please specify): ___________________________

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

- ☐ Very Accessible
- ☐ Accessible
- ☐ Neutral
- ☐ Inaccessible
- ☐ Difficult to Access

3. How effectively does the Company address your concerns and queries?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

Stakeholder Feedback Form

Forward-Looking Information & Major Developments

1. How useful do you find the Company's forward-looking comments and information on future prospects?

- [ ] Very Useful
- [ ] Useful
- [ ] Neutral
- [ ] Not Useful
- [ ] Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

- [ ] Very Confident
- [ ] Confident
- [ ] Neutral
- [ ] Not Confident
- [ ] Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

....

....

Submission

Please return the completed form to:

Investor Relations/ Communications

Hotel Sigiriya PLC, 100/1 Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY
Hotel Sigiriya PLC

COMPANY REGISTRATION NUMBER
PQ 81

DATE OF INCORPORATION
01 October 1971

LEGAL FORM
A public quoted company with limited liability

STOCK EXCHANGE LISTING
The ordinary shares of the company are listed on the Colombo Stock Exchange

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

REGISTERED OFFICE
100/1, Sri Jayawardenapura Mawatha, Rajagiriya
Tel: +94 (11) 7248554
Fax: +94 (11) 286 5602
Website: https://www.serendibleisure.com/hotelsigiriya/

COMPANY SECRETARIES
LOLC Corporate Services (Pvt) Ltd

AUDITORS
Deloitte Partners (Chartered Accountants)

REGISTRARS
SSP Corporate Services (Pvt) Ltd

BANKERS
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Bank of Ceylon

HOTEL
Hotel Sigiriya
Tel: +94 (66) 4930500-3
Fax: +94 (11) 2865602

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www.brownshotels.com

HOTEL SIGIRIYA PLC
No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka.
Telephone : 011-7248248 Fax : 011-2865606 (Gen)
Website : www.brownshotels.com