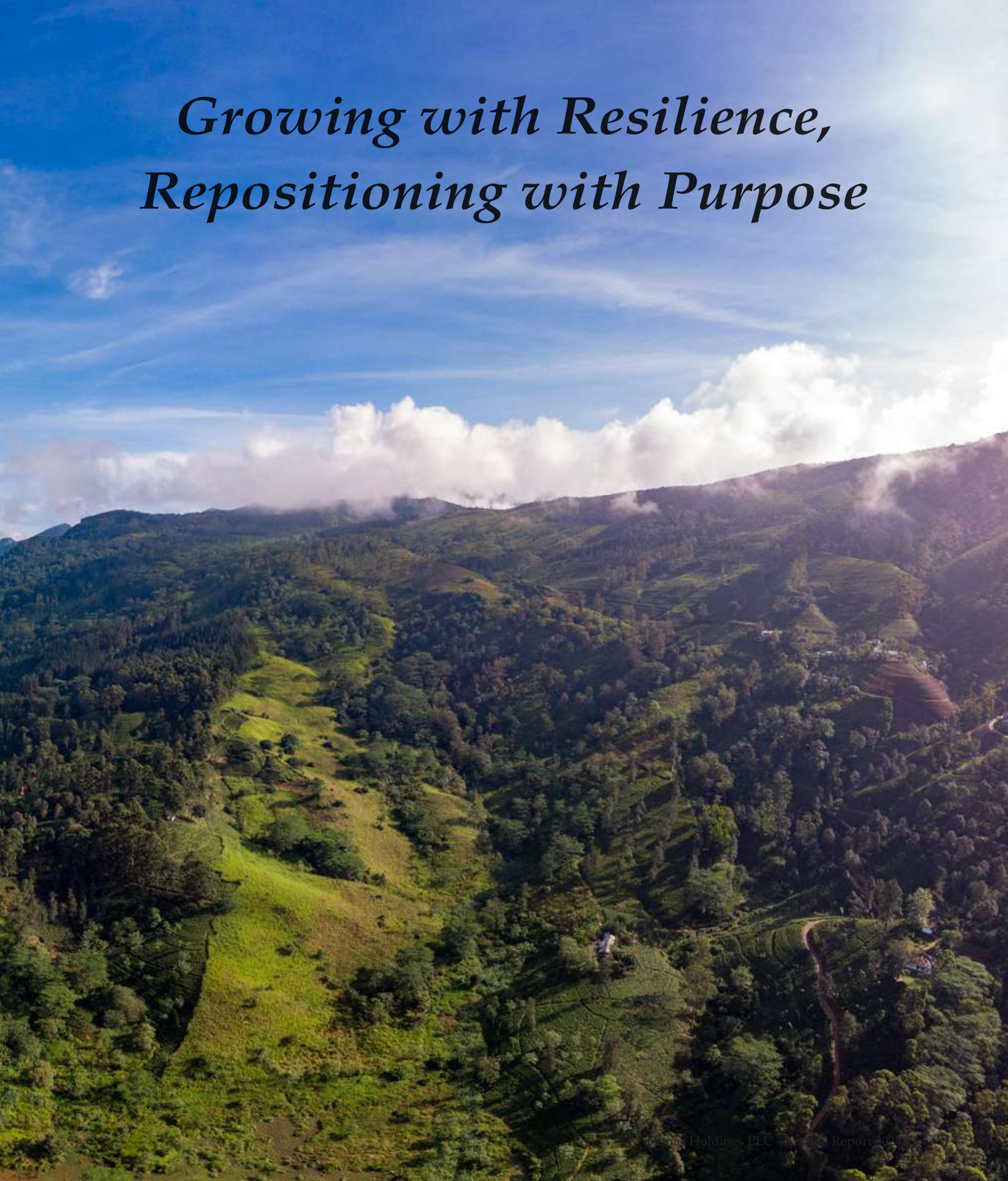




ANNUAL REPORT

2024 - 2025



An aerial photograph of a vast, mountainous landscape. The terrain is covered in dense green forests and rolling hills. A winding river or road cuts through the lower right portion of the image. In the distance, a small village with several buildings is visible on a hillside. The sky is a deep blue with scattered white clouds, and the overall lighting suggests a bright, sunny day.

Growing with Resilience, Repositioning with Purpose



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OVERVIEW

ABOUT THIS REPORT

We are pleased to present the third Annual Report of Hunas Holdings PLC for the financial year ended 31 March 2025. This report provides a comprehensive overview of our purpose, governance structure, and key milestones achieved during the year. In line with globally accepted reporting standards, we remain committed to upholding transparency, accountability, and integrity in all disclosures. Our intention is to equip stakeholders with a clear understanding of our financial and non-financial performance, strategic direction, and sustainability-driven practices, while highlighting our journey toward responsible and sustainable value creation.

Reporting Scope and Boundary

This Annual Report covers the operations of the Group in Sri Lanka for the reporting period from 1 April 2024 to 31 March 2025. Prepared on an annual reporting cycle, it incorporates both financial and non-financial information.

Regulatory Framework

The report complies with the reporting requirements of the following regulatory frameworks:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Companies Act No. 07 of 2007 (as amended)
- Listing Rules of the Colombo Stock Exchange

Voluntary Framework

The following voluntary frameworks have been adopted in preparing the report:

- United Nations Sustainable Development Goals
- Code of Best Practices on Corporate Governance, Institute of Chartered Accountants of Sri Lanka

Combined Assurance

The integrity of this report is reinforced through a combined assurance approach, incorporating validation by management, internal audit, and independent external auditors. External assurance on the Group's Integrated Reporting practices has been provided by Messrs. Deloitte Partners.

Forward-Looking Statements

This report includes forward-looking statements based on available internal and external information, reflecting the Group's strategic outlook. These statements are, however, subject to inherent risks and uncertainties arising from economic conditions, market dynamics, regulatory changes, and other external factors beyond our control. The Group does not undertake to update such statements and accepts no liability for variations arising therefrom. Stakeholders are advised to interpret these insights with due consideration of prevailing conditions.

The Future of Reporting

We remain committed to enhancing our disclosures by broadening the scope of integrated reporting frameworks, ensuring alignment with both local and global best practices.

Acknowledgement

The contents of this report have undergone thorough internal review by the Group's senior management team and have been independently verified in accordance with the policies and methodologies outlined in the Corporate Governance section.

The Board of Directors affirms its responsibility for ensuring the accuracy, completeness, and integrity of this Integrated Annual Report. In the Board's view, the report of Hunas Holdings PLC for the financial year ending 31 March 2025 has been prepared in accordance with the reporting principles and standards set forth, providing a true and balanced representation of the Group's performance, governance, and sustainability practices.

Feedback

We value the feedback of our stakeholders and welcome suggestions to improve the clarity, relevance, and accessibility of this report. Feedback may be provided via info@hunasholdings.com



ABOUT US



VISION

Vision & Mission



MISSION

“Hunas Holdings PLC aims to invest and form a portfolio of sustainable investments, driven by established goals to build shareholder value, while being mindful of its social, environmental and economic responsibilities, as it remains to be committed to integrity, morality & fairness in all dealings with its stakeholders.”

Our Strategy



FUTURE-ORIENTED

Hunas moves in only one direction: Forward. We invest and operate in industries of the future that can help transform a nation. Hunas also acts as a catalyst to rejuvenate old industries through creative innovation.

LASTING PARTNERSHIPS

Hunas understands that the key to business success is relationships. We place a premium on building long-term relationships with our clients. Our equity stake in projects make us a local partner rather than a mere a project coordinator

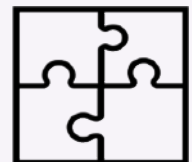


SOCIALLY RESPONSIBLE INVESTING (S.R.I)

We think long-term. Hunas invests in projects that are sustainable. The projects are environmentally friendly and provide a sustainable rate of return for the investor.

SYNERGIES THROUGH DIVERSIFICATION

Hunas is a conglomerate that operates across various industries. This allows us to pool our extensive resources and combine knowledge to create unique value propositions.



Hunas Holdings PLC has built its reputation not only as a diversified conglomerate but also as a trusted custodian of Sri Lanka’s heritage. While our portfolio spans hospitality, plantations, renewable energy, real estate, and logistics, what truly sets us apart is the cultural, historical, and environmental significance of the assets we steward.

Many of our properties are rooted in stories that define the country’s identity. From century-old tea estates shaped by generations of craftsmanship to iconic hospitality landmarks that embody both history and natural beauty, these assets are far more than commercial ventures they are part of the nation’s living legacy.

Our responsibility, therefore, goes beyond investment returns. We are committed to preserving and revitalizing these treasures, ensuring they remain symbols of national pride while creating long-term value for stakeholders. Through sensitive restoration, sustainable practices, and respect for local traditions, Hunas Holdings safeguards landscapes, buildings, and communities for future generations.

This stewardship philosophy guides everything we do. In protecting heritage, we simultaneously advance sustainability, community empowerment, and environmental responsibility. Each decision is shaped by a vision of continuity where history is honored, the environment is preserved, and progress benefits not only our Group but also the wider country.

The Group’s mission extends far beyond business. We proudly balance growth with guardianship, ensuring that our legacy is measured not only in financial performance but also in the preservation of Sri Lanka’s cultural and natural wealth.

4 Hospitality Properties



Mini- Hydro Projects 5



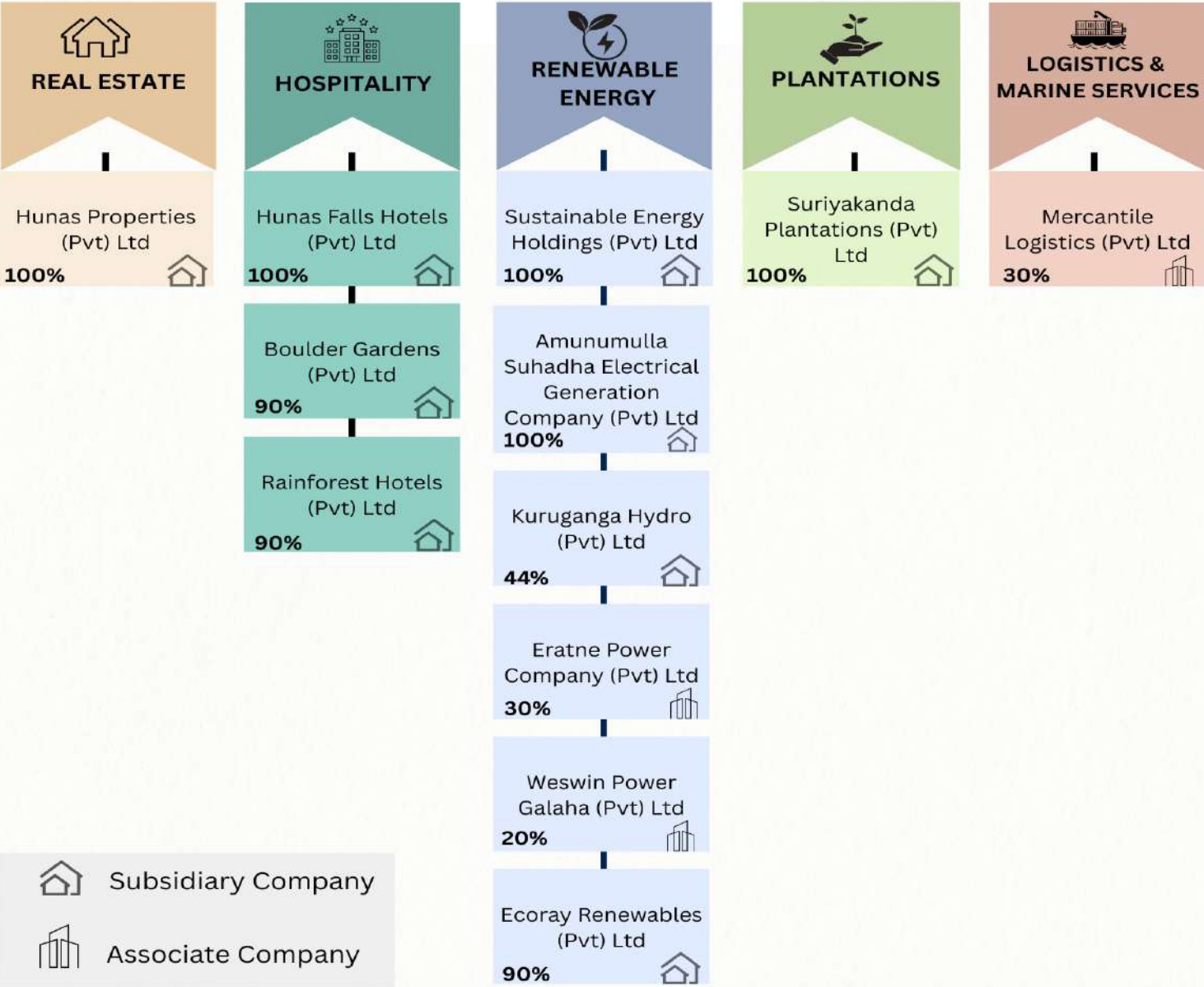
2100 ACRES Plantations



Real Estate 100+ Land ACRES



GROUP STRUCTURE



GROUP PERFORMANCE HIGHLIGHTS

		2024/25	2023/24	Change %
Financial Performance				
Revenue	Rs.'000	1,334,738	799,407	67%
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs.'000	460,679	(407,658)	213%
Group Profit/(Loss) Before Tax	Rs.'000	348,630	(436,215)	180%
Group Profit/ (Loss) After Tax	Rs.'000	223,189	(474,064)	147%
Group Profit/ (Loss) Attributable to Equity Holders of Parent	Rs.'000	214,462	(451,656)	147%
Earnings/ (Deficit) per Share (EPS)	Rs.	0.25	(0.53)	147%
Depreciation, Amortisation	Rs.'000	112,049	28,557	292%
Net Finance Cost	Rs.'000	176,089	137,535	28%
Interest Cover	No. of times	3.0	-	100%
Return on Equity	%	9%	-22%	143%
Financial Position				
Total Assets	Rs.'000	5,527,303	6,562,989	-16%
Long Term Interest	Rs.'000	840,511	879,939	-4%
Total Equity	Rs.'000	2,795,787	2,581,042	8%
Number of shares in issue	Number	849,030,000	849,030,000	0%
Net Assets per Share	Rs.	3.29	3.04	8%
Gearing Ratio	%	38%	44%	-14%
Debt/ Total Assets	%	26%	22%	17%
Current Ratio	Times	0.22	0.11	89%
Quick Assets Ratio	Times	0.16	0.05	245%
Shareholder Information				
Market Price per Share	Rs.	23.90	26.90	-11%
Market Capitalisation	Rs.'000	20,291,817	22,838,907	-11%



A close-up photograph of several red ants on a dark, textured log. The ants are in various positions, some facing forward and others in profile. The background is a soft, out-of-focus green. A solid green rectangular box is positioned in the upper right corner. A dark green rectangular box is centered over the word 'LEADERSHIP'. A black rectangular box is positioned below the dark green box, extending towards the bottom right.

LEADERSHIP

CHAIRMAN'S REVIEW



Dear Shareholders,

On behalf of the Board, it is with great optimism and renewed purpose that I present the Annual Report for the financial year ended 31st March 2025 a year that marked a pivotal return to stability for Sri Lanka and renewed resilience for our Group.

A Nation Rebounding: Macroeconomic Context

Sri Lanka's economy turned a critical corner in 2024, recording a commendable GDP growth of 5% following two consecutive years of contraction. This turnaround reflects the positive momentum generated by structural reforms, improved policy coherence, and strengthened political stability. The year under review is perhaps the first since 2018 to reflect a period of relative normalcy, underpinned by reduced economic uncertainty, a decline in inflation, and a stabilization of the currency.

Importantly, declining interest rates, easing of import restrictions, and the gradual restoration of purchasing power supported business revival across many sectors. Improved sovereign credit ratings, driven by the successful restructuring of international sovereign bonds and support from the International Monetary Fund (IMF), enabled greater access to external financing and enhanced investor confidence. Foreign reserves rose to Rs.6.1 bn, driven by robust inflows from tourism, exports, and remittances.

The 2025 Budget, while maintaining a tight fiscal stance, introduced targeted relief and was widely recognized as a growth-enabling budget sending positive signals to both the private sector and global investor community.

In this evolving national landscape, our Group remained steadfast in its mission to create long-term value, leveraging recovery trends and aligning closely with national development objectives.

Performance and Strategic Progress

Despite global and local challenges, our Group made tangible progress in reshaping its portfolio, strengthening operational foundations, and enhancing stakeholder value across our key sectors plantations, leisure, and energy.

Plantations Sector: Strengthening for the Long Term

The plantation sector continued to face considerable headwinds in 2024, including elevated input costs and unpredictable climate conditions. However, our deliberate shift towards crop diversification, adoption of sustainable agricultural practices, and increased mechanization have begun to yield results. We have prioritized technological innovation and precision agriculture to enhance yield, reduce dependency on manual labor, and improve environmental stewardship.

As part of our long-term strategic realignment, the Group divested its stake in the Rainforest Tea Factory. These divestitures were not merely reactive responses to market conditions, but proactive measures to consolidate our portfolio and improve capital efficiency. The freed capital has been strategically redirected into higher-return segments, which we believe will better serve the interests of our shareholders in the years ahead.

Leisure Sector: A Renewed Horizon

Tourism, a cornerstone of our diversified business model, rebounded significantly in 2024/25, supported by increasing global travel confidence and growing regional stability. Sri Lanka welcomed over 2 million visitors, with our hotels benefiting from a steady rise in occupancy and RevPAR (Revenue per Available Room). This resurgence provided us with the opportunity to reinvest in property upgrades and curate guest experiences that are aligned with evolving consumer expectations.

Amidst inflationary pressures and rising utility costs, our leisure segment demonstrated resilience, achieving renewed profitability and steady recovery. This growth has been underpinned by our continued focus on operational efficiencies and embedding sustainability at the heart of our guest experiences positioning our properties not only as preferred destinations but also as benchmarks of responsible tourism.

Looking ahead, the Group is preparing to embark on one of the most significant hospitality ventures in both our portfolio and the country. Although the project has seen delays, this has been a result of our close collaboration with Mr. Adriaan Zecha to ensure that we create a development of exceptional quality and enduring value for all stakeholders, including our nation. We are excited to move forward and anticipate the launch of this landmark project in the coming year.

Power Sector: Scaling Sustainable Energy

The Group's energy portfolio delivered its strongest performance in 2024/25, driven by the successful commissioning of a new 3MW renewable energy plant in the first quarter. Situated on the borders of the Knuckles Mountain Range, this project stands as a remarkable achievement, particularly given the many obstacles it faced.

Originally abandoned during the onset of COVID-19 in early 2020, the project was taken over by the Group at a time of great uncertainty. At the height of the lockdowns, construction was sustained by creating a self-contained "bubble" within the forest, ensuring both the safety of workers and the continuity of work. The challenges did not end there; the subsequent economic crisis led to significant cost overruns, mounting debt, and substantial interest burdens. Despite these setbacks, the Group's determination never wavered. Years of perseverance including extensive negotiation with the CEB the project was granted revised tariff rates. Since its inception, the project has consistently achieved a commendable plant factor above expected value. This recognition underscores both the resilience of our team and the strategic value of the investment.

Beyond increasing capacity, the plant strengthens our commitment to clean energy and national energy independence. It enhances earnings stability, generates a steady revenue stream, and provides a safeguard against the volatility experienced in our more cyclical sectors. This achievement is not only a testament to overcoming adversity but also a milestone in building a more sustainable future.

Our growing presence in the renewable energy sector positions us strategically in alignment with Sri Lanka's national energy goals. We continue to engage actively with government and industry stakeholders to navigate regulatory bottlenecks and accelerate the development of new solar and small-hydro initiatives. Beyond profitability, our vision for the power sector is anchored in contributing to national energy security and environmental resilience.

Entry into the Logistics Sector & Marine Services

In a strategic move to expand our service capabilities and leverage emerging regional trade opportunities, we launched a logistics arm in the third quarter of the financial year. This addition is aligned with our long-term vision of building a fully integrated business ecosystem.

Sri Lanka's unique geographic positioning at the crossroads of major East-West shipping lanes makes logistics a highly attractive sector, offering the potential to serve as a regional hub for trade and transshipment. As global supply chains diversify and regional trade corridors strengthen, the demand for efficient logistics solutions is expected to grow significantly.

Within this context, our logistics division is set to play a pivotal role in enhancing supply chain efficiency across the Group's sectors while also tapping into external market opportunities. Over the coming year, we aim to further strengthen this segment through strategic partnerships, digitalization, and capacity expansion establishing logistics not only as a critical enabler of our operations but also as a strong and sustainable contributor to Group revenue.

Empowering People: The Heart of Our Success

At the heart of our progress is our people. Our value creation process is built upon a foundation of committed, loyal, and high-performing employees. Their perseverance and adaptability during a challenging yet transformative year have been central to the Group's progress. I extend my deepest gratitude to each member of our workforce for their unwavering dedication.

Over the years, we have succeeded in building a diverse and skilled team that reflects the multicultural communities we serve and the dynamic markets in which we operate. We have invested in fostering a performance-driven culture rooted in ethical behavior, transparency, and innovation. This culture not only strengthens individual capabilities but also drives collective excellence positioning us to sustain growth well into the future.

To future proof our human capital, we are enhancing our learning ecosystem through the introduction of digital literacy programs, cross-functional training, and soft skills development workshops. Initiatives such as in-house mentorship, leadership development, and employee wellbeing programs spanning mental, emotional, and physical health have been scaled across the Group. We are also developing an in-house trainers' pool and building cross-functional teams focused on cost efficiencies, innovation, and revenue optimization through cross-selling and up-selling opportunities. These programs not only strengthen our employee value proposition but also deepen our competitive advantage.

Looking Ahead: Vision 2025 and Beyond

As we set our sights on 2025, our vision is clear to build a future-ready, diversified, and resilient business that consistently delivers value to all stakeholders.

In the Power sector, we will continue to pursue opportunities in hydro and solar, further strengthening our renewables portfolio and expanding our footprint in clean energy. Within Plantations, our focus will remain on enhancing productivity through mechanization while unlocking greater value by entering into niche, value-added markets.

Our Leisure strategy is centered on redefining luxury hospitality and curating unparalleled guest experiences. In partnership with our esteemed partner Mr. Adrian Zecha, we are embarking on the creation of a landmark project that will not only transform our portfolio but also set a new benchmark for the industry, one that positions Sri Lanka on the global stage for world-class hospitality and real estate. Mr. Zecha and his team are currently shaping a new project that will be truly unique, standing apart from all his past ventures and setting a defining legacy. Our teams have been working closely together, engaging not only with Mr. Zecha but also with his successors, to bring this first-of-its-kind project to Sri Lanka.

Beyond its hospitality excellence, the project carries transformative value for the nation. It is expected to attract significant foreign direct investment while drawing a distinguished international clientele who will embrace Sri Lanka as their second home, creating a ripple effect of reinvestment and long-term value for the country.

Looking ahead, we also plan to extend our footprint in global real estate development, an industry that continues to offer enduring value and opportunity. At the same time, our newly established Logistics arm will be scaled strategically to address national supply chain needs while complementing and strengthening our existing business verticals.

Sustainability remains central to our business philosophy. Following a comprehensive strategic review, we revalidated our sustainability priorities covering energy efficiency, emissions reduction, water stewardship, waste management, biodiversity, and inclusive growth. Beyond environmental stewardship, our commitment to social impact remains unwavering with a focus on workplace safety, diversity, community engagement, and stakeholder dialogue.

As we continue on this growth journey, we remain deeply aware of the uncertainties that persist globally and locally. Yet, it is this very awareness that makes us agile, measured, and forward-looking. Our strong foundations, dynamic leadership, and empowered people give us confidence that Hunas Holdings is well-positioned not only to weather external challenges but to seize emerging opportunities and deliver consistent, sustainable growth.

Acknowledgments

I wish to take this opportunity to thank my fellow members of the Board for their invaluable guidance and support throughout this year. My sincere appreciation goes out to our management team for their untiring efforts and commitment to Hunas during this grim period. My heartfelt gratitude is further extended to our shareholders, our loyal guests, our partners and other stakeholders, and the entirety of our Hunas ecosystem for the untiring and continued support extended to us during this challenging year.



Dhanuka Samarasinghe

Chairman

29 August 2025

PROFILES OF THE BOARD OF DIRECTORS



Mr. Dhanuka Samarasinghe - Chairman

Mr. Samarasinghe is a strategist; who has been in the Board of Hotel Development PLC since 2015 and whose academic roots come from Strategic Business Management.

Upon the completion of his studies at Deakin University, Australia, Dhanuka joined his family businesses that were mainly engaged in Plantations and Rubber.

Dhanuka is one of the proud co-founders of the TAD Group of Companies, a fast-growing diversified conglomerate. The group holds over 30 subsidiaries, headed by Dhanuka as the Chairman, playing an instrumental role as a strategist on the overall operations of the Group.

Dhanuka also serves as the Chairman of the Board at Mercantile Produce Brokers, currently the 4th Largest Tea Brokering Company in Sri Lanka and former Director of Hotel Developers (Lanka) PLC - a publicly listed company at the Colombo Stock Exchange, owning Hilton, Colombo.

Mr. Atheeq Ansar - Executive Director

Mr. Ansar serves as the Managing Director for the TAD Group of companies adding unsurpassed value to the group through his envisioned and far-sighted business personality as well as his passion for business.

He is a specialist in finance with a keen interest in promoting sustainable businesses while discharging social, environmental and economic responsibilities towards all stakeholders involved in businesses headed by him.

Being a proud co-founder of TAD, his own business venture, Atheeq holds over 10 years of corporate experience in the field of finance, having served for internationally acclaimed corporate setups such as Price Waterhouse Coopers and Moody's Analytics.

Ms. Sujivie Irugalbandara - Executive Director

Ms. Irugalbandara holds the Finance Directorship of the TAD Group of Companies, adding immense value as an outstanding feminine representation in the board. She is a strong believer of women empowerment and equality and takes pride in accepting challenges in life and facing them successfully enlivened by her profile of talents and charisma.

She has been heading the overall Finance and Tax Functions and involved in strategic planning, in several leading corporates in Sri Lanka over the years. An Alumni of KPMG, Ms. Irugalbandara counts over 28 years of experience in the field of finance and also was a corporate Director at Sierra Cables PLC.

She holds a Master of Business Administration in Finance, from the University of South Queensland reflecting the scholarly insight in her area of expertise.

Ms. Pravini Wickramanayake - Executive Director

Ms. Wickramanayake manages the Investor Relations Division at TAD Group and also functions in the capacity of the Board Secretary. Having a background in Accounting and Finance, she obtained her BBA (Specialised) in Accounting and Finance from the Ritsumeikan Asia Pacific University in Japan.

Mrs. Misako Tanaka – Executive Director

Mrs. Tanaka is a Director and Shareholder of a number of companies in Sri Lanka, Malaysia and Singapore including; A Minute by TukTuk, Entomo (Formally KPISOFT) and Telen Pte Ltd to name a few, to which she has rendered her valuable service. She is also a member of the Board of Directors of the TAD Group of Companies contributing to the success of the group. Mrs. Tanaka is also a prolific Sommelier of the Japan Sommelier Association (JSA).

Mr. Toshiaki Tanaka – Executive Director

Mr. Tanaka is a versatile and highly sought after professional, concurrently part of the top-management of several leading conglomerates in Japan, Sri Lanka, Malaysia, Maldives and Singapore.

Tanaka previously worked at the Nippon Credit Bank, Patnum Investment Tokyo and Fidelity International Tokyo as well as Gartmore Asset Management in London. He is a Chartered Member of the Securities Analysts Association of Japan (CMA) and has read for a B.A. in Economics at the Keio University.

Ms. Anushi Senaratne – Independent Non-Executive Director

With over 18 years of professional work experience in the Corporate sector, Ms Anushi is a qualified associate member of CIMA UK, since 2006. She also holds a Bsc (Hon) in applied accounting from Oxford Brookes University (UK) and an MBA in Human Resource Management from the University of Colombo, Sri Lanka.

Having worked as the Deputy General Manager of Human Resources at MAS Intimates (Pvt) Ltd, she also served at Heineken Lanka Ltd. Presently Ms. Anushi is serving as the HR director at Hela Clothing (Pvt) Ltd. Throughout her working career, she also has held the positions of Finance Manager, Group Management Accountant & Management accountant.

Mr. Koji Sugimoto
– Senior Independent Non - Executive Director

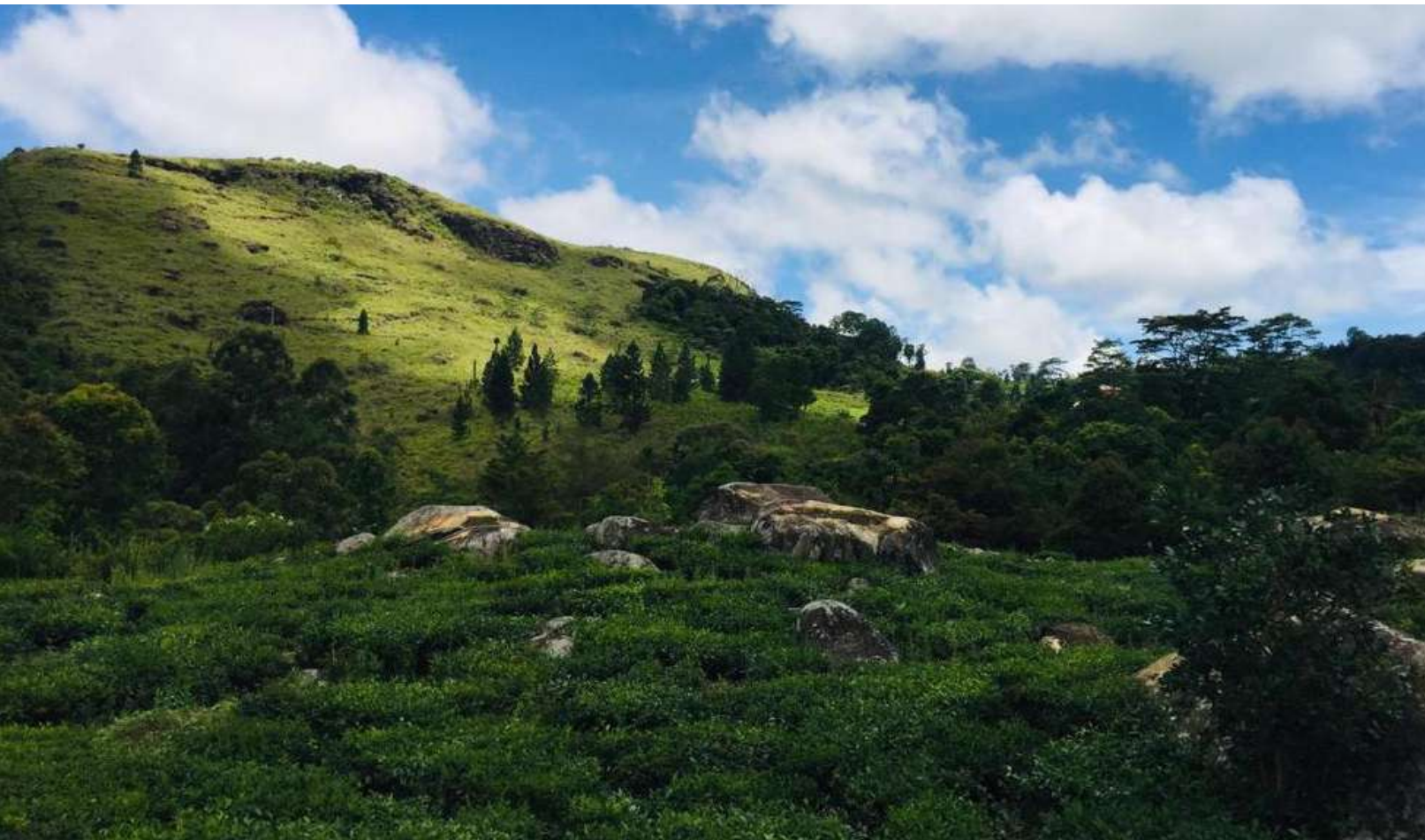
Mr. Sugimoto actively serves as an investment advisor to a number of companies in Japan. With ample experience from his time at a well-known Japanese Securities firm, he started his own management consulting firm and presently serves as an advisor for listed & unlisted companies on fundraising, mergers & acquisitions.

He is also a director of Mars Company Ltd Co, which is proactively involved in non-thermal energy related products, promoting the importance of minimizing food waste.

Mr. Gajan Vinothan
- Independent Non - Executive Director

Mr. Vinothan is a Management Accountant by Profession, a CIMA Passed finalist and Trained Financial Analyst. He has over seven years of experience working at Pricewaterhouse-Coopers and Moody's Analytics.

Presently, he is also the Director and CEO of Stripes & Checks (Pvt) Ltd, the company behind the Menswear brand Stripes & Checks Inc which he Co-Founded in 2014.



KEY MANAGEMENT

GROUP CHIEF OPERATING OFFICER – HIRANTHA PANDITHASEKARA



Hirantha brings over 25 years of experience in the corporate sector, mostly between Finance, Vehicles, Insurance, Leisure and Plantation industries with proven expertise in credit management, sales, marketing, and operational leadership.

He currently serves as the Group Chief Operating Officer for Hunas Holding PLC after an illustrious career as an Executive Committee member at Mercantile Investments and Finance PLC a leading financial institution regulated by the central bank of Sri Lanka. He last served in the capacity of the General Manager – Process Re-engineering and Operations and accumulated close to two decades of managerial experience. In addition, he has also contributed at board level, serving as a Director of Hunas Falls Hotel PLC during 2019/20, where he also chaired the Audit Committee as an Independent Director during the company's listing on the Colombo Stock Exchange. Hirantha holds an MBA in Business Administration from the University of Wolverhampton.

GROUP CHIEF FINANCIAL OFFICER – HASANTHA RUPASINGHE



Hasantha is a visionary Group Chief Financial Officer with over 20 years of passionate and progressive leadership experience in strategic business planning, financial management, and business expansion including mergers and acquisitions across a wide range of industries. His career spans diversified business conglomerates in sectors such as FMCG, leisure, finance, IT, construction, apparel, logistics, and more.

Before his appointment as the Group CFO of Hunas Holdings PLC, Hasantha held senior leadership positions including GCFO and Head of Finance at several prominent organizations include Hayleys Advantis 3PL Plus, Softlogic Restaurants (Pvt) Ltd, Uga Escapes Group of Hotels, Pelwatte Dairy Industries Limited, Platform One (Pvt) Ltd, Raigam Group of Companies, Nation Lanka Finance PLC, Orzorne Mineral Water (Pvt) Ltd, Ackzorne Lanka (Pvt) Ltd.

His multidisciplinary financial expertise is complemented by a robust academic and professional background. He is a Fellow Member of CA Sri Lanka, CIMA (UK), CPA Australia, CMA Sri Lanka, and CPM Sri Lanka. Additionally, he is an Associate Member of ACCA (UK) and the Chartered Institute of Marketing (UK). Hasantha also holds an MBA from the University of West London (UK).

CHIEF EXECUTIVE OFFICER (POWER SECTOR) - MR. PRABATH DE ALWIS



Mr. De Alwis is the CEO of the Power Sector and is a patriotic personality and great believer in his country and its people's potential. He strives to explore new and innovative ways of creating economic opportunities with the intention of creating win-win situations to all stakeholders involved.

He counts over 25 years of corporate experience in the areas of Leisure, Renewable Energy, Plantations & F&B. De Alwis also functioned in the capacity of the Private Secretary to the Minister of Public Administration from 2011 – 2015. He studied Banking and Finance at University of Monash, Australia and also holds a Master's in Strategic Management from the Federation University Australia.

HEAD OF CULINARY – HARITH RAJAKARUNA



Chef Harith brings over 19 years of global culinary experience to his role. He has trained and worked in acclaimed restaurants across Singapore, Dubai, the United States, and Sri Lanka, developing expertise in fine dining, hospitality project management, and sustainable kitchen practices.

Chef Harith has contributed to award-winning establishments such as Compère Lapin in New Orleans, Scarpetta at Fontainebleau Miami and Locanda Locatelli in Atlantis the Palm Dubai. Locally, he has led the successful openings of Hoppa Galle Fort, Toddy by Hoppa, and Bay Villa Balapitiya, and steered the concept and setup for HQ Colombo restaurant and bar under the W15 group. In 2021, he founded General Stores Colombo, a popular cloud kitchen known for its innovative comfort food.

As Head of Culinary, Chef Harith leads the Group's culinary vision with creativity and precision. His global expertise, combined with a passion for showcasing Sri Lanka's culinary heritage, ensures that every dining experience is distinguished by authenticity, innovation, and excellence.

PLANTATION CONSULTANT – DULSHANKA JAYATHILAKA



Dulshanka Jayathilaka is a distinguished figure in Sri Lanka's plantation industry, bringing an impressive 17 years of in-depth experience that sets him apart as a leading expert in the field. His career has been marked by significant roles in prominent organisations, including Talawakelle Tea Estates PLC and Madolsima Plantations PLC, where he has consistently demonstrated his exceptional leadership and management prowess.

Throughout his career, Dulshanka has skillfully overseen extensive estates and production facilities, effectively managing a diverse workforce of over 800 employees. His ability to maximise production while implementing sustainable practices highlights his commitment to both efficiency and environmental stewardship. Currently serving as the Senior Group Manager at Talawakelle Tea Estates, he is instrumental in spearheading the Group's strategic initiatives and operational success, ensuring that the company remains at the forefront of the plantation sector.

In addition to his managerial responsibilities, Dulshanka's influence extends into the community as the Chairman of the Nuwara Eliya Region Scientific Committee. In this capacity, he advocates for advancements within the industry, championing scientific research and innovation to foster growth and sustainability.

Dulshanka's extensive expertise encompasses strategic planning, quality management, and the implementation of sustainable practices, all of which are vital to enhancing the strength and innovation of the Group's plantation operations. His dedication to excellence continues to shape the future of Sri Lanka's plantation sector, positioning it for sustainable success. Dulshanka holds an MBA in Business Administration (UK).

A close-up photograph of a person's hands gently holding a small green seedling with dark soil. The seedling has several vibrant green leaves. The background is softly blurred, showing a person's arm and a watch. A solid teal rectangle is positioned in the top right corner, and a dark teal rectangle with white text is centered over the lower half of the image. Below the text box is a solid black horizontal bar.

MANAGEMENT DISCUSSION & ANALYSIS

STAKEHOLDER ENGAGEMENT

At Hunas Holdings, meaningful and proactive engagement with our stakeholders is a strategic imperative for responsible governance and sustainable value creation. We build strong, collaborative relationships with individuals and groups who have vested interests in our operations across our sectors.

By establishing transparent and open channels of communication, we actively listen to and understand their evolving priorities and concerns. This insight is crucial for effective decision-making, enabling us to manage risks, shape relevant strategies, and align our actions with stakeholder expectations to create a mutually beneficial dialogue that strengthens our business resilience and fosters continuous improvement.



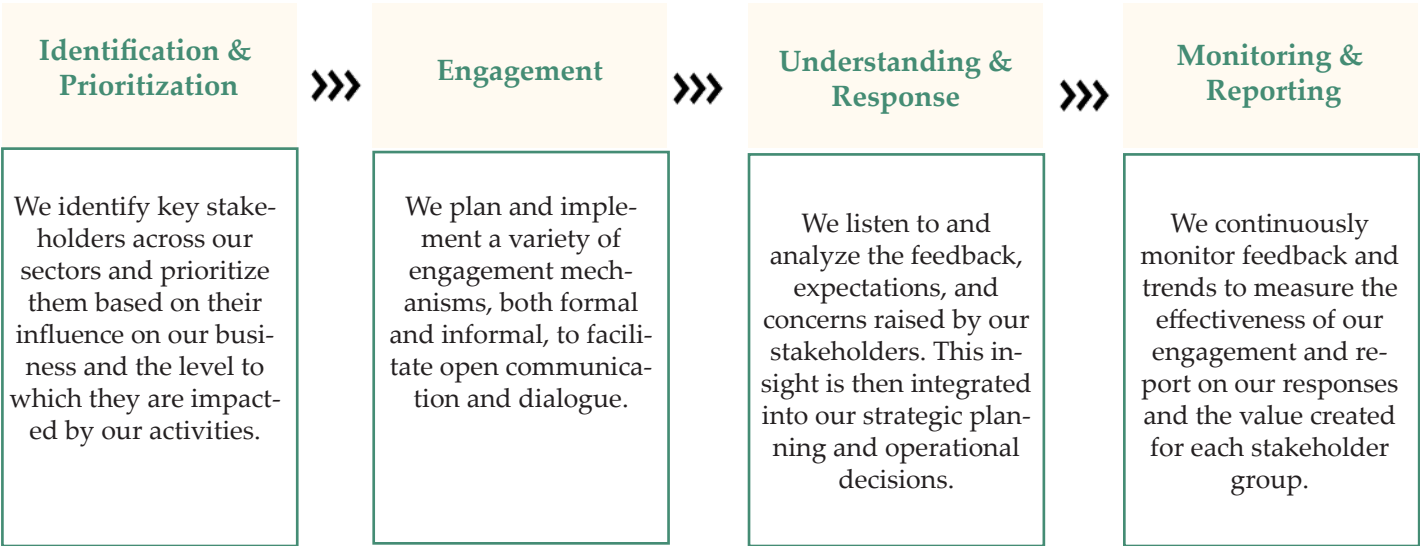
Stakeholder Engagement Principles

Our approach to stakeholder engagement is guided by a set of core principles that ensure our interactions are effective, ethical, and aligned with our strategic goals.

Purposeful	Every engagement is entered into with a clear understanding of the goals and desired outcomes. We ensure that all interactions serve a specific purpose, contributing to mutual value creation.
Inclusive	We identify and encourage all relevant stakeholders to participate in our engagement process. By involving a diverse range of perspectives, we gain a more comprehensive understanding of the issues and opportunities.
Timely	We involve our stakeholders at the most opportune moments, particularly at the inception of new initiatives. This allows for early consensus and ensures our projects are shaped by valuable external input.
Transparent	We maintain openness and honesty in all our communications. Our engagements are transparent, clearly outlining expectations and providing stakeholders with the information they need to participate effectively.
Respectful	We acknowledge and respect the expertise, perspectives, and needs of all our stakeholders. We foster an environment of mutual respect, where every voice is heard and valued.

Our Stakeholder Engagement Process

Our stakeholder engagement process is a continuous cycle designed to ensure we are responsive, transparent, and aligned with the needs of those we impact and who impact us. The process involves four key steps:



Key Stakeholder Groups

We have identified the following key stakeholder groups as vital to our value creation process. Their needs, expectations, and feedback play a pivotal role in shaping our strategies and ensuring the sustainability and effectiveness of our business.

Employees Our most valuable asset, whose dedication and skills drive operational excellence and innovation.	Shareholders The investors in our company, who require consistent value and transparent reporting.	Business Partners The tour operators, travel agents, and corporate clients who help us reach a broader market.
Environmental & Sustainability Partners: Support our sustainability efforts, conservation initiatives, and reducing environmental impact		Guests & Customers The foundation of our hospitality sector, whose satisfaction and loyalty are paramount.
Suppliers & Service Providers Our partners in the value chain, whose collaboration is essential for operational continuity and quality.	Local Communities The communities surrounding our properties whose well-being and support are critical to our social license to operate.	Government & Regulators The authorities that set the legal and regulatory framework within which we operate.

Stakeholder Engagement Matrix

The following table details the key engagement mechanisms, concerns, and value creation for our primary stakeholder groups during 2024/25.

Stakeholder Group	Key Concerns / Expectations	Methods of Engagement	Our Response & Value Created
Employees	Hospitality: Career development Fair wages Wellbeing Safety Energy: Training for new technology Safety protocols Plantations: Fair wages Housing Skills training Working conditions	All Sectors: Formal performance appraisals Community Centers Internal communications Employee satisfaction surveys, Grievance mechanisms	All Sectors: Investment in training and development Competitive compensation, Employee welfare programs Robust safety procedures
Guests & Customers	Hospitality: Service quality Safety Value for money Unique experiences Sustainable practices	Hospitality: Direct feedback Online reviews Social media Customer satisfaction surveys, Loyalty programs	Hospitality: Exceptional guest experiences Local sourcing Certified sustainable practices Transparent communication
Suppliers	All Sectors: Fair procurement practices Timely payments Long-term partnerships Ethical standards	All Sectors: Meetings Formal supplier contracts Site visits Collaborative projects	All Sectors: Mutually beneficial partnerships Timely payments Long-term contracts Support for local suppliers ESG screening
Communities	Hospitality: Local employment Support for local economy Preservation of culture	All Sectors: Community meetings Direct dialogue Community welfare committees CSR initiatives	All Sectors: Local employment Community infrastructure projects Support for local livelihoods Environmental conservation efforts

Stakeholder Group	Key Concerns / Expectations	Methods of Engagement	Our Response & Value Created
Communities	Energy: Land usage Environmental impact Infrastructure development Plantations: Community infrastructure Social investment Health & education		
Government & Regulators	All Sectors: Compliance with laws and regulations Transparency Fair business practices	All Sectors: Official submissions Regular meetings Public disclosures Reporting	All Sectors: Full regulatory compliance Timely and transparent reporting, active collaboration with authorities on industry standards
Shareholders	All Sectors: Sustainable growth Transparent reporting Financial performance Strategic vision	All Sectors: Annual General Meetings Quarterly financial reports Investor relations Corporate website	All Sectors: Consistent value delivery Transparent and comprehensive reporting Clear communication of strategy and risk management

OPERATING ENVIRONMENT

Sri Lanka Overview

Sri Lanka's economy demonstrated a strong recovery in 2024, underpinned by the continued implementation of structural reforms and substantial international financial support. This rebound marked a clear departure from the severe financial downturn experienced in 2022, with the economic stabilization that began in the third quarter of 2023 gaining further momentum throughout 2024.

The economy is estimated to have grown by 5% in 2024, reversing the 2.3% contraction recorded in 2023. This positive growth trajectory was primarily driven by a resurgence in the industrial sector most notably in construction and a robust performance in the services sector. The services sector expanded by 2.6%, supported by strong growth in information technology services and tourism-related activities, including accommodation, food and beverage services, and transport. Concurrently, the agriculture sector made a modest positive contribution to overall growth, despite experiencing a decline during the fourth quarter due to adverse weather conditions.

With GDP per capita increasing to USD 4,516, renewed consumer confidence in the domestic market has stimulated spending, particularly in tourism and leisure services. This revival in domestic demand is expected to further support the services sector, creating a multiplier effect across related industries.

Economic confidence was further bolstered by several key macroeconomic developments. Notably, the exchange rate stabilized, foreign reserves were significantly rebuilt, and inflation trended downward in the latter part of the year. These improvements reflect the broader success of the Government's economic reform program, yet sustaining this progress will depend on the continued implementation of structural reforms, prudent fiscal discipline, and targeted efforts to enhance export sector performance.

Stabilization of the Economy

The recovery of the Sri Lankan economy in 2024 was characterized by stability and growth, following two consecutive years of economic contraction. The 5% GDP growth recorded in 2024 was primarily driven by a revival in industrial activities, particularly in the manufacturing and construction sub-sectors. The services sector also made a significant contribution, buoyed by continued growth in tourism and transport. While the agriculture sector faced challenges in the final quarter of the year, its overall performance remained positive.

Exchange Rate and External Sector Performance

Despite some instances of exchange rate volatility, the Sri Lankan Rupee appreciated for the second consecutive year in 2024, underscoring the improved resilience of the external sector. Key drivers of this appreciation included the successful completion of external debt restructuring and continued progress under the International Monetary Fund's Extended Fund Facility (IMF-EFF) program. These developments helped restore investor confidence and bolstered external sector stability.

Although the trade deficit widened during the year due to a rebound in merchandise imports, this was offset by strong inflows from tourism earnings and workers' remittances, resulting in a current account surplus for the second consecutive year. Increased foreign exchange inflows enhanced liquidity in the domestic foreign exchange market, enabling the Central Bank to make record-high purchases of foreign currency. This, in turn, led to a significant build-up in gross official reserves and sustained upward pressure on the Sri Lankan Rupee throughout the year. By year-end, the Rupee had appreciated to Rs. 296.35 per US dollar, marking a notable strengthening of the currency.

Downward Trend in Inflation

Inflation in Sri Lanka continued on a declining trajectory throughout 2024, following the record highs experienced in 2022. This downward movement was primarily supported by the implementation of corrective monetary policy measures, a more disciplined fiscal policy framework, and favorable global price developments.

Although inflation experienced an uptick during the early months of 2024 driven by the increase in Value Added Tax (VAT), the removal of VAT exemptions on several consumer expenditure items, and notable food price pressures it subsequently began to ease. A key turning point was the reduction in administratively determined prices, including a significant cut in electricity tariffs in March 2024, which helped temper inflationary pressures.

From September 2024 onwards, the country entered a period of deflation, marking a significant shift in the inflationary environment. The continued moderation of global commodity prices, along with the appreciation of the Sri Lankan Rupee, further contributed to the disinflationary trend. These developments reflect the effectiveness of macroeconomic policy adjustments and a stabilizing domestic price environment.

OPERATING ENVIRONMENT (Cont.)

Plantation Sector

In 2024, Sri Lanka's agriculture sector recorded moderate growth of 1.2%, a slight decline from the 1.6% growth achieved in 2023. This performance was primarily supported by increased output in animal production and fruit cultivation. However, overall expansion was constrained by a continued contraction in the coconut sub-sector and the adverse impact of extreme weather conditions in the fourth quarter, which negatively affected rice and cereal crops.

As the backbone of the rural economy, agriculture remains vital to Sri Lanka's socio-economic fabric, providing employment to approximately 30% of the country's labour force. Strengthening this sector is therefore essential for broad-based economic development and for improving livelihoods across a significant portion of the population.

In response, Government policy is strategically focused on enhancing productivity, competitiveness, and resilience within the sector. Key initiatives, supported by targeted budgetary allocations, include the continuation of the fertilizer subsidy for paddy farmers, with a dedicated Government allocation of Rs. 35 billion for 2025. In addition, support will be directed towards the development of high-quality seeds, improved cascade irrigation systems, and the promotion of efficient water usage in agriculture.

With global demand for coconut products on the rise, Sri Lanka anticipates a national requirement of 4,500 million nuts by 2030. To meet this target, a proposed allocation of Rs. 500 million has been earmarked for the cultivation of 16,000 acres of new coconut plantations in the Northern region. This initiative will be implemented in line with recommendations from the Coconut Research Institute (CRI), focusing on the distribution of high-yielding seedlings to enhance productivity.

Furthermore, value addition in traditional export crops such as cinnamon will be a key area of focus. The Government aims to strengthen international marketing and promotional efforts through Sri Lankan embassies abroad. Technical assistance will also be extended to farmers to improve crop quality and facilitate linkages with exporters engaged in value-added production. To encourage integration into global value chains and promote international joint ventures, a proposed allocation of Rs. 250 million will support an integrated product development and trade promotion program, specifically targeting Ceylon cinnamon and other key export crops.

Global View on Tea Sector

In 2024, global tea production grew by approximately 2.6%, slightly outpacing the increase in global consumption, which stood at around 2.5%. Sri Lanka's cumulative tea production for the period January to December 2024 amounted to 262.16 million kilograms, reflecting a growth of 6.07 million kilograms or 2.4% compared to the 256.09 million kilograms produced during the corresponding period in 2023. By elevation, High Grown teas recorded a decline in output when compared to the previous year, whereas both Medium and Low Grown teas reported increased production levels, collectively contributing to the national growth in output.

Sri Lankan View on Tea Sector

During the same period, Sri Lanka's tea exports totaled 245.78 million kilograms, showing a year-on-year increase of 3.87 million kilograms or 1.6% compared to 241.91 million kilograms exported in 2023. Iraq remained the largest importer of Ceylon Tea, with imports reaching 34.26 million kilograms, a 5% increase year-on-year. Russia followed as the second-largest importer, recording a notable 10% increase to 24.98 million kilograms. The United Arab Emirates imported 21.13 million kilograms, reflecting a significant 14% growth year-on-year. In contrast, Turkey saw a sharp decline of 42% in its imports, amounting to 17.37 million kilograms, while China experienced a 6% decrease to 11.56 million kilograms. Azerbaijan ranked sixth, importing 10.43 million kilograms. Notably, Iran emerged as a rapidly growing market for Ceylon Tea, also importing 10.43 million kilograms and recording an impressive 60% year-on-year growth.

Looking ahead to 2025, Sri Lanka is expected to face a tight supply situation for Orthodox Large Leaf teas. This is attributed to several consecutive years of declining local crop yields, combined with a production deficit in India during 2024. However, price trends beyond this period will be largely influenced by global supply dynamics. The SLR/USD exchange rate is also expected to play a significant role in shaping local Rupee-based tea prices, especially in light of potential import liberalization.

Despite facing ongoing challenges such as climate change, rising input costs, the need for mechanization, wage pressures, and evolving government policies impacting production, Sri Lanka's tea output for 2025 is projected to reach approximately 280 million kilograms.

OPERATING ENVIRONMENT (Cont.)

Tourism Sector

Global Tourism Industry Overview

The global tourism industry experienced a strong resurgence in 2024, reaching 99% of pre-pandemic levels. International tourist arrivals rose by 11% compared to 2023, reflecting the sustained recovery of global travel demand. This growth was largely driven by the reopening of destinations in Asia and the Pacific, which contributed significantly to the socioeconomic development of both established and emerging markets. With continued growth in tourism arrivals projected, there is a rising emphasis on environmental, social, and governance (ESG) concerns and sustainable tourism practices. The sector is increasingly recognized for its potential to contribute to broader global sustainability objectives.

Sri Lanka's Tourism Sector Performance

Sri Lanka's tourism industry recorded strong growth in 2024, with tourist arrivals increasing by 38.07% to reach 2.05 million visitors. This performance was supported by the easing of global travel restrictions, robust demand from major source markets, and increased traveller confidence in Sri Lanka as a safe and attractive destination. The revival of the tourism industry played a key role in the nation's broader economic recovery, generating employment opportunities and supporting numerous ancillary sectors. As the sector continues to recover, Sri Lanka is well-positioned to benefit from renewed global interest, thanks to sustained government efforts and the commitment of the local hospitality industry to revitalize tourism.

India remained Sri Lanka's top source market, contributing 416,974 arrivals in 2024, a notable year-on-year (YoY) growth of 38%. Russia followed as the second-largest market with 201,920 arrivals, reflecting modest growth of 2%, while the United Kingdom ranked third with 178,339 visitors, registering a strong 37% YoY increase. Despite this encouraging performance, overall arrivals fell short of the Government's 2024 target of 2.3 million and remained 280,331 below the levels recorded in 2018.

In January 2025, Sri Lanka achieved a significant milestone, with monthly tourist arrivals surpassing 2018 figures for the first time. A total of 252,761 visitors were recorded, exceeding the 2018 benchmark by 8,522. The primary source markets during this period continued to be India, Russia, the UK, and China. Strategic efforts were undertaken to strengthen Sri Lanka's market share in these key countries while also exploring non-traditional markets to further boost tourism numbers.

India's continued dominance, accounting for 20.3% of total arrivals in 2024, reflects the importance of geographical proximity, cultural affinity, and strong bilateral ties in promoting cross-border tourism. Russian tourists continued to be drawn to Sri Lanka's coastal and wellness tourism offerings. Meanwhile, China once a leading market re-emerged as a key source of arrivals, contributing 131,681 visitors in 2024.

The tourism sector's performance aligned with broader macroeconomic improvements seen in Sri Lanka during the year. Economic recovery was supported by international financial assistance, structural reforms, and sound policy measures. The momentum that began in the latter part of 2023 carried through into 2024, with GDP growth estimated at 5%, a significant rebound from the 2.3% contraction recorded in 2023. Strengthening of the exchange rate, accumulation of foreign reserves, and a deflationary trend in inflation towards the end of 2024 further reinforced economic confidence. While some uncertainty persists, the continuation of structural reforms, disciplined fiscal policy, and a focus on enhancing export competitiveness are expected to support the sustainability of this progress.

OPERATING ENVIRONMENT (Cont.)

Energy Sector

Global Energy Trends

The global energy sector witnessed significant transformation in 2024, shaped by rising energy demand and the urgent need for decarbonization. Global energy demand grew by 2.4%, with renewable energy particularly solar and wind accounting for the majority of new electricity generation. Asia continued to lead this transition, with China and India making notable progress in the deployment of clean energy technologies.

A landmark development was the decline of oil's share in the global energy mix to below 30% for the first time in over five decades. Concurrently, investments in clean energy surged, with global spending projected to exceed USD 2 trillion by 2025. However, this represents only 37% of the investment required to meet the targets of the Paris Agreement. Without stronger and more coordinated action, the world remains on track for a temperature rise of 2.4°C by the end of the century.

Technological innovation played a pivotal role in the sector's advancement. Breakthroughs in long-duration energy storage, smart grid systems, and AI-driven energy efficiency solutions contributed to improved performance and sustainability. In addition, progress in hydrogen technologies and carbon capture offered promising opportunities for decarbonizing hard-to-abate industrial sectors.

Sri Lanka's Energy Sector Overview

In 2024, Sri Lanka's energy sector entered a phase of structural reform, with a strong policy focus on expanding renewable energy. The enactment of the Sri Lanka Electricity Act No. 36 of 2024 modernized the sector's regulatory framework, aiming to enhance investor confidence, streamline licensing procedures, and reinforce compliance mechanisms. A central objective of the new legislation is to promote the growth of renewable energy within a more transparent and investor-friendly environment.

Renewable energy expansion continued throughout the year. The government commissioned floating solar projects and secured a USD 200 million loan from the Asian Development Bank to support competitive renewable energy procurement, grid upgrades, and system stability improvements. By the end of 2024, renewable energy sources including large-scale hydropower contributed approximately 50% of national electricity generation. Sri Lanka remains committed to its target of generating 70% of electricity from renewable sources by 2030.

Despite this progress, the sector faces persistent challenges. Limited transmission infrastructure, payment delays to Independent Power Producers (IPPs), and rainfall variability affecting hydropower generation continue to pose risks. These issues highlight the urgent need for climate-resilient infrastructure, efficient resource planning, and long-term investment strategies.

Electricity Sector Developments in 2024

Substantial legislative and operational reforms were undertaken in 2024. The Sri Lanka Electricity Act No. 36 of 2024 replaced outdated legislation, facilitating greater private sector participation and enabling the formation of independent corporate entities to manage electricity services. The Act also strengthened the regulatory role of the Public Utilities Commission of Sri Lanka (PUCSL) and introduced tax incentives and subsidies to encourage renewable energy investment.

Electricity demand rose by 7.3%, while generation increased by 7.8% in 2024. Two major tariff reductions in March and July averaging over 20%, supported this rise in demand. However, the implementation of the Buffer Stock Tariff Adjustment Mechanism, essential for ensuring cost recovery and long-term sector sustainability, was deferred.

Sri Lanka's energy mix continued to evolve in favor of renewables. In 2024, hydropower accounted for 32.3% of electricity generation, non-conventional renewables contributed 21.2%, and fossil fuels represented 46.5%. Several large-scale infrastructure projects advanced during the year. The Uma Oya Hydropower Complex (120 MW) was inaugurated in April, and the first phase of the Sobadhanavi Power Station added 220 MW to the grid. Meanwhile, work progressed on the 600 MW Maha Oya Pumped Storage Project, which is expected to significantly enhance renewable energy storage and grid reliability upon completion.

These developments underscore Sri Lanka's commitment to a cleaner, more resilient, and diversified energy future driven by legislative reform, strategic investment, and international collaboration.

Hunas Sector Review

Leisure Sector

The Group's leisure portfolio currently comprises four uniquely positioned properties: Hunas Falls Hotel, Boulder Gardens, Rainforest Edge Hotel, and Aigburth Bungalow. Together, these assets represent a blend of natural beauty, cultural heritage, and strategic tourism potential across Sri Lanka.

At the heart of the Group's strategic initiatives for FY 2024/25 was the transformative refurbishment and repositioning of Hunas Falls Hotel in partnership with the globally acclaimed hotelier Adriaan Zecha. This landmark project marks a defining chapter in the Group's hospitality journey, as we seek to re-imagine Hunas Falls as a luxury destination for discerning international travelers, combining timeless charm with modern elegance.

The design and rebranding efforts are progressing at pace, guided by Zecha's legacy of boutique excellence and thoughtful hospitality.

The Group's Leisure sector delivered a modest 5% year-on-year (YoY) revenue growth over the previous financial year due to the refurbishments at several properties. While the Hunas Falls project remains the Group's core focus, operations across the remaining leisure properties have continued uninterrupted, with foundational work underway to prepare each for future elevation. Boulder Gardens, Rainforest Edge Hotel, and Aigburth Bungalow are being aligned to capitalize on the anticipated resurgence in Sri Lanka's tourism sector in FY 2025/26, driven by the country's growing global appeal and increased international arrivals.

In parallel, the Group has undertaken a strategic consolidation of marketing, sales, and reservation functions under Hunas Holdings PLC, alongside digital upgrades and organizational streamlining. These efforts are designed to improve operational synergies, enhance guest experiences, and position the entire leisure portfolio for scalable growth in the years ahead.

To strengthen operational cohesion, we committed to the adoption of a cutting-edge ERP system, targeted to go live by end of 2025. This system will play an instrumental role in standardizing operations, streamlining reporting, and enhancing responsiveness across our leisure portfolio.

Recognizing the human capital challenges within the industry especially the shortage of highly skilled hospitality professionals the Group has also taken a proactive stance in developing internal capabilities. In FY 2024/25, we invested in the development of an AI-driven feedback and correction tool aimed at assisting both service staff and managers in continuous skill development, while also refining service delivery to meet the expectations of discerning guests. This program is scheduled for



launch in Q3 2025 and is expected to become a core part of our quality assurance and training framework.

Our people development philosophy emphasizes purpose and community inclusion. A company-wide initiative was launched to recruit locally from communities surrounding our properties. We believe that employing locally, nurturing talent, and creating purpose-driven roles represents the most meaningful form of corporate social responsibility—one that may not be ostentatiously showcased, but delivers deep, long-lasting community impact.

Sustainability Practices and Environmental Stewardship

Sustainability remained a key pillar of the leisure sector's operational strategy during the year. A number of environmentally responsible initiatives were implemented across the portfolio, including the reduction of single-use plastics through the introduction of reusable glass bottles in guest rooms and the elimination of plastic straws. Energy efficiency was improved through the installation of LED lighting systems and other energy-saving measures in select properties. Waste management programs were expanded to include composting and recycling systems tailored to the operational footprint of each hotel. In addition, the Group initiated organic farming projects on available land within hotel premises, further supporting the goal of self-sufficiency and sustainable sourcing. A strong emphasis was also placed on community engagement and local partnerships, with procurement policies updated to favor locally produced and eco-friendly materials. On the human resource front, staff training programs focused on sustainability awareness, energy conservation, and environmental stewardship were conducted, alongside new wellness initiatives aimed at promoting mental health, physical well-being, and work-life balance.

Hunas Sector Review

Power Sector



During the financial year 2024/25, the Hunas Power Sector continued to strengthen its position in Sri Lanka's renewable energy landscape through focused operations, strategic capacity expansion, and adaptive performance across its mini hydropower assets. The Group currently operates four mini hydro power plants located in the Sabaragamuwa and Central Provinces regions that are rich in hydroelectric potential and play a critical role in supporting Sri Lanka's clean energy ambitions.

A major highlight of the year was the successful commissioning of the Group's largest hydropower plant to date in March 2024. The new facility significantly enhanced the Group's overall generation capacity, contributing positively to the total output for the year. As a result, the Group recorded a net contribution of 17.85 GWh to the national grid marking a substantial year-on-year increase and reflecting both the operational impact of the new plant and the resilience of the existing portfolio.

The Group's Power sector delivered exceptional results, recording a 16,432% year-on-year (YoY) revenue growth over the previous financial year. This outstanding performance was largely attributable to the successful commissioning of the new mini-hydro power plant, complemented by the enhanced operational efficiency and improved output of the existing plants.

However, Performance across individual plants varied due to differing climatic conditions. Kuruganga Hydro experienced a marginal 0.45% decline in generation compared to the previous year, while Eratne Power faced an 11.29% drop in output due to lower-than-expected rainfall in its catchment area. Conversely, Weswin Power in Galaha delivered an outstanding 23.5% increase in generation, driven by improved hydrological conditions and optimized plant operations. Meanwhile, Sustainable Energy Holdings (Pvt) Ltd, in its first full year of operations, achieved a commendable 34% plant factor underscoring the success of the Group's recent investments in high-potential sites.

LEVERAGING HYDROPOWER EXPERTISE

A key strength of the Hunas Power Sector lies in its highly capable team of hydropower professionals who bring a wealth of technical expertise, professional training, and qualifications to the table. This intellectual capital has played a pivotal role in advancing the company's contribution to Sri Lanka's renewable energy journey, particularly in the hydropower domain.

Led by a team of experienced engineers with deep industry knowledge, the Hunas Power Sector ensures operational excellence and innovation across its projects. Their strategic insights and technical proficiency enable the management team to navigate challenges, plan expansion effectively, and remain resilient in a dynamic energy landscape.

With this dedicated team driving its vision forward, the Hunas Power Sector is well-positioned to harness emerging opportunities within Sri Lanka's renewable energy framework, contributing to a cleaner, more sustainable energy future.

DRIVING RENEWABLE GROWTH

The Hunas Power Sector remains firmly committed to expanding its footprint in Sri Lanka's renewable energy space, with a particular focus on hydro, Solar and wind energy. Recognizing the growing importance of energy diversification and sustainability, the company aims to become a key player in these sectors.

In the 2024/25 financial year, the company has identified several strategic hydropower, Wind and Solar energy projects to strengthen its portfolio. These initiatives are not only expected to boost Hunas Power's operational capacity but also contribute meaningfully to Sri Lanka's national energy development goals.

By investing in scalable, environmentally responsible energy solutions, the company seeks to support the country's growing energy demand while reinforcing its long-term sustainability agenda.



Plantation Sector

The Plantation Sector continues to play a pivotal role within the Group, acting as a strategic catalyst for growth and diversification. This sector encompasses two core operational areas: the Estate and the Factory. Anchored by a legacy property the century-old Suriyakanda tea estate our operations span 2,148 acres of prime mid-country land uniquely positioned between the Hambantota dry winds and the misty breezes of the Sinharaja Rainforest. This geographical advantage contributes to the estate's distinctive terroir, supporting the production of premium-grade tea with a character that is increasingly recognized in international markets.

Operations within the plantation segment are managed primarily through Suriyakanda Plantations (Pvt) Ltd and its processing arm, the Aigburth Tea Factory. Over the course of FY 2024/25, these entities have experienced a notable revival, both in terms of operational output and market positioning. Despite persistent industry challenges including limited access to agricultural inputs and an aging labour force the Group implemented a targeted turnaround strategy. Key measures included the adoption of improved agronomic practices, modernization of estate management techniques, and the strategic hiring of experienced tea sector professionals.

These efforts have begun to yield tangible results. The plantation segment recorded a revenue of LKR 784.6 million, reflecting a 16% increase year-on-year, a clear indicator of our reener-

gized operations and growing market traction. The Aigburth brand, once a modest player in the tea brokering market, has evolved into a sought-after name, particularly among high-end buyers. The unique flavor profile of Aigburth teas, born from its location and processing excellence, has earned special international recognition and quality certifications further validating its premium positioning.

In addition to auction-based bulk tea sales, the Group made significant progress in expanding into value-added segments. FY 2024/25 marked the launch of our white-label packaging program for an internationally reputed tea brand, signaling a shift toward contract manufacturing and private label partnerships. We also initiated a soft launch of Aigburth Premium Tea, our in-house branded line, targeting global consumers seeking sustainable, heritage-driven products. This venture aligns with our long-term vision to enhance brand equity and access niche export markets.

As part of our strategic portfolio optimization, the Group also divested its shareholding in Rainforest Tea Factory (Pvt) Ltd during the financial year. The decision, supported by favorable terms and timely market conditions, was aimed at strengthening the balance sheet and reallocating capital toward high-performing core segments. The move yielded immediate positive financial impact and was endorsed unanimously by the Board of Directors.

RISK MANAGEMENT FRAMEWORK

At Hunas, risk management is an integral component of our strategic and operational decision-making. We adopt a structured and proactive approach to identifying, assessing, and mitigating risks that could impact the achievement of our strategic objectives, stakeholder value, and long-term sustainability. Our framework is built on best practices aligned with international standards, ensuring that risk oversight is embedded across all levels of the organization.

Risk management oversight is led by the Board of Directors, supported by the Audit Committee, with implementation responsibility delegated to the Executive Management Team. Risks are monitored through periodic reviews, internal audits, and scenario planning exercises. The Company maintains a comprehensive Risk Register, identifying, assessing, and prioritizing risks based on their potential impact and likelihood.

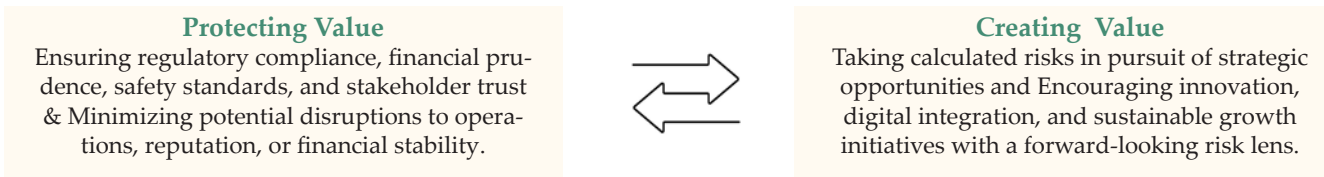
Key Elements of the Risk Management Framework

Governance Structure	Oversight by the Board of Directors and Audit Committee. Day-to-day risk management led by the senior leadership team.
Risk Identification	Ongoing process through internal reviews, stakeholder engagement, market monitoring, and scenario planning.
Risk Assessment	Evaluation of risks based on likelihood, impact (financial, reputational, operational), and velocity.
Mitigation Planning	Development and implementation of control measures and contingency plans for all key risk areas.
Monitoring & Reporting	Periodic reporting of risk status and effectiveness of controls to the Board and relevant subcommittees.
Integration into Strategy	Risk management is embedded into strategic planning, capital allocation, and project evaluation.

Management’s Approach to Risk

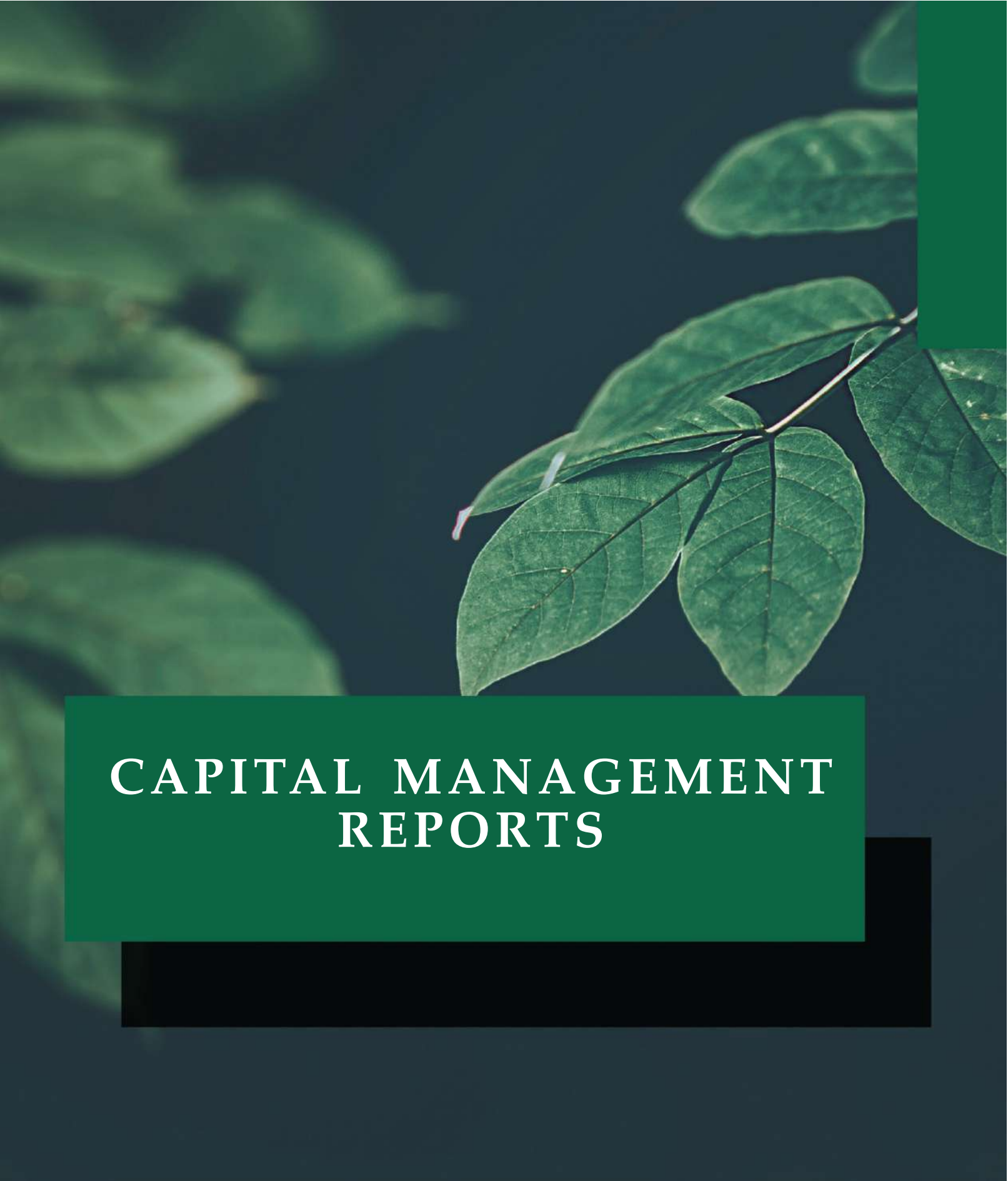
The Management of Hunas Holdings PLC recognizes that operating in various sectors such as leisure, plantations, renewable energy and Shipping & Logistics entails inherent risks. As such, a risk-aware culture is actively promoted throughout the organization, encouraging early identification and transparent reporting of risk exposures.

We operate with a dual focus:



Our comprehensive risk registers, updated regularly, cover key categories including strategic, operational, financial, environmental, IT/cybersecurity, people, regulatory, and reputational risks. Management leads cross-functional reviews of these risks with updates to the Board on material issues. By balancing risk with opportunity, Hunas is committed to resilience, agility, and long-term stakeholder value creation.

Risk Category	Risk Description	Mitigation Strategies
People Risk	Inability to attract and retain skilled personnel in remote locations or specialized roles.	Implement competitive compensation, talent development programs, career progression planning, and remote-friendly policies.
Strategic Risk	Poor management of operations and management performance. Inability adopt market trends.	Regular operational reviews, milestone-based assessments, appointment of expert advisors, and contingency planning.
IT Risk	Cybersecurity threats, including data breaches and ransomware attacks affecting operations or customer data.	Regular vulnerability assessments, advanced cybersecurity tools, employee awareness training, and updated IT policies.
Financial Risk	Fluctuations in CBSL policy rates and global interest rates affect the Group's borrowing costs and capital access, impacting investment feasibility and cash flows.	The Group conducts regular interest rate analysis, secures long-term fixed-rate financing where possible, diversifies funding sources, and closely monitors monetary policy trends both locally and globally.
Operational Risk	Equipment failure or poor infrastructure in remote plantation and hydro locations impacting continuity.	Routine maintenance schedules, infrastructure upgrades, investment in automation, and standby generators or alternate equipment.
Economic Risk	Impact of macroeconomic volatility, including inflation, interest rate hikes, and currency depreciation.	Dynamic pricing strategies, financial hedging, strong cost control, and regular macroeconomic scenario monitoring.
Environmental Risk	Adverse weather conditions, landslides, or floods affecting plantations and hydro operations.	Implement climate-resilient farming, early warning systems, and operations across different geographic regions to reduce vulnerability to localized environmental risks.
Compliance Risk	Non-compliance with tourism, labour, or environmental regulations in Sri Lanka.	Ongoing legal and compliance audits, regulatory training, and a dedicated compliance officer.
Supply Chain Risk	Delays or disruptions in procuring equipment/materials for hotel refurbishments or plantation processing.	Build relationships with multiple suppliers, maintain buffer inventory, and use local sourcing where feasible.
Health & Safety Risk	Accidents or injuries to workers or guests in plantation, hydro or leisure sectors.	Strengthened HSE protocols, safety training programs, and periodic audits of health and safety practices.
Technology Obsolescence	Old IT systems not supporting digital expansion or integration needs.	Continuous upgrades of core systems, adoption of cloud-based infrastructure, and investment in new technologies aligned with business goals.
Legal Risk	Exposure to litigation from land disputes, employee grievances, or contract breaches.	Legal due diligence, clear contract terms, and rapid dispute resolution mechanisms.
Regulatory Risk	Sudden changes in government policies.	Active stakeholder engagement, policy advocacy through industry bodies, and regulatory monitoring.
Sustainability Risk	Failure to align operations with ESG standards, leading to loss of investor or customer confidence.	ESG reporting, sustainable certifications, and integration of green initiatives across all operations including solar energy, biodiversity preservation, and community outreach.

The image shows the cover of a document titled "CAPITAL MANAGEMENT REPORTS". The background is a dark, muted blue-grey color. In the upper right and left corners, there are close-up photographs of green leaves, likely from a tree, with some leaves in sharp focus and others blurred. A solid green rectangular block is positioned in the lower half of the page, containing the title in white, serif, all-caps font. Below this green block, there is a solid black rectangular block. The overall design is clean and professional, with a focus on nature and sustainability.

CAPITAL MANAGEMENT REPORTS

FINANCIAL CAPITAL



Our financial capital forms the foundation of our sustained growth and resilience, enabling us to create long-term value across our operations. Through disciplined financial management, prudent capital allocation, and sound investment decisions, we ensure stable revenue generation, profitability, and the capacity to reinvest in opportunities that strengthen our competitive edge.

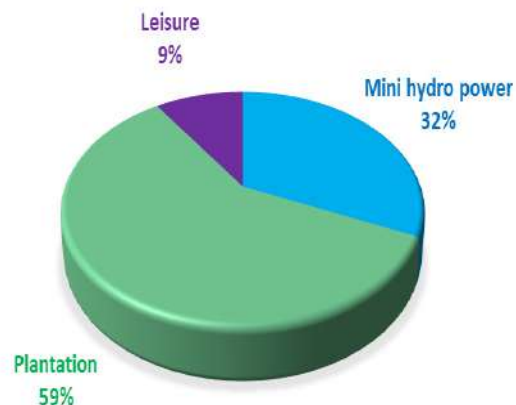
Revenue Analysis

Revenue - Growth and Contribution					
	2024/25	2023/24	YOY Growth	Sector wise Contribution	
				2025	2024
Mini hydro power	423,534,341	2,561,943	16432%	32%	0%
Plantation	784,616,089	676,222,075	16%	59%	85%
Leisure	126,587,205	120,623,204	5%	9%	15%
Total	1,334,737,635	799,407,223	67%	100%	100%

The Group recorded an exceptional 67% revenue growth during the financial year, primarily driven by the remarkable contributions from its newly commissioned power plant and the plantation sector. As a result, the sector-wise revenue composition has significantly shifted, with the power sector now contributing a larger share to overall revenue. This change is expected to positively impact the Group's gross profit margin compared to the previous year.

Although the leisure sector recorded a modest 5% revenue growth compared to the last financial year due to the ongoing refurbishments at the properties, the management remains confident about its future performance, supported by the ongoing uptrend in the tourism industry.

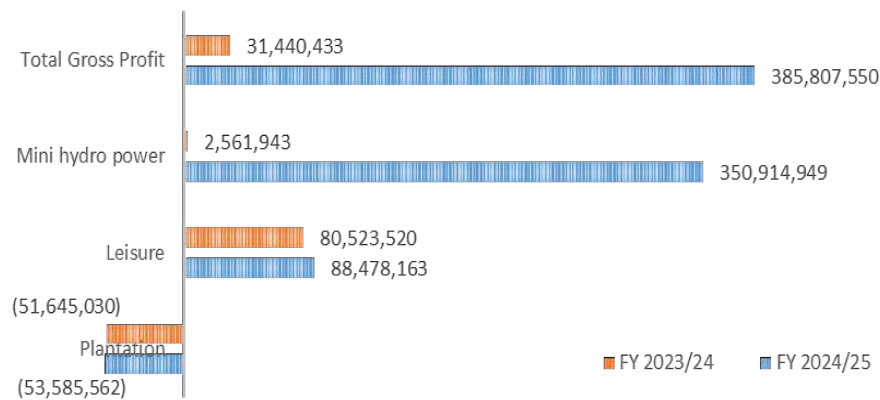
2024/25 - SEGMENT WISE REVENUE CONTRIBUTION



Profitability Analysis

Gross Profit - Growth and Contribution					
	2024/25	2023/24	YOY Growth	Sector wise Contribution	
				2025	2024
Mini hydro power	350,914,949	2,561,943	13597%	91%	8%
Plantation	(53,585,562)	(51,645,030)	-4%	-14%	-164%
Leisure	88,478,163	80,523,520	10%	23%	256%
Total	385,807,550	31,440,433	1127%	100%	100%

GROSS PROFIT - GROWTH AND CONTRIBUTION



Gross Profits :

The Group recorded a Gross Profit of LKR 385 million, reflecting a significant Year-on-Year increase of 1127%. This growth was primarily driven by enhanced contributions from the Mini Hydro Power and Leisure sectors.

The Hydro Power and Leisure sectors contributed 91% and 23%, respectively, to the total Gross Profit during the period, while the Plantation sector recorded a negative contribution of 14%.

Following a thorough evaluation of performance throughout the year, Management has decided to strategically exit one of its plantation sector companies at the end of this financial year. This decision aims to minimize the negative impact on overall profitability, while continuing to pursue the Group’s long-term strategy through its operations at Suriyakanda Plantation.

Operating Loss & Net Profits :

The Group was able to reduce its operational losses (PBIT) by LKR 200 million (51%) compared to the previous financial year. Management expects to deliver improved results in the upcoming financial year, supported by the ongoing group restructuring efforts. However, the Group recorded a total profit of LKR 223 million for the period, primarily due to gains realized from the disposal of subsidiary and associate companies.

Financial Position

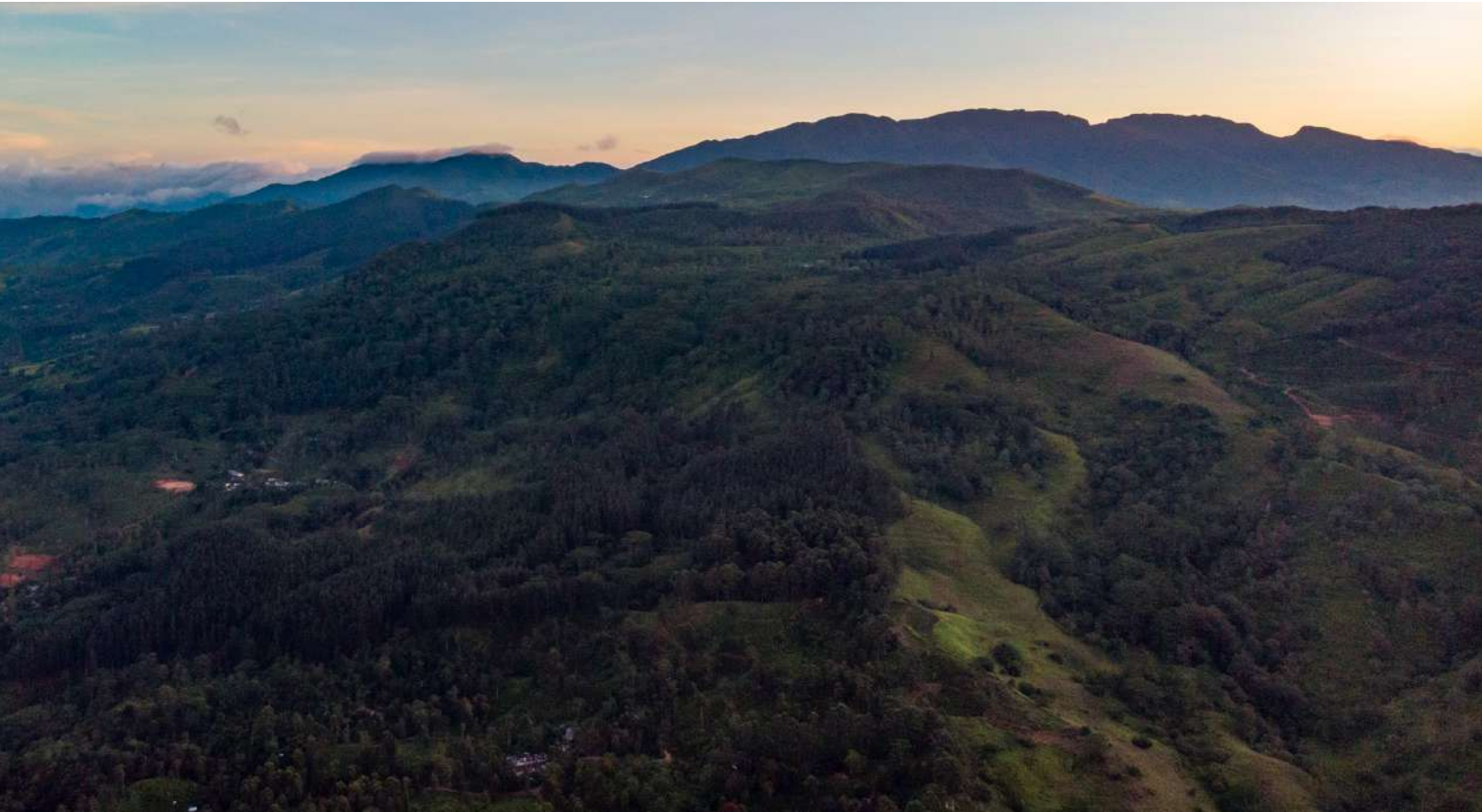
	2024/25	2023/24	YOY Growth
Current Assets	315,057,869	312,168,779	1%
Total Equity	2,795,786,613	2,581,042,314	8%
Non Current Liabilities	1,281,966,557	1,261,744,036	2%
Current Liabilities	1,449,550,140	2,720,202,750	-47%

The Group’s Non-Current Assets decreased by 17%, primarily due to the disposal of a subsidiary company. This disposal may have a direct impact on the Group’s overall future performance, both operationally and financially. The Non-Current Assets mainly comprised approximately LKR 3.6 billion in Property, Plant and Equipment and LKR 1.3 billion in Biological Assets owned by the Company and its subsidiaries. The remainder includes Right-of-Use Assets, Intangible Assets, and Investments in Associate Companies.

Although total current assets remained constant, there was an increase in the Cash in Hand balance and a corresponding decrease in inventory levels compared to the previous financial year.

Total Equity increased in line with the profit recognized from the disposal of the aforementioned Subsidiary and Associate Companies.

Non-current liabilities slightly increased during the year, mainly because of higher deferred tax liabilities. This was partly offset by a decrease in interest-bearing borrowings due to debt settlement. Changes in Current Liabilities were primarily attributed to a decrease in Trade Payables and movements in balances with Related Parties.



MANUFACTURED CAPITAL



Our diverse portfolio of manufactured capital serves as a key strategic strength, setting us apart across the sectors in which we operate. This capital has been carefully developed through prudent investments designed to drive revenue growth, elevate service standards, boost productivity, and minimize environmental impact.

At the core of the Group's value creation framework lies our manufactured capital comprising our physical infrastructure, energy generation facilities, tea estates, and leisure properties. Throughout FY 2024/25, we continued to make strategic, needs-based investments in upgrading and optimizing our asset base across the plantation, hydro, and leisure sectors. These investments have enhanced operational efficiency, extended asset life cycles, and aligned our service offerings with evolving market expectations.

Elevating Assets Across Core Sectors

In the Leisure Sector, the Group implemented a structured asset revitalization plan targeting high-impact enhancements at Hunas Falls Hotel, Boulder Gardens, and Aigburth Bungalow. The objective was twofold: to elevate the experiential quality offered to guests and to reposition the properties within higher-value market segments. Renovations focused on architectural refinement, eco-friendly refurbishments, and sustainability integrations such as energy-efficient lighting, glass water bottles, and waste segregation systems.

In the Hydro Power Sector, maintenance and optimization of existing mini-hydro assets remained a priority. Investments were made to improve plant reliability and to enhance data acquisition systems, in line with new grid compliance standards introduced by the Ceylon Electricity Board (CEB). These upgrades improve forecasting accuracy and align our operations with national energy policy goals, enabling the Group to maintain a reputation as a reliable, clean energy provider.

In the Plantation Sector, we made significant capital outlays in infrastructure renewal ranging from factory enhancements to upgraded irrigation systems and soil rehabilitation efforts. These efforts are crucial to supporting our transition to regenerative and climate-resilient agricultural practices. Selective mechanization was also introduced in areas where productivity and cost-efficiency could be enhanced without displacing our strong local workforce.

Hunas Portfolio

Hunas Falls Hotels



With a rich heritage spanning over five decades, Hunas Falls

Hotel currently comprises 28 deluxe rooms and 3 suites, offering a wide array of curated guest experiences including bird watching, boat rides, cycling, destination dining, children's activities, hiking, and trekking. The hotel is scheduled for a comprehensive refurbishment, which will elevate it to a high-end luxury boutique property, enhanced with premium amenities and a full-service spa. The property is strategically located amidst tranquil natural surroundings and is supported by a 19-acre land bank, offering scope for future expansion and value enhancement.

Boulder Gardens Hotel



Located within the verdant lowland tea estates of Kalawana and adjacent to the UNESCO-protected Sinharaja Rainforest, Boulder Garden is a distinctive luxury boutique resort established in 2003. The property comprises 8 generously appointed suites, furnished in traditional Sri Lankan style and designed to harmoniously blend into its tropical environment. One of its key architectural highlights is the Boulder

Restaurant, uniquely constructed within a natural rock shelter, making it the only one of its kind in Sri Lanka. The hotel is situated on a privately owned 5-acre estate, offering panoramic views of turquoise streams and nestled beneath the lush rainforest canopy.

Rainforest Edge Hotel



A sister property to Boulder Garden, Rainforest Edge Hotel is situated at the edge of the Sinharaja Forest Reserve, offering a refreshing microclimate and breathtaking natural beauty. Known for its wellness-focused offerings, the hotel features 16 exclusive rooms and is the only hospitality establishment of its kind in the area. It caters to Ayurvedic wellness tourism, providing yoga and meditation retreats in an environment enriched by the serene sunrise and the cool breeze from the rainforest. The property includes a tea estate, and features two gathering and communal areas, ideal for intimate group retreats and wellness programming.

Aigburth Bungalow



Constructed in 1925 during the British colonial era, Aigburth Bungalow is a century old historic villa inspired by the architectural style of Liverpool's Aigburth district in England. The estate shares a border with the renowned Sinharaja Rainforest, home to Sri Lanka's highest biodiversity. Positioned at an elevation that offers clear views extending to the Galle Lighthouse, the bungalow includes elegantly appointed common areas, including a classic living room setup and scenic outdoor viewpoints overlooking the estate and surrounding rainforest. The property serves as both a heritage home and a nature retreat, offering a rare blend of colonial charm and ecological significance.

Sustainable Energy Holdings (PVT) Ltd



Project Name
Galabodawatta Mini Hydro Power Project

Capacity – 3Mw
River – Huluganga

Kuruganga Hydro Power (PVT) Ltd



Project Name
Marukanda Mini-Hydro Power Project

Capacity – 1.8Mw
River – Kuru Ganga

Eratne Power Company (Pvt) Ltd



Project Name
Binwatura Mini-Hydro Power Project

Capacity - 650Kw
River - Binathura Ela

Weswin Power Galaha (PVT) Ltd



Project Name
Nilambe (Deltota) Oya Mini-Hydro Power Project

Capacity – 400 Kw
River – Nilambe Oya



Hunas Properties (PVT) Ltd

The Group holds a strategically located land bank of 100 acres earmarked for future real estate development, providing a valuable platform for expansion and long-term value creation.

Suriyakanda Plantations (PVT) Ltd

Spanning 2,500 acres, the Aigburth Estate is home to a fully operational tea plantation, an on-site factory, and a luxurious century-old Scottish manor steeped in history and charm. Established in 1925, this iconic estate is uniquely nestled along the border of the Sinharaja Rainforest, a UNESCO World Heritage Site.

Positioned at an elevation of 640m to 1,050m above sea level, the estate lies at the atmospheric crossroads of the dry winds of Hambantota and the lush breezes of Sinharaja, creating a one-of-a-kind microclimate. This rare setting not only enhances the character of the tea but also sets the scene for an unparalleled experience blending natural beauty, biodiversity, and colonial heritage.



FY 2024/25 marked the launch of our white-label packaging program for an internationally reputed tea brand, signaling a shift toward contract manufacturing and private label partnerships. We also initiated a soft launch of Aigburth Premium Tea, our in-house branded line, targeting global consumers seeking sustainable, heritage-driven products.



Digital Infrastructure Integration

Recognizing that physical and digital infrastructure must advance in parallel, we accelerated the implementation of an integrated ERP system across all business verticals. Once fully deployed in end of the FY2025/26, this system will streamline operations, standardize reporting, and enhance visibility across the Group’s manufactured assets. In addition, an AI-based training and feedback tool is being rolled out to foster service consistency and enable dynamic, skills-based learning across leisure and plantation operations.

Key Strategic Drivers

Asset Revitalization & Differentiation	Upgrading physical assets to better compete in global markets.
Sustainability Integration	Embedding energy-efficient practices and environmental responsibility in asset utilization.
Digital Enablement	Leveraging ERP and AI tools to support long-term capital optimization.
Resilience & Compliance	Strengthening infrastructure to meet evolving regulatory and climate requirements.

Strategic Priorities for the Year

- Complete the ERP system rollout across all verticals to unify operational and asset management systems.
- Launch the first phase of real estate-led hospitality development in partnership with Adriaan Zecha, combining premium design with sustainable land use.
- Expand solar energy infrastructure under the renewable portfolio to complement hydro assets and support energy diversification.
- Continue asset upgrades across select leisure and plantation sites to enhance guest satisfaction and export readiness.

Future Outlook

The Group will continue to adopt a measured yet forward-looking approach to its manufactured capital strategy. In the leisure sector, we will pursue targeted upgrades to transform underutilized properties into boutique, high-yield assets. In plantations, we will scale regenerative agriculture practices and modernize value-added processing capabilities to support our Aigburth Premium Tea line. Within energy, we are set to commence a solar development project and will further optimize hydro operations to meet rising energy demands and regulatory expectations.

In tandem, our logistics and shipping arm will be nurtured as a future growth driver, especially as we scale exports and supply chains tied to our plantation and real estate investments. Long-term asset planning will focus not just on growth but on resilience ensuring our capital base is future-proofed for a rapidly changing world.

The Group remains steadfast in its commitment to repositioning itself as a forward-thinking contributor to national development. We aim to create long-term value for stakeholders by growing responsibly, giving back to society, and placing sustainability at the very core of our manufactured capital strategy.

HUMAN CAPITAL

Our people are the living heartbeat of Hunas Holdings, the very architects of tomorrow. We are investing in their future through targeted programs focused on digital literacy, leadership development, and well-being. This commitment to continuous learning and cross-functional collaboration empowers our team, whose innovation and unwavering pursuit of excellence are the bedrock for our diversified and resilient future.



HR Strategy

To empower a future-ready workforce and ensure their mental and social well-being through targeted initiatives aimed at driving productivity, motivation, and lifelong learning, while improving retention rates. Our people are the living heartbeat of Hunas Holdings, the very architects of tomorrow, whose innovation and unwavering pursuit of excellence are the bedrock for our diversified and resilient future across the Group.

Our Value Creation Model

This model illustrates how our investments in human capital translate into tangible value for the company and our stakeholders.

 INPUTS	 PROCESS	 OUTPUTS
A skilled and engaged workforce Competitive remuneration & benefits HR governance framework Employee skills, knowledge, & experience	Continuous Learning & Development Digital Literacy Programme Leadership & soft skills workshops Cross-functional training Talent & Performance Management Mentorship programs Performance management policy Promoting a people-centric culture Diversity & inclusion Work-life balance initiatives	Strong Business Performance Improved retention rates Enhanced employee productivity Increased innovation Sustainable Growth Positive contribution to SDGs A resilient and agile workforce

Strategic Priorities

Our human capital strategy is anchored by the following key priorities, designed to build a dynamic and sustainable organization.

HR Governance	Digital Transformation & Innovation	Talent Development & Leadership	Holistic Employee Well-being
Health and Safety Framework & Initiatives	Employee Engagement & Communication	Continuous Learning & Cross-functional Collaboration	Diversity, Inclusion & Social Responsibility

Key Human Capital Metrics (2024)

The total employee cadre at Hunas stands at 389.



Contributing to SDGs

We are aligning our 2024-2025 strategic roadmap with these targets.



HR Governance & Policies

Our human capital framework is guided by comprehensive policies that ensure fair, ethical, and effective management of our workforce.

Rewards & Recognition Equal Opportunity Policy, Rewards and Benefits, Performance Management Policy, Remuneration Policy.
Employee Development Training & Development Policy, Promotions Policy, Recruitment & Selection Policy.
Ethics & Labor Practices Our Code of Ethics and a strong set of corporate values are considered the main source of our competitive advantage. These are ingrained at all levels and are reinforced by recognition schemes. A dedicated Grievance Handling Policy, Employee Disciplinary Policy, Child Labour Policy, Diversity and Inclusion Policy, are also in place.
Health & Safety Health & Safety Policy.

Digital Transformation & Innovation

To modernize HR operations and business frameworks by embedding digital tools and a culture of innovation, transitioning from conventional models to modern, data-driven frameworks across all sectors.



Digital Literacy Programme Launch a company-wide digital training platform focused on enhancing employees’ digital skills, including automation tools, data analytics, and cyber security basics. The curriculum will be tailored to the specific needs of each sector, for example, property management systems for hospitality, smart grid technologies for energy, and modern agribusiness platforms for plantations. A special emphasis is placed on equipping field officers with enhanced digital capabilities and infrastructure to strengthen their vital role in connecting the head office with estate employees.
AI & Big Data Integration Transition from traditional digital tools to AI-powered solutions in our operations to enhance productivity and yield efficiency. This includes leveraging AI for predictive maintenance in the energy sector and Big Data analytics to enhance HR decision-making and long-term workforce planning across all our business segments.
Modernizing HR Operations Implement a digital transformation of HR operations, integrating global best practices to streamline processes, improve efficiency, and enhance the employee experience across all divisions.

Talent Development & Leadership

To attract and retain young talent by continuously developing a motivated, capable, and multi-generational workforce, bridging skills and competency gaps to nurture a strong future leadership pipeline.

Leadership Development Program

A structured program for high-potential employees focusing on strategic thinking, decision-making, and change management. This initiative is designed to respond to evolving global trends and prepare them for management roles, with opportunities for cross-sector experience.

Mentorship Program

Formally pair employees with experienced mentors within the company to guide their career development and provide ongoing feedback.

Soft Skills Workshops

Regular workshops on crucial soft skills, such as communication, problem-solving, and emotional intelligence, which are critical for future leaders and team collaboration.

Cross-Functional Training

Cross-training opportunities where employees can learn skills from different departments and sectors, encouraging a well-rounded and versatile workforce capable of understanding the entire business ecosystem.

Holistic Employee Well-being

To prioritize the physical, mental, and social well-being of our workforce, creating a supportive and balanced environment where every employee can thrive. This includes comprehensive wellness programs led by the HR department (HRE), including resources for mental health support, fitness, and encouraging work-life balance. These programs will be tailored to the unique demands of each sector.

Women's Health & Hygiene

As part of our broader community development efforts, we are committed to prioritizing women's health and hygiene, recognizing the essential link between well-being and workforce participation. This includes promoting health, menstrual hygiene, and healthy practices through medical clinics and targeted awareness programs, and providing access to hygiene infrastructure for female workers.

Employee Wellbeing

Promote awareness of office-related health issues through workshops on ergonomics and injury prevention. Incorporate regular stress management sessions, including yoga and meditation, to support physical and mental well-being for all employees.

Employee Assistance Program (EAP)

Provide confidential access to professional counseling and support services for personal and work-related issues, ensuring employees have a safe space to seek help.

Continuous Learning & Cross-Functional Collaboration

To embed a culture of continuous learning and teamwork, breaking down departmental silos and empowering a well-rounded, adaptive workforce.

In-house Trainers' Pool

Develop a pool of internal experts to act as trainers. This initiative will not only reduce the need for external trainers but also enhance the expertise of employees, fostering a culture where knowledge-sharing is highly valued and rewarded.

Cross-functional teams

Form small, agile teams with members from different departments and sectors to tackle specific company-wide challenges, such as cost reduction, cross-selling opportunities, and new implementations. These teams will drive new implementations and foster a holistic understanding of the business.

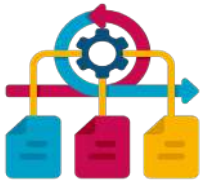
Health & Safety Framework and Initiatives

Our commitment to providing a safe and healthy working environment aims to:



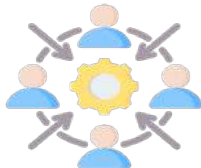
- Proactively identify and mitigate risks to minimize occupational injuries and illnesses.
- Foster a culture where employees feel safe and valued, positively impacting engagement, retention, and performance.
- Adhere strictly to local and international health and safety laws, standards (including ISO and Rainforest Alliance requirements), and regulations, mitigating legal and reputational risks.

Hunas Framework:



- A comprehensive Health & Safety Policy guides our approach across all operations.
- We maintain a strong emphasis on supporting the mental, financial, and social well-being of our workforce via various relief initiatives, including a nutritional support program for estate workers.
- All staff are entitled to medical allowances and annual medical check-ups.
- We conduct regular risk assessments aligned with international standards to identify hazards and implement appropriate controls.
- Dedicated safety committees operate on every estate, overseeing H&S practices and including worker representation to ensure issues are addressed directly at the operational level.
- A formal system is in place for reporting workplace incidents. We maintain an accident register and ensure thorough follow-up, including investigations and implementation of corrective and preventive actions.

Training & Engagement:



- Certified welfare officers diligently supervise health and safety compliance, maintaining ongoing engagement through estate welfare officers.
- Continuous health and safety awareness training is provided to all employees. Leveraging daily 'muster' gatherings, field officers and welfare officers deliver regular, practical safety instructions and reinforce policy understanding.
- We conduct awareness sessions on well-being, financial literacy, and other relevant social topics.
- Specific training sessions are conducted as needed; for example, employees may receive comprehensive sustainability training from in-house experts, encompassing relevant H&S aspects.
- Appropriate Personal Protective Equipment (PPE) is provided based on risk assessments and regional hazards.

Healthcare & Support:



- We support employee health through organized initiatives such as medical camps, featuring general, oral, and eye check-ups. Critical cases identified are referred for hospital care, and assistance is offered.
- We provide access to counseling services to support employee mental well-being.

Employee Engagement & Communication

To maintain active engagement through open communication and formal and informal mechanisms, ensuring employees feel valued and respected.

Formal Engagement Mechanisms:

Open Communication Channels Encourages employees to come forward with concerns, grievances, and suggestions.	Regular Staff and Team Meetings Weekly meetings and morning briefings ensure effective communication and a constant dialogue with all employees.
Formal Grievance Handling Process A dedicated grievance handling procedure and whistleblower policy are in place to encourage employees to report their grievances, with violations being investigated and handled through well-established procedures.	Employee Survey Obtaining employee feedback through surveys and focus group discussions to understand and address their concerns.

Informal Engagement Mechanisms:

Motivation Celebration of festivals, staff get-togethers, and quiz competitions to boost morale.	Inspiration Team-building activities, beach cleanups, and blood donation campaigns to build camaraderie and social responsibility.
Visibility Talent shows, sports tournaments, and Women’s and Family Day celebrations.	Recognition Implementing a formal recognition program, such as “Employee of the Month/Year,” which reinforces the company’s core values and celebrates outstanding performance.



Diversity, Inclusion & Social Responsibility

To foster an inclusive culture that breaks down traditional barriers, empowers all employees, and contributes to broader social goals through strategic partnerships.

Gender Equality and Empowerment

Actively empower women, particularly in the plantation sector, to pursue leadership roles by challenging outdated stereotypes and dismantling the glass ceiling. We are inspired by the promising outlook for a significant increase in the representation of female professionals, as current employment market trends indicate a notable shift, with many female agriculture diploma holders entering the workforce. This includes fostering gender equality through collaborations with organizations like UNDP, UNICEF, and UNV to amplify impact.

Child Protection Framework

Expand the child protection framework with integrated digital tracking systems in partnership with The Center for Child Protection to ensure the safety and well-being of children within our communities. Our commitment to the Mother & Child-Friendly Seal of Approval reflects our ongoing dedication to promoting gender equality and safeguarding the well-being of women and children.

Multi-Generational Team Management

Implement programs to effectively manage multi-generational teams, with a focus on understanding the unique expectations of Generations Y and Z to foster a collaborative and engaged workforce across all sectors.

Sustainability Training for Staff

Launch staff awareness programs focused on sustainability best practices, eco-consciousness, and energy-saving behaviors, embedding ESG principles into our core operations across all sectors.

SOCIAL AND RELATIONSHIP CAPITAL

Our people are the driving force of Hunas Holdings, shaping the future with every step. We are investing in their future through targeted programs focused on digital literacy, leadership development, and well-being. This commitment to continuous learning and cross-functional collaboration empowers our team, whose innovation and unwavering pursuit of excellence are the bedrock for our diversified and resilient future.



Social and Relationship Strategy

Our overarching strategic objectives for Social and Relationship Capital are to cultivate and strengthen enduring relationships with all stakeholders. We aim to actively create shared value that benefits our business and the communities we operate in. We will also enhance our brand reputation by upholding the highest standards of ethical and transparent conduct, and secure our social license to operate through meaningful engagement and social investment.

Strategic Priorities

Our Social and Relationship Capital strategy is guided by the following strategic priorities

 Customer Commitment Ensuring guest satisfaction and building long-term loyalty through exceptional service and unique experiences.	 Supply Chain Continuity Fostering strong, ethical, and mutually beneficial partnerships with our suppliers.	 Community Development Building resilient communities through meaningful investments and social initiatives.	 Strengthening Our Partnerships Actively engaging with channel partners, regulators, and industry associations to drive shared growth.	 Compliance Upholding the highest standards of ethics, transparency, and regulatory compliance in all our interactions.
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Key Components of our Social and Relationship Capital

Our stakeholder-centric approach is focused on creating shared value with the following key groups

Employees:

The lifeblood of our organization, encompassing hotel teams, hydro engineers, technical specialists, plantation workers, management professionals, and support staff whose skills, dedication, and innovation drive operational success across all sectors.

Guests and Customers:

In hospitality, this includes local and international tourists, business travelers, and event clientele who are at the heart of our service excellence. In plantations, our stakeholders extend to buyers of tea, spices, and agricultural produce, both in domestic and export markets. In hydropower, our customers include state utilities and institutional energy buyers relying on our renewable energy output.

Business and Channel Partners:

This includes tour operators, travel agents, corporate clients, event organizers in the hospitality sector; distribution partners and exporters in plantations; and engineering consultants, contractors, and grid operators in the hydropower sector.

Suppliers and Service Providers:

Our network ranges from local farmers and craftsmen supplying authentic goods to our hotels, agricultural input providers in plantations, to equipment manufacturers and maintenance providers in the hydropower sector—both locally and internationally—ensuring operational continuity and quality.

Local Communities

The residents and community organisations in regions where we operate—from tourism zones and plantation estates to hydropower catchment areas—whose engagement and support are critical to our sustainable growth, environmental stewardship, and social license to operate.

Government, Regulators, and Industry Bodies

National and regional authorities overseeing tourism, energy, and agriculture; environmental and labour regulators; and industry associations that shape the framework within which we conduct our operations, ensuring compliance, ethics, and alignment with national development goals.



Key Components of our Social and Relationship Capital

We manage our Social and Relationship Capital in line with the Group’s comprehensive set of policies, systems, and processes, ensuring transparency, accountability, and the strengthening of trust with all stakeholders. This includes active engagement with customers, employees, suppliers, regulatory bodies, and the communities in which we operate.

Compliance & Governance

During the reporting period, there were no reported incidents of corruption, fraud, or non-compliance with socio-economic laws and regulations, including those related to customer health and safety, marketing communications, and data privacy. This underscores our commitment to ethical conduct and responsible business practices.

Stakeholder Engagement & Community Initiatives

Our approach to relationship capital goes beyond compliance, focusing on building enduring partnerships and delivering positive social impact. In 2024/25, we strengthened engagement through:

Local Community Support: Hosting an annual Community Lunch for estate and surrounding village residents, fostering goodwill and reinforcing our social ties.

Employment Opportunities: Prioritizing local recruitment for both skilled and unskilled roles in our plantations and hydro operations, thereby contributing to livelihood security.

Health & Wellbeing Initiatives: Partnering with local health authorities to conduct medical check-ups and awareness sessions on nutrition, hygiene, and preventive care.

Sustainability & Environment Engagement: Collaborating with local farmer groups on sustainable agricultural practices, and organizing tree-planting drives in watershed areas to protect biodiversity and water quality.

Nurturing Customer and Guest Relationships

Our guests are at the heart of everything we do. We strive to offer unique, authentic experiences while ensuring their safety and satisfaction.

Our Holistic Value Proposition:

Guest Experience: Curating authentic and immersive experiences that connect guests with local culture, traditions, and the natural environment.

Engagement: Utilizing formal and informal feedback mechanisms, including digital platforms and on-site interactions, to continuously improve service.

Customer Safety & Privacy: Prioritizing the safety and wellbeing of our guests and adhering to international standards for data privacy.

Flexibility: Offering flexible booking and cancellation policies and transparent pricing to maintain trust and satisfaction.

Initiatives:

Local Sourcing: Ongoing focus on incorporating local ingredients and products into our menus and gift shops, supporting local farmers and artisans.

Digital Presence: Maintaining a strong presence on digital platforms and online travel agencies (OTAs), with a focus on real-time engagement and feedback monitoring.

Feedback & Satisfaction: We collect feedback through multiple channels, including online reviews and on-site forms, and aim for a customer satisfaction across all properties.

Fostering Supplier Relationships

We view our suppliers as strategic partners. We build resilient relationships based on transparency, fairness, and ethical conduct to ensure operational excellence.

Supplier Selection and Monitoring Criteria:

Ethical Practices: We ensure our suppliers have no child or forced labor and promote inclusivity and fair labor practices.

ESG Compliance: Suppliers are assessed on their environmental and social responsibility, including sustainable sourcing and waste management practices.

Local Sourcing: We prioritize local suppliers to support community agriculture and reduce our carbon footprint from transportation.

Initiatives:

Supplier Due Diligence: We have a robust process for screening suppliers based on technical standards, cost-competitiveness, reliability, and compliance with applicable laws, regulations, and certifications.

Long-Term Partnerships: We strive to build long-term, mutually beneficial relationships, evidenced by partners who have been with us for many years, providing not just products but also maintenance advice and support.

Community Development and Social Impact

We actively work to uplift the communities in which we operate, delivering economic, environmental, and social benefits.

Engagement Initiatives:

Infrastructural Support: Our energy sector has supported communities by building essential infrastructure such as bridges, roads, and community centers, providing access to schools and hospitals.

Socio-Economic Development: We support local youth through vocational training and hospitality skills, and actively source fresh produce from nearby farmers and artisans.

Ecosystem Restoration: Our plantation and energy sectors collaborate with local community groups on tree planting drives and environmental conservation projects.

Employee Volunteering: We encourage our employees to participate in community clean-ups and other social welfare programs.



NATURAL CAPITAL



At Hunas Holdings, our environmental stewardship is rooted in our diversified business portfolio, with ecosystems, water resources, energy generation, and renewable infrastructure at its core. We embrace environment-positive decision making, ensuring our hospitality and renewable energy operations contribute meaningfully to Sri Lanka's sustainability journey.

Our business success across the group is intrinsically linked to the health and vitality of our natural environment. We recognize our profound responsibility as custodians of these invaluable ecosystems and their biodiversity. At Hunas Holdings, our Natural Capital strategy is built on a firm resolve to operate in harmony with nature, implementing proactive controls and sustainable interventions to minimize our environmental footprint. We view responsible stewardship not only as a duty but as a powerful opportunity to build resilience and drive sustainable growth for our business and the communities we serve.

Our Natural Capital Strategy

Our overarching strategic objectives for Natural Capital are to minimize our operational environmental footprint and enhance resource efficiency across all sectors. We are also committed to protecting and restoring the natural ecosystems we operate within, promoting biodiversity and ecological health. These objectives include mitigating climate change risks by reducing carbon emissions and adopting renewable energy, and embedding a culture of environmental stewardship throughout our organization and value chain.



Environmental Stewardship

Proactively protecting and conserving the ecosystems in which we operate.



Resource Efficiency

Optimizing our use of energy, water, and materials to reduce our environmental footprint.



Climate Resilience

Minimizing our carbon emissions and adapting to the impacts of climate change.



Stakeholder Engagement

Actively involving employees, guests, and local communities in our sustainability efforts.

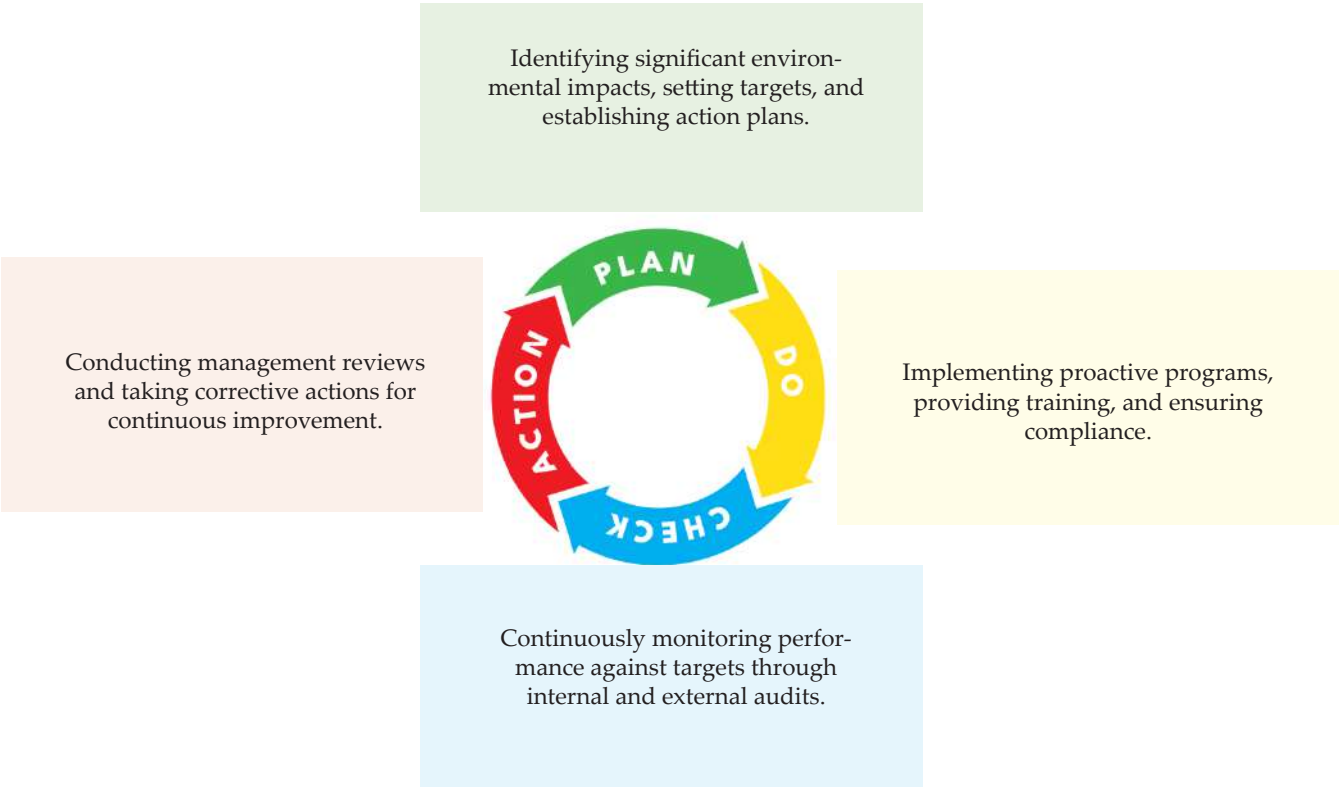


Circular Economy

Promoting a circular model by reducing waste and increasing recycling and reuse.

Environmental Framework & Stewardship

Our commitment to Natural Capital is overseen by a robust governance structure that ensures our environmental goals are integrated into our core business strategy. The Board of Directors sets the strategic direction, a dedicated Sustainability Council provides oversight, and our Environmental Management teams are responsible for the day-to-day implementation of all initiatives.



Energy and Emissions Management

We rely on clean, renewable sources for our energy production, which is a key pillar of our environmental strategy.

Energy-Efficient Equipment We have invested in energy-efficient machinery and lighting solutions across our properties.	Staff Awareness Our internal campaigns encourage employees to adopt energy-saving behaviors and submit ideas through our staff suggestion scheme.	Renewable Investments We continue to invest in solar and micro-wind power generation to reduce our reliance on fossil fuels.	Emission-Free Energy Generation Our energy sector is proud to be an emission-free energy generator, contributing to national energy security while countering the negative effects of fossil-fuel-based electricity generation on the environment.
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Water and Effluent Management

Our approach is driven by a deep understanding of our responsibility to the water sources that power our mini-hydropower plants and sustain our plantations and hotels. All our properties rely exclusively on surface water withdrawn from nearby rivers and streams to meet water needs. At our properties, hydro-treated wastewater from our on-site Sewage Treatment Plant (STP) is recycled and used for irrigating the gardens, demonstrating circular water use. We have sub-metering in place and conduct regular water audits to monitor consumption and optimize usage. Water-efficient fixtures including low-flow taps, showers, and dual-flush toilets are installed across guest rooms and staff facilities. We actively engage guests and staff with educational signage and interactive programs to encourage mindful water use.

Water Management Initiatives

Rigorous Monitoring We continuously monitor river water for pollution during the construction and operation of our energy projects.	Water Conservation We have implemented rainwater harvesting and greywater recycling systems, particularly in our hospitality properties, to reduce our freshwater consumption.	Wastewater Treatment Wastewater from our properties is either treated on-site or directed to local facilities, ensuring compliance with strict water quality standards.
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Material and Waste Management

We are committed to transitioning towards a circular economy by minimizing waste generation and maximizing resource efficiency.

Using our 5R Sustainable Waste Strategy (Reduce, Reuse, Repurpose, Refuse, Recycle), we:

- Provide colour-coded bins, signage, and training for proper segregation.
- Compost organic waste on-site or partner with local farms for repurposing.
- Dispose of hazardous materials (e.g., bulbs, chemicals, e-waste) via licensed contractors in compliance with local standards.
- Continue phasing out plastic packaging and single-use amenities.



Water Management Initiatives

Waste Segregation We have implemented comprehensive waste segregation programs at all our sites, encouraging employees and guests to separate waste into different streams.	Zero Waste Campaigns Our hospitality sector runs “Zero Waste” campaigns to significantly reduce our landfill contribution.	Plastic Reduction We have significantly reduced single-use plastics by providing reusable water bottles, transitioning to refillable toiletries, and installing glass water bottling plants.
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Biodiversity and Ecosystem Restoration

At Hunas Holdings PLC, we are privileged stewards of some of Sri Lanka’s most biodiverse and ecologically significant landscapes. Our commitment to conserving the unique ecosystems across our properties is foundational to our sustainability ethos.

We operate in proximity to UNESCO World Heritage Sites and globally significant biodiversity corridors. Through natural-ist-led guest experiences, citizen science, and long-term habitat monitoring, we integrate conservation with hospitality. We plan to scale guest engagement in conservation and embed biodiversity programs into every property by 2027.

Green Future

A flagship initiative in partnership with local community groups and non-profit organizations to plant trees and enhance forest cover. This effort plays a vital role in stabilizing riverbanks, enhancing biodiversity, and rehabilitating degraded habitats.

Habitat Protection

We have designated a significant portion of our plantation lands for conservation, focusing on the protection of endemic flora and fauna.

Project Lifecycle Management

Our Natural Capital strategy is integrated into every phase of a project, from pre-construction risk assessment to post-construction landscaping, ensuring minimal disruption to natural habitats.

Biodiversity and Ecosystem Restoration

We are building a business culture where sustainability is not just a policy, but a core value shared by every employee.

Sustainability Awareness

We conduct regular awareness sessions and workshops on sustainability best practices, eco-consciousness, and energy-saving behaviors.

Green Initiatives

We actively involve employees in various green initiatives, such as beach cleanups and tree-planting drives, fostering a sense of ownership and community.

Contributing to SDGs



Future Focus

Focus Area	FY2025 Achievements	FY2026 Goals
Water Management	STP reuse at Hunas Falls	Expand greywater systems across properties
Waste & Plastics	Colour-coded waste, 7R strategy in place	Achieve single-use plastic-free operations
Biodiversity	Rich data from Knuckles & Sinharaja sites	Expand guest engagement & conservation zones
Governance & Reporting	EMS under development	Fully integrated EMS and regular disclosures

COMPANY WAY FORWARD: SHAPING A PURPOSE-DRIVEN FUTURE

As the Group looks ahead to FY 2025/26 and beyond, it does so with renewed confidence, strategic clarity, and a deepened commitment to responsible growth. With a diversified portfolio across renewable energy, plantations, hospitality, logistics, and real estate, the Group is well-positioned to deliver long-term value while contributing to Sri Lanka's economic transformation, energy transition, and global visibility.

Redefining Hospitality and Destination-Driven Real Estate

In the hospitality space, the Group's near-term priority is to reposition and elevate its boutique portfolio anchored by Hunas Falls Hotel, Boulder Gardens, Rainforest Edge, and Aigburth Bungalow into distinctive, experience-rich destinations. Each property will undergo a phase of upgrade and brand alignment to meet evolving traveler expectations, with a firm focus on cultural authenticity, wellness, and environmental stewardship.

Technology will play a pivotal role in this transformation. The phased rollout of a Group-wide ERP system and an AI-powered training and feedback platform is set to standardize operations, elevate service consistency, and empower frontline teams. These innovations will unlock operational synergies while supporting the Group's commitment to excellence in guest experience.

Strategically, the Group is set to enter the high-end real estate market through a landmark collaboration with legendary hotelier Adriaan Zecha. This hospitality-driven development will feature luxury and curated retreats set amidst Sri Lanka's breathtaking natural landscapes, offering a new global benchmark for destination-led living. With sustainability, design, and cultural immersion at its core, the venture will combine global know-how with local craftsmanship delivering not just residences, but legacies.

Elevating the Plantation Sector through Innovation and Sustainability

Building on the strong revival witnessed in FY 2024/25, the plantation sector enters the new fiscal year with momentum and clarity. The focus now shifts toward sustaining this trajectory through product innovation, digital transformation, and brand amplification. With the successful soft launch of Aigburth Premium Tea, the Group aims to scale its value-added tea offerings through curated packaging, international distribution partnerships, and targeted digital campaigns.

On the agronomic front, the Group will accelerate its adoption of climate-resilient and regenerative agricultural practices to enhance soil health, preserve biodiversity, and maintain yield quality in a changing environment. Mechanization and data-driven estate management tools will be introduced to improve operational efficiency while minimizing human capital dependency in a tightening labor market.

Commercially, the Group is actively exploring new export markets and global partnerships especially within the wellness and specialty tea segments while continuing to assess divestment or joint venture options for non-core assets to support reinvestment in scalable, brand-led initiatives. Sustainability, heritage, and innovation will remain the guiding principles that shape the future of this sector.



Powering a Greener Tomorrow

The Group's renewable energy arm remains closely aligned with the national energy strategy, which now places stronger emphasis on grid modernization, enhanced reliability, and cleaner generation. With most viable hydro locations reaching saturation, the future lies in optimization, smarter integration, and digital enablement. While hydro power continues to be a stronghold, the Group is preparing to diversify its energy portfolio with the launch of a solar and wind energy project during FY 2025/26. This diversification supports the country's broader shift toward cleaner, decentralized power solutions.

The Group welcomes the recent regulatory advancements aimed at enhancing forecasting precision, scheduling discipline, and grid integration across the renewable energy sector. In response, we are actively upgrading our operational and data infrastructure to ensure full compliance with these evolving standards and to strengthen our role as a dependable power partner to the Ceylon Electricity Board (CEB). Looking ahead, the Group will continue to scale its energy footprint by maximizing capacity across existing hydro assets while pursuing selective expansion into new, sustainable ventures, including solar. Backed by a stable policy framework that encourages long-term Standardized Power Purchase Agreements (SPPAs) and Public-Private Partnerships (PPPs), the Group remains firmly committed to generating clean, predictable, and commercially viable energy reinforcing our position as a key enabler in Sri Lanka's transition to a low-carbon future.

Our forward-looking energy roadmap will focus on capacity optimization, solar expansion, and select investments in grid-supportive infrastructure, ensuring that our portfolio not only delivers returns but contributes to Sri Lanka's low-carbon transition.

Expanding Our Shipping Logistics and Marine Services

With a view toward economic diversification and strategic national contribution, the Group intends to strengthen its footprint in the shipping and logistics sector in the year ahead. Recognizing the sector's importance as a catalyst for regional trade and industrial competitiveness, the Group is in the early stages of designing a scalable, tech-enabled logistics platform that integrates warehousing, inland transportation, and marine services. This initiative will not only unlock new revenue streams but also contribute to the modernization of Sri Lanka's supply chain infrastructure, positioning the Group as a partner in national economic resilience.

At the heart of all our efforts lies a purpose that transcends profitability. The Group is driven by a long-term vision to build institutions that uplift people, enrich communities, and protect the planet. As we enter a new chapter of growth, our focus remains on repositioning ourselves as a Group that gives back—to the country, to its people, and to the environment.

Sustainability is not a parallel initiative; it is embedded at the core of our business model. Whether through renewable energy that powers progress, agricultural practices that restore the soil, hospitality that celebrates culture, or logistics that connect value chains our journey is one of impact. We believe that success must be shared, and growth must be responsible.

With robust fundamentals, sectoral clarity, and a collective spirit of innovation, the Group is poised to shape a future that is inclusive, resilient, and sustainable. We invite all our stakeholders to join us in this journey forward.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Group’s framework has its own set of internal benchmarks, processes and structures towards meeting accepted best practice, in addition to the ‘triggers’ which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practice, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation and transparency.

- Companies Act No.7 of 2007
- The Listing Rules of the Colombo Stock Exchange

The recommendations of the code of Best Practice on Governance issued jointly by the securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka (Joint Code) to the extent that they are practicable.

Hunas Holdings PLC, through a process of continuous review, is committed to maintaining the highest standards of business integrity, ethical values and professionalism in all of its activities and relationships, nurturing the trust placed in it by all its stakeholders by greater value creation, year-on-year.

This philosophy has been ingrained at all levels in the company through a strong set of corporate values and a code of conduct which staff at all levels and the Board of Directors are required to follow in the performance of their official duties and in circumstances that are publicly profiled. These values are reinforced through the Company’s recognition schemes which insist, as a minimum, that all nominees have modeled the values.

Code of Conduct

Allegiance to the Company

- Compliance with rules and regulations applicable in the territories in which the Company operates
- Conduct of business in an ethical manner at all times and in keeping with acceptable business practices
- Exercise of professionalism and integrity in all business and ‘public’ personal transactions

The Company believes that the core values that underlie its corporate activities are the main source of its competitive advantage which is rewarded by the trust placed in it by stakeholders.

The Chairman of the Board affirms that there has not been any material violation of any of the provisions of the code of conduct. In instances where violations did take place, they were investigated and handled through well established procedures.

Board Meetings & Attendance

The Board of Hunas Holdings PLC met once every quarter. Ad hoc meetings are held as and when necessary. The Director’s attendance is shown in the table below.

<u>Name of Director</u>	<u>Meetings Attended</u>
Mr. W.S.L.D.R. Samarasinghe	4/4
Mr. M.A.A. Atheeq	4/4
Mrs. G.S.M Irugalbandara	4/4
Ms. P. Wickramanayake	4/4
Mr. G. Vinothan	4/4
Ms. H.A.D. Senaratne	4/4
Mr. Toshiaki Tanaka	4/4
Ms. Misako Tanaka	4/4
Mr. Koji Sugimoto	4/4

SECTION 1: CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA (SEC) AND THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (CASL)				
Corporate Governance Principles		Reference of Code	Compliance	The Company’s Extent of Compliance in 2024/2025
A. DIRECTORS				
A.1 THE BOARD				
The Company is headed by an effective Board of Directors with local and international experience. The Board of Directors of the Company consists of professionals in the fields of Accounting, Management, Law, Economics, Marketing and Business Leaders. All Directors possess the skills and experience and knowledge complemented with a high sense of integrity and independent judgment. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board’s composition reflects a sound balance of independence and anchors shareholder commitment. Profiles of Directors are given on page no 17 - no.19.				
1.	Board Meetings	A.1.1	Complied	The Board usually meets at quarterly intervals, but also meets more frequently when needed. The Board met 04 times during the year under review. Scheduled Board meetings were arranged well in advance, and all Directors were expected to attend each meeting. Any instances of non-attendance of Board meetings were generally related to prior business, personal commitments or illness. The attendance at Board meetings held is set out on page 62.
2.	Board Responsibilities	A.1.2	Complied	The Board is responsible to the shareholders for creating and delivering long- term sustainable shareholder value through the business. The Board ensures the formulation and implementation of a sound business strategy. The Board has put in place a Corporate Management team led by the Chairman with the required skills, experience and knowledge necessary to implement the business strategy of the Company. The Board also ensures effective systems are in place to secure integrity of information, internal controls and risk management. The Board ensures that the Company’s values and standards are set with an emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation.
3.	Compliance with Laws and access to independent professional advice	A.1.3	Complied	The Board collectively, and Directors individually must act in accordance with the laws as applicable to the Company. The Company had complied with all applicable laws and regulations during the year. A procedure has been put in place for Directors to seek independent professional advice in furtherance of their duties, at the Company’s expense. This will be coordinated through the Company or the Board Secretary when requested.
4.	Company Board	A.1.4	Complied	All Director s have access to the advice and services of the Company Secretary as required. The Company Secretary keeps the Board informed of new laws and revisions, and regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.
5.	Independent judgment	A.1.5	Complied	All Directors exercise independent judgment in decisions made by the Board on issues of strategy, performance, resource allocation and the conduct of business.

Corporate Governance (Contd...).

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
6.	Dedication of adequate time and effort by the Board and Board Committees	A.1.6	Complied	All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company (both before and after the Board Meetings), in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.
A.3 CHAIRMAN'S ROLE				
The Chairman leads and manages the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully preserves order and facilitates the effective discharge of the Board functions. The profile of the Chairman is given on page 13.				
7.	Role of the Chairman	A.3.1	Complied	The Chairman is as an outstanding business leader, provides leadership to the Board, controls and preserves order at Board meeting and provides the Board with strategic direction and guidance in managing the affairs of the Company. The Chairman is also responsible for: - Ensuring the new Board members are given an appropriate induction, covering terms of appointment, - The effective participation of both Executive and Non- Executive Directors; - All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company; - A balance of power between Executive and Non-Executive Directors is maintained; - The views of Directors on issues under consideration are ascertained.
A.4 FINANCIAL ACUMEN				
The Code requires that the Board comprises of members with sufficient financial acumen and knowledge in order to offer guidance on matters on finance. The Board of the Company has met the above requirement as as the member of the audit committee is a qualified accountant having professional qualifications and equipped with sufficient financial acumen and knowledge to offer guidance on matters of finance.				
8.	Financial acumen and knowledge	A.4	Complied	The Board comprises one CIMA qualified accountant who serves as member of the Audit Committee. This Director add substantial value and independent judgment on the decision-making of the Board on matters concerning finance and investment.

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
A.5 BOARD BALANCE				
The Code requires that a balance is maintained between the Executive and Non- Executive Directors (NEDs) so that no individual or a small group of individual Directors are able to dominate the Board's decision-making. The Board consists of Six (06) Executive Directors and Three (03) Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.				
9.	Presence of Non - Executive Directors	A.5.1	Complied	Three (3) out of Nine (9) Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code.
10.	Criteria to evaluate Independence of Non- Executive Directors	A.5.3	Complied	Refer Section A 5.5 below. The Board considers Non-Executive Director's independence on an annual basis. For a Director to be deemed 'independent', such a Director should be independent of management and free of any business or any other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
11.	Signed declaration of independence by the Non-Executive Directors	A.5.4	Complied	Every Non-Executive Director of the Company has made a written submission as to their independence against the specified criteria.
12.	Determination of independence of the Board	A.5.5	Complied	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence as a fair representation and will continue to evaluate their independence on this basis annually. No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code. Independent Non-Executive Directors are: Mr. G Vinothan Mr. Koji Sugimoto Ms. H A D Senaratne
A.6 SUPPLY OF INFORMATION				
Management should provide time-bound information in a format that is appropriate and enables the Board to discharge its duties. Financial and non- financial information is analysed and presented to the Board to make informed and accurate decisions.				
13.	Obligation of the Management to provide appropriate and timely information to the Board	A.6.1	Complied	The Board was provided with timely and appropriate information by the management by way of Board papers and proposals. The Board sought additional information as and when necessary. The Chairman also ensured all Directors were properly briefed on issues arising at Board meetings.
14.	Adequate time for effective Board meetings	A.6.2	Complied	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.

Corporate Governance (Contd...)

Corporate Governance Principles	Reference Code	of	Compliance	The Company's Extent of Compliance in 2024/2025
A.7 APPOINTMENTS TO THE BOARD				
The Code requires having a formal and transparent procedure in place for the appointment of new Directors to the Board.				
15.	Nomination Committee	A.7.1	Complied	The Nomination Committee of the Company makes recommendations to the Board on all new Board appointments. The Nomination committee consists of following members; Mr. G Vinothan Chairman Independent Non - Executive Director Ms. H A D Senaratne Member Independent Non - Executive Director Mr. Koji Sugimoto Member Independent Non - Executive Director
16.	Disclosure of New appointments	A.7.3	Complied	A brief resume of the Directors, Nature of his/her experience and names of the companies he/she holds the directorship and the independency is informed to the Colombo Stock Exchange and disclose in the Annual Report on Pages 78 to 79.
A.9 APPRAISAL OF BOARD PERFORMANCE				
The Board should periodically appraise its own performance against the present targets in order to ensure that the Board responsibilities are satisfactorily discharged.				
17.	Annual performance evaluation of the Board and its Committees	A.9.1 & 9.2	Complied	The Chairman and Remuneration Committee evaluate the performance of the Executive Directors Periodically. The Board undertakes an annual self-evaluation of its own performance and of its Committees. The Board evaluated its performance and effectiveness in the current year.
A.10 DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS				
Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.				
18.	Details in respect of Directors	A.10.1	Complied	The following details pertaining to each Director are disclosed as follows : (a) Brief profile with expertise and experience – page 17-19 (b) Directors' Interest in Contracts - Page 137 (c) Detail of Board Meetings held during the year page 62

Corporate Governance Principles	Reference Code	of Compliance	The Company's Extent of Compliance in 2024/2025	
B. DIRECTORS' REMUNERATION				
This principle ensures that the Company has a well-established, formal and transparent procedure in place for developing an effective remuneration policy for both Executive and Non-Executive Directors where no Director is involved in deciding his/her own remuneration in order to avoid potential conflict of interest.				
19.	Establishment of remuneration committee	B.1.1, B.1.2, B.1.3, B.1.4 & B.1.5	Complied	The Remuneration Committee of the Company and recommends the remuneration payable to the Director(s) and sets guidelines for the remuneration of management staff within the Company. The Board makes the final determination after considering such recommendation. The Remuneration Committee comprise of following members Mr. G Vinothan - Chairman Independent Non - Executive Director Ms. H A D Senaratne - Member Independent Non - Executive Director Mr. Koji Sugimoto - Member Independent Non - Executive Director Payment of remuneration to directors is disclosed in page 137 of this report. No director is involved in deciding his own remuneration.
B.2 THE LEVEL AND MAKE UP OF REMUNERATION				
The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.				
20.	Level of remuneration	B.2.1, B.2.2, B.2.3 & B.2.4	Complied	The Remuneration Committee structures the remuneration package to attract, retain and motivate the directors needed to run the company successfully but avoid paying more than is necessary for this purpose. The remuneration levels relative to other companies and performance of the directors are taken in to account when considering the remuneration levels of the directors.
21.	Levels of Remuneration of Non-Executive Directors	B.2.10	Complied	Remuneration for Non-Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 DISCLOSURE OF REMUNERATION				
The Code requires the Company to disclose in its Annual Report the details of the remuneration paid and the Remuneration Policy.				
22.	Disclosure of Remuneration	B.3.1	Complied	Please refer page 137 for the total Directors' remuneration

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
C. RELATIONS WITH SHAREHOLDERS				
C.1 CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM) AND CONDUCT OF GENERAL MEETINGS				
The Code requires the Board to use the AGM which is a major event in the Company's calendar to communicate with shareholders and encourage their active participation. In this regard, all shareholders of the Company receive the Notice of Meeting within the statutory due dates.				
23.	Use of proxy votes	C.1.1	Complied	The Company has in place an effective mechanism to count all proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands, except where a poll is called.
C.2 COMMUNICATION WITH SHAREHOLDERS				
The Code Requires the board should implement effective communication with shareholders.				
24.	Channel to reach all shareholders	C.2.1	Complied	The main mode of communication between the Company and the shareholders is the Annual General Meeting. Shareholders are provided with the information prior to the AGM. Further, financial and other announcements are promptly submitted to CSE to publish in the CSE website.
25.	Policy methodology for communication with shareholders.	C.2.2.	Complied	An open door policy is in place, which enables shareholders to keep in constant touch, visit and obtain information from the Company Secretary and engage in dialogue Contact details are published in all annual and quarterly financial reporting.
26.	Implementation of the policy and methodology for communication with shareholders.	C.2.3 C.2.7	Complied	Please refer C.2.4 and C.2.5 for the implementation of the policy and methodology
27.	Contact person for communication	C.2.4 & C.2.6	Complied	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.
28.	Process to make directors aware of major issues and concerns of shareholders	C.2.5	Complied	The company secretary maintain a record of all correspondence about all major issues and concerns of the shareholders.
29.	Process for responding shareholder matters	C.2.7	Complied	Covered under the section C.2
D. ACCOUNTABILITY AND AUDIT				
D.1 FINANCIAL AND BUSINESS REPORTING (THE ANNUAL REPORT)				
The Board should present a balanced and understandable assessment of the company's financial position, performance and prospects.				
30.	Board's responsibility for Statutory and Regulatory Reporting	D.1.1	Complied	The Board has recognized the responsibility to present regulatory and statutory reporting in a balanced and understandable manner. When preparing Quarterly and Annual Financial Statements, the Company complied with the requirements of the Companies Act No. 07 of 2007 and prepared and presented them in accordance with Sri Lanka Accounting Standards. The Company has complied with the reporting requirements prescribed by the Colombo Stock Exchange.
31.	Declaration by Directors' report in the Annual Report	D.1.4	Complied	Complied The Directors have made all required declarations in the 'Annual Report of the Board of Directors and appears on pages 82 to 84.
32.	Statement of Directors' and Auditor's responsibility for Financial Reporting	D.1.5	Complied	The 'Statement of Directors' Responsibility' is given on page 81. See the 'Auditors' Report' on pages 86 to 89 for the reporting responsibility of Auditors."

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
D.2 RISK MANAGEMENT AND INTERNAL CONTROL				
The Board should have a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.				
33.	Disclosure of related party transactions	D.1.8	Complied	Refer the Related Party transaction Review committee report on page 75.
34.	Annual evaluation of the internal controls system and Risk Management	D.2.1	Complied	"The Board is responsible for the Company internal control and its effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance controls and risk management. It is important to state, however, that any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.
35.	Review of the process and effectiveness of risk management and internal controls.	D.2.4	Complied	The Audit Committee reviews internal control issues and risk management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.3 AUDIT COMMITTEE				
The Board should have formal and transparent arrangements in selecting and applying the accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's External Auditor.				
36.	Composition of the Audit Committee	D.3.1	Complied	The Audit Committee consists of Three independent Non Executive Directors. Ms. H A D Senaratne -Chairman (Independent Non - Executive Director) Mr. G Vinothan - Member (Independent Non - Executive Director) Mr. Koji Sugimoto - Member (Independent Non - Executive Director) The Company Secretary Serves as its Secretary. and Chief Accountant invited to attend meetings as required. The input of the statutory Auditors will be obtained where necessary. The Audit Committee is required to assist the Company to achieve a balance between conformance and performance.
37.	Terms of reference of the Audit Committee	D.3.2	Complied	Terms of Reference of the Board Audit Committee is clearly defined in the Charter of the Audit Committee approved by the Board of Directors. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee is required mainly to deal with the matters pertaining to statutory and regulatory compliance in financial reporting, matters with regard to the External Auditors and Risk Management procedures of the Company. Refer audit committee report on pages 73 to 74.
38.	Disclosures of the Audit Committee	D.3.3	Complied	The names of the members of the Audit Committee are given under section D.3.1 of this Code. Refer the Audit Committee report on pages 73 to 74.

Corporate Governance Principles		Reference of Code	Compliance	The Company's Extent of Compliance in 2024/2025
D.4 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE				
The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favorable treatment" than that accorded to third parties in the normal course of business.				
39.	A related party and related party transactions will be as defined in LKAS 24.	D.4.1	Complied	Please refer Related Party Transaction review Committee Report on page 75.
40.	Establishment of related party transaction review committee and composition.	D.4.2	Complied	Please refer Related Party Transaction review Committee Report on page 75.
41.	Written terms of reference of related party transaction review committee.	D.4.3	Complied	Please refer Related Party Transaction review Committee Report on page 75.
D.5 CODE OF BUSINESS CONDUCTED AND ETHICS				
The Company should develop a Code of Business Conduct and Ethics for Directors and members of the Senior Management team and must promptly disclose any waivers of the Code for Directors or others.				
42.	Code of Business Conduct and Ethics	D.5.1	Complied	The Company has developed a Code of Conduct for its employees. This Code addresses conflict of interest, corporate opportunities, confidentiality of information, fair dealing, protection and proper use of the Company's assets, compliance with laws and regulations and encouraging the reporting of any illegal or unethical behavior, etc.
D.6 CORPORATE GOVERNANCE DISCLOSURE				
Directors of the Company disclose annually the Company's adherence to the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka.				
43.	Disclosure of corporate governance	D.6.1	Complied	This requirement is met through the presentation of this report.
E. INSTITUTIONAL INVESTORS				
E.1 SHAREHOLDERS' VOTING				
Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice.				
44.	Communication with shareholders	E.1.1	Complied	In order to avoid conflicts of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at general meetings. In this regard, the AGM of the Company plays a critical role. Voting by the shareholders is crucial in carrying a resolution at the AGM. The Chairman, who plays the role of the agent, communicates the views and queries of the shareholders to the Board and the senior management, in order to ensure that the views are properly communicated to the Company.

SECTION 2 : COLOMBO STOCK EXCHANGE LISTING RULES				
Statement of Compliance				
This section covers Hunas Falls Hotels PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange.				
Rule No.	Subject	Hunas Extent of Adoption	Compliance Status	Reference in this Report
7.10.1(a)	Non-Executive Directors (NED)	Three (3) of the Nine (9) Directors were Non-Executive Directors	Complied	Corporate Governance
7.10.1(b)	Basis of Calculation of Total Number of Non-Executive Directors	Based on the number as at the conclusion of the immediately preceding AGM	Complied	Corporate Governance
7.10.2 (a)	Independent Directors (ID)	Three (3) of the Three (3) Non-Executive Directors were Independent	Complied	Corporate Governance
7.10.2 (b)	Independent Directors	All Non-Executive Directors have submitted their confirmation of independence as per the criteria set by the CSE rules, which is in line with the regulatory requirements.	Complied	Corporate Governance
7.10.3 (a)	Disclosure relating to Directors	The Board assessed the independence declared by the Directors and determined the Directors who are independent and disclosed same in item A.5.5 of the CASL Code table.	Complied	Corporate Governance
7.10.3 (b)	Disclosure relating to Directors	The Board has determined that three (3) Non-Executive Directors satisfy the criteria for "independence" set in the Listing Rules as in item A.5.5 of the CASL code table.	Complied	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.	Complied	Profile of the Board in the Annual Report
7.10.3 (d)	Disclosure relating to Directors	New director appointments	Complied	Corporate Governance
7.10.5	Remuneration Committee	Remuneration Committee functions are stated in the corporate governance page at 77.	Complied	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	The Remuneration Committee consists Three (3) Independent Non-Executive Directors.	Complied	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Executive Directors.	Complied	Annual report of Board of Directors
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration	Names of Remuneration Committee members are given in section B.1.3 of the CASL code. The Remuneration paid to Directors is given in the Note 33.1 to the Financial Statement on page 137.	Complied	Annual report of the Board of Directors and Corporate Governance
7.10.6 (a)	Composition of Audit Committee	Shall comprise of NEDs, a majority of whom will be independent.	Complied	The Audit Committee Reports and Corporate Governance
7.10.6 (b)	Audit Committee Functions	Audit Committee functions are stated in the Audit Committee Report – Page 73 to 74.	Complied	Corporate Governance and the Audit Committee Reports
7.10.6 (c)	Disclosure in Annual Report relating to Audit Committee	The names of the Audit Committee members given on page 73. The basis of determination of the independence of the Auditor is also given in section D.3.4 of the CASL code.	Complied	Corporate Governance and the Audit Committee Reports
7.6.(vii)	Employees and Industrial relations	There is no dispute are on Industrial relations	Complied	Corporate Governance
7.13.1	Minimum Public Holding	The Company does not comply with option 5 of the Listing rules 7.13.1(a) which requires a 20% minimum Public Holding. *Note - Complied as of 17th July 2025.	Non Complied (Ref. note*)	Share and Investor Information

This section covers Hunas Holdings PLC's extent of adherence to the requirements of the Code of Best practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange:				
Rule No.	Subject	Hunas Extent of Adoption	Compliance	Reference in this Report
9.2.1 & 9.2.3	Related Party Transactions Review Committee (RPTRC)	The functions of the committee are stated in Related Party Transactions re-view Committee report in page 75-76.	Complied	Annual report of the Board of Directors and Related Party Transactions Review Committee Report
9.2.2	Composition of the Related Party Transactions Review Committee	The RPTRC was consists of following directors Mr. G Vinothan Chairman Independent Non - Executive Director Ms. H A D Senaratne Member Independent Non - Executive Director Ms. M A A Atheeq Member Executive Director	Complied	Annual report of the Board of Directors and Related Party Transactions Review Committee Report
9.2.4	Related Party Transactions Re-view Committee-Meetings	The committee met 04 times during the financial year of 2024/2025	Complied	Related Party Transactions Review Committee Report

AUDIT COMMITTEE REPORT

The Audit Committee is comprised of three Independent Non-Executive Directors.

Ms. H A D Senaratne	Chairman
	Independent Non - Executive Director
M r. G Vinothan	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

The Board Secretary functions as the Secretary to the Audit Committee.

The Audit committee has a written Terms of Reference dealing clearly with its authority and duties. This is established for the purpose of assisting the Board in fulfilling their oversight responsibilities regarding the integrity of the financial statements, risk management, internal control, and compliance with legal and regulatory requirements, review of External Auditors' performances, independence and the internal audit functions.

Meetings

The Audit Committee held four meetings during the financial year.

Name of the Director	Total
Ms. H A D Senaratne	4/4
Mr. G Vinothan	4/4
Mr. Koji Sugimoto	4/4

Functions of the Audit Committee

Financial Reporting

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee has reviewed and discussed with the Management, the annual and the quarterly Financial Statements prior to their issuance, including the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act No. 07 of 2007. Matters of special interest in the current environment and the process that supports certifications of the Financial Statements by the Company's Managing Director, Chief Financial Officer and Accountant were also brought up for discussion.

Risk and Controls

The Committee have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

External Audit

The Committee met with the External Auditor during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit. In addition, the annual evaluation of the independence and objectivity of the External Auditor and the effectiveness of the audit process was also undertaken. The Lead partner is required to be rotated every five years, in order to ensure the independence of the Auditor.

The Non-Audit Services provided by the External Auditor were also reviewed and the committee was of the view that such services did not impair their independence and were not within the category of services identified as restricted under the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

The re-appointment of the External Auditor, M/s Deloitte Partners has been recommended to the Board of Directors and the Committee has also fixed the Auditor's remuneration, for approval by the shareholders at the Annual General Meeting.

Internal Audit

During the year, the Audit Committee reviewed the performance and related control aspects, and the findings of the audits completed, which covered the operational and financial aspects of the Group. The Committee, with special reference to the internal controls regarding Group operations, and the department's resource requirements, including succession planning, also approved the internal audit plan.

Regulatory Compliance

The Accounts has submitted to the Audit Committee, a report on the extent to which the company was in compliance with the mandatory and statutory requirements. The Committee reviewed the procedures established by Management for compliance with the requirements of regulatory bodies and also ensured full compliance with the Colombo Stock Exchange Rule No.7.10 on corporate Governance disclosure requirements, which is given on page 71.

Committee Evaluation

The annual evaluation of the committee was conducted by the Chairman, Chief Financial Officer, Internal Auditor and the External Auditor in accordance with international best practices and was deemed to be satisfactory.



H A D Senaratne

Chairman

Audit Committee

29th August 2025

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee of Hunas Holdings PLC, the Company in terms of the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

The Related Party Transactions Review Committee consists of Two (02) Independent Non - Executive Director and one Executive Director.

Mr. G Vinothan	Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	Member
	Independent Non - Executive Director
Mr.M A A Atheeq	Member
	Executive Director

The Duties of the Committee

The duties of the Related Party Transactions Committee are to:

Review in advance all proposed related party transactions of the Company, either prior to the transaction being entered into or, if the transaction is expressed to be conditional, upon such review that finds that the stipulated conditions have been met, prior to the completion of the transaction.

Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.

Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary, including obtaining appropriate professional and expert advice from suitably qualified persons.

Recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.

Monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

Monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.

Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.

Review the transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Review the economic and commercial substance of both recurrent/non recurrent related party transactions.

Monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.

Task of the Committee

The Committee reviewed all related party transactions of Hunas Holdings PLC with regard to compliance as described above and communicated their findings to the Board.

The Committee, in its review process, recognized the adequate nature of the content and quality of the information forwarded to its members by the management.

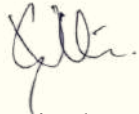
Attendance

The Committee held meetings 04 times during the year under review.
The attendance of the meetings was as follows:

Name of the Director	Total
Mr. G Vinothan	4/4
Ms. H A D Senaratne	4/4
Mr.M A A Atheeq	4/4

Disclosures

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 33 to the Financial Statements given on page 137 in this report.



G.Vinothan

Chairman

Related Party Transaction Committee

29th August 2025

REMUNERATION COMMITTEE REPORT

The objectives of the Remuneration Committee are to review and approve overall remuneration philosophy, strategy policies and practices including performance-based pay schemes and benefits. The policy is to prepare compensation packages to attract and retain a highly qualified, experienced workforce and reward performance, bearing in mind the business performance and long-term shareholder returns. The committee comprises three Non-executive Directors, as shown as in the below table. The members of the committee met on a quarterly basis throughout the year under review.

The Remuneration Committee was comprised of two Non-Executive Directors.

Mr. G Vinothan	Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

Meetings

The committee held 04 meetings during the year of which the attendance details are as below

Name of the Director	Total
Mr. G Vinothan	4/4
Ms. H A D Senaratne	4/4
Mr.Koji Sugimoto	4/4



G Vinothan
Chairman
Remuneration Committee

29th August 2025

NOMINATION AND GOVERNANCE COMMITTEE REPORT

Composition of the Committee

The Related Party Transactions Review Committee consists of Three (03) Independent Non - Executive Directors.

Mr. G Vinothan	Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

Meetings of the Committee

There are no new Board appointments during the period and no meetings were convened.

Responsibilities of the Committee

The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.

Consider and recommend (or not recommend) the re- election of current directors considering the Board composition against pre-defined criteria on combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.

Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re appoint Directors of the Company.

Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consider-

ation the nature of the business of the Company and industry specific requirements.

Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the Executive Director of the Company to ensure their responsibilities are satisfactorily discharged.

Consider if a Director is able to and has been adequately carrying out his duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.

Develop succession plans for Board of Directors, Executive Director and Key Management Personnel.

Review and recommend the overall corporate governance framework of the Company considering the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.

Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

Policy on Nominations Committee

Any major issues relating to the Company are updated to the Independent Directors by the Chairman. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Requirements as per the Listing Rules and applicable rules and regulations are informed to the New Directors. Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws. Non-Executive Directors have submitted declarations regarding their

NOMINATION AND GOVERNANCE COMMITTEE REPORT (Cont.)

independence / non-independence. The Board has determined that Directors who have served on the Board for over 9 years are nevertheless independent, after taking into consideration the fact that they do not exert any control over the day-to-day activities of the Company and are capable of acting in an impartial and independent manner on matters deliberated by the Board.

Each Director provided a signed declaration on his/her fitness and propriety based on the assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange. The fitness and propriety of the Directors were examined by the Committee.

Re-Election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board must retire by rotation.

The Committee has recommended to re-elect Ms. Pravini Wickramanayake, Ms. H.A.D Seneviratne and Mr. Toshiaki Tanaka in terms of Article 26(6) of the Company's Articles of Association to the Board at the Annual General Meeting to be held on 22nd September 2025.

Declaration

The Committee will continuously focus to comply with the Rule 9.11 of the listing rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance.



G. Vinothan

Chairman

Nomination & Governance Committee

29th August 2025

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

In accordance with Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange, I was appointed as the Senior Independent Director (SID) of the Company with effect from 22nd December 2023, following the designation of Mr. W.S.L.A.D.R. Samarasinghe as the Executive Chairperson.

The Board comprises a strong representation of Independent Directors, which is instrumental in upholding objectivity and fostering sound corporate governance. The role of the Senior Independent Director exists to further strengthen this independence—ensuring that an impartial perspective is consistently brought to Board deliberations, whether in formal meetings or through resolutions circulated among members.

As Senior Independent Director, I play a pivotal role in supporting the Chairperson on governance-related matters, promoting transparency, and reviewing the Board's effectiveness. I also serve as a confidential point of contact for any Director or employee wishing to raise matters concerning the Company.

In line with my responsibilities under Section 9.6.3 of the CSE Listing Rules, I confirm that I have undertaken the following during the year under review:

Chaired a meeting of the Independent Directors (without other Directors present) to discuss matters relating to the Groups's and Board operations and to facilitate discussions and address governance-related matters in line with Principle A.5.7 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka. Recommendations from this meeting were communicated to the Chairman and other Board Members.

Chaired four meetings of the Non-Executive Directors (without the Chairman present) on to appraise the Chairman's performance.

Led the annual review of Board effectiveness, ensuring that the performance of individual Directors was kept under review.

While I hold a casting vote at meetings with Independent and Non-Executive Directors, there was no occasion during the year to exercise it.

Serving as the Senior Independent Director for Hunas Holdings PLC has been both an honour and a privilege. This role has allowed me to safeguard the independence of the Board's decision-making, uphold transparency, and ensure that our governance processes remain robust and credible—values that are fundamental to the integrity of our Company.



Koji Sugimoto

29th August 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible, under Sections 150 and 151 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the Company for the financial year. The Directors are also responsible, under Section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards/ Sri Lanka Accounting Standards (SLFRS/LKAS). The Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange. The Directors have taken reasonable measures to safeguard the assets of the Group, and in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors, Messrs Ernst & Young, are deemed reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on page 86 sets out their responsibilities in relation to the Financial Statements.

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 end of financial year have been paid or where relevant, provided for.



W S L D R Samarasinghe
Chairman

G S M Irugalbandara
Director

29th August 2025
Colombo

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors are pleased to present their report and the Audited financial statement of the Company for the Year ended 31st March 2025.

The details set out herein provide the pertinent information required to be disclosed by the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best accounting practices.

Review of the Year

The Chairman’s statement on page no 13 to 16 reviews the affairs of the Company for the financial year ended 31st March 2025. These reports form and integrate the part of the annual report of the Board of Directors of the year under review.

Principal Activity

Hunas Holding PLC formally known as Hunas Falls Hotels PLC, has its ventures in several key industries, which include Hospitality and tourism, Renewable Energy, Real Estate, and Agriculture (Tea Plantations, Factories), Shipping Logistics and Marine Services.

Financial Statements

The Audited Financial Statements of the Group and Company are given on pages 90 to 145 in the Annual Report.

Auditor’s Report

The Auditors’ Report on the Financial Statements is given on pages 86 to 89 in the Annual Report.

Accounting Policies

The Accounting Policies adopted by the Company in the preparation of Financial Statements are given on pages 95 to 114 in the Annual Report. The Accounting Policies adopted are consistent with those of the previous financial year.

Interests Register

The Company maintains an Interest register and the particular of those directors who were directly or indirectly interested in a contract of the Company are stated therein.

Directors’ Interest in Transactions

The Directors of the Company have made the general disclosures provided for in Section 192 (2) of the Companies Act No. 07 of 2007. The related party disclosures and the Directors of each of these related parties are given on page 137.

Directors’ Remuneration and other Benefits

The Directors’ Remuneration in respect of the Company for the financial year ended 31st March 2025, amounted to nil.

Directors’ Shareholdings

The Directors of the Company as at 31st March 2025 did not hold any shares in the Company.

Board Sub - Committees

Audit Committee

Ms. H A D Senaratne	Chairman
	Independent Non - Executive Director
Mr. G Vinothan	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

Audit Committee appears on page 73-74

Remuneration Committee

Mr. G Vinothan	Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

Remuneration Committee appears on page 77

Related Party Transaction Review Committee

Mr. G Vinothan	- Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	- Member
	Independent Non - Executive Director
Mr. M A A Atheeq	- Member
	Executive Director

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONT...)

Nomination & Governance Committee

Mr. G Vinothan	Chairman
	Independent Non - Executive Director
Ms. H A D Senaratne	Member
	Independent Non - Executive Director
Mr.Koji Sugimoto	Member
	Independent Non - Executive Director

Nomination & Governance Committee appears on page 78-79.

Donations

At the last Annual General Meeting shareholders approved a sum not exceeding Rs. 50,000/- in respect of donations. The donations given during the year amounted to Rs.838,985/-. (2024 : Rs. 718,740) No donations were made for political purposes.

Directorate

The Directors of the Company

Mr. W S L D R Samarasinghe	Chairman
Mr. M A A Atheeq	Executive Director
Ms. G S M Irugalbandara	Executive Director
Ms. P Wickremanayake	Executive Director
Mr. Toshiaki Tanaka	Executive Director
Ms. Misako Tanaka	Executive Director
Mr. Koji Sugimoto	Independent Non - Executive Director
Mr. G Vinothan	Independent Non - Executive Director
Ms. H A D Senaratne	Independent Non - Executive Director

Auditors

Messrs Deloitte Partners are deemed re-appointed as auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

A resolution proposing the Directors be authorized to determine their remuneration will be submitted at the Annual General Meeting.

The Auditors fee for the Group amounted to Rs. 3,192,000/-. The fee for the Company amounted to Rs. 2,233,145/-

(2024: Group - Rs. 6,801,618/-, Company - Rs. 3,178,540/-) as audit fees by the Group. As far as the Directors are aware, the Auditor does not have any relationship (other than that of an auditor) with the Group other than those disclosed above. The Auditors also do not have any interests in the Group.

Turnover

The turnover (Net) by the Company for the year was Rs. 98,486,714 /- (2023/2024 - Rs.99,241,067/-). The Group generate an amount of Rs. 1,334,737,635/- (2023/2024 - Rs.799,407,223/-).

Taxation

The Company is liable to pay income tax at the rate of 30% on income from operations. Other income is taxed at 30%.

Property, Plant and Equipment

The carrying value of property plant and equipment for the Company and the Group as at 31st March 2025 amounted to Rs. 14,827,001 and Rs. 3,667,486,873 respectively. The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets acquired by the Company and the Group amounted to Rs. 2,288,558 and Rs.65,080,662 respectively.

Stated Capital

The Stated Capital as at 31st March 2025 was Rs 4,468,573,000/= comprising 849,030,000 (2023/2024- Rs.4,468,573,000 Value/ Number of shares : 849,030,000) fully paid Ordinary Shares.

Post Balance Sheet Events

Events occurring after the reporting date are given in the note 32 to the Financial Statements.

Profit / (Losses)	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Net (Loss) for the Year after providing for all expenses known liabilities and depreciation of Fixed Assets	223,189,262	(474,064,500)	(177,347,468)	(39,755,277)
Accumulated Profit at End of the Year	(2,610,993,818)	(2,838,319,901)	(2,013,944,900)	(1,837,039,936)

Statutory Payments

The Directors confirm that to the best of their knowledge all taxes and dues payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due as at the balance Sheet date have been paid or provided.

Public Shareholding

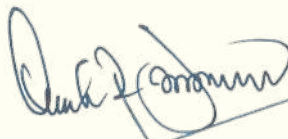
As at 31st March 2025: 8.80% (2024 : 7.56%) of the issued capital of the Company was held by the public, comprising 2,384 (2024:2,298) shareholders

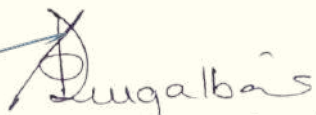
Going Concern

The Directors, after making necessary inquiries and reviews for the year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 22nd of September 2025, at 11.00 a.m, at Tulip Conference Room, Bandaranaike Memorial International Conference Hall, Bauddhaloka Mawatha, Colombo 07, Sri Lanka. Notice of meeting relating to the Thirty Sixth Annual General Meeting is given on page 150 of this Annual Report.


W S L D R Samarasinghe
 Chairman


G S M Irugalbandara
 Director

For and Behalf of Hunas Holdings PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED


Secretaries

29th August 2025
Colombo



FINANCIAL STATEMENT & RELATED DISCLOSURES

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF THE HUNAS HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hunas Holdings PLC (the Company) and the consolidated financial statements of the Company and its subsidiaries (the Group), which comprise the statement of financial position as at 31 March 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Recoverability of Investment in subsidiaries Refer note 3.1.2 and note 17 to the financial statements for disclosures of related accounting policies, judgments, estimates and balances. As at 31 March 2025, the carrying value of investments in subsidiaries amounted to Rs.2,102 Mn in the company's statement of financial position. The Management performed an impairment assessment for investments made in subsidiaries where an indicator of impairment was identified. In determining the recoverability of the investments in subsidiaries management considered the impact of the current growth in economic conditions on the operational cash flows of the subsidiaries. During the year ended 31 March 2025, the Company has recognised an additional impairment on investments in subsidiaries. We considered the recoverability of investments made in subsidiaries as a key audit matter because the: • Carrying value of the investments in subsidiaries in the statement of financial position is significant; and • inherently subjective nature of determining the recoverable amounts due to the use of estimates and assumptions	Our audit procedures included the following: - Obtained an understanding of the process by which management evaluates the recoverability of investments in subsidiaries; - Evaluated management's assessment in determining whether there are any indicators that the carrying amount of investments in subsidiaries may not be recoverable; - Where impairment indicators were noted by management, satisfied ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; - Assessed the valuation methodologies used, cash flow forecast prepared by the management against our own expectations based on our knowledge of the subsidiaries and experience of the industry in which it operates and obtained written management representations on future growth strategies. - Validated the weighted average of cost of capital (WACC) and terminal growth rate used by the management in the value in use (VIU) computation from the internal valuation experts. - Evaluated reasonableness of the management assumptions made by comparing them to historical results of subsidiaries and external market sources. We tested the mathematical accuracy of the underlying calculations in the discounted cash flow valuation model. - Assessed the adequacy of the disclosures made in the financial statements.
Assessment of fair value of Investment property As at 31 March 2025, the Company carries its investment property at fair value, amounting to Rs. 990 Mn. The Company has engaged an independent professional Valuer with appropriate expertise to determine the fair value of these investment properties. Estimating the fair value is a complex process which involves a significant degree of judgement and estimates in respect of price per perch of the land and value per square feet of the building. We identified this as a key audit matter because of the significance of the value of these properties to the financial statements and the significant judgement and estimates used in the valuation methodology.	Our audit procedures included the following: - Assessed the objectivity, independence, competence and qualifications of the external valuer. - Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in assessing the fair value of the investment property. - Discussed with the management and the external valuer on the reasonability of the method and assumptions used in the valuation. - Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including the appropriateness of valuation techniques, per perch price and value per square foot with the assistance of internal valuation specialist. - Assessed the adequacy of the disclosures made in the financial statements.

The Group

We have determined that in respect of the group there are no key audit matters to communicate in our audit opinion.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Company and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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 Company and the consolidated financial statements of the Group 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 3991.



CHARTERED ACCOUNTANTS
Colombo
29 August 2025

FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31 MARCH 2025

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	5	1,334,737,635	799,407,223	98,486,714	99,241,067
Cost of Sales		(948,930,085)	(767,966,790)	(29,349,469)	(32,071,825)
Gross Profit		385,807,550	31,440,433	69,137,245	67,169,242
Other Income	6	142,785,091	92,425,870	55,455,924	15,747,119
Marketing and Promotional Expenses		(12,618,332)	(14,460,206)	(4,838,199)	(5,387,509)
Administrative Expenses		(577,050,620)	(419,075,071)	(276,431,700)	(135,843,251)
Finance Costs	7	(251,080,231)	(186,000,903)	(71,190,239)	(48,809,141)
Finance Income	8	74,991,720	48,465,582	70,885,256	48,465,582
Share of Profit / (Loss) from Associates	17.2	19,946,819	10,989,589	-	-
Gain/(Loss) on Disposal of Subsidiaries & Associates	6	565,848,238	-	(39,982,139)	-
Profit/(Loss) before tax	9	348,630,234	(436,214,706)	(196,963,851)	(58,657,959)
Income Tax (Expense) /Reversal	10	(125,440,973)	(37,849,794)	19,616,383	18,902,682
Profit/(Loss) for the year		223,189,261	(474,064,500)	(177,347,468)	(39,755,277)
Basic /Diluted Earning/ (Loss) per share	11	0.25	(0.53)	(0.21)	(0.05)
Profit/ (Loss) attributable to:					
Equity holders of the owners of the parent		214,462,077	(451,656,167)		
Non-controlling Interest		8,727,184	(22,408,333)		
Profit/(Loss) for the year		223,189,261	(474,064,500)		

FINANCIAL STATEMENTS
OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit/(Loss) for the year		223,189,261	(474,064,500)	(177,347,468)	(39,755,277)
Other comprehensive Income/ (Loss)					
Items that will never be realised to profit or loss					
Actuarial gain/(loss) on defined benefit obligation	27	495,502	20,856,956	632,151	(381,938)
Deferred tax impact on actuarial gain/(loss)		(148,651)	(6,142,505)	(189,645)	114,582
Net other Comprehensive Income/ (Loss) not to be reclassified to profit or loss		346,851	14,714,450	442,506	(267,357)
Other Comprehensive Income/ (Loss) for the year, net of tax		346,851	14,714,450	442,506	(267,357)
Total Comprehensive Income/ (Loss) for the year, net of tax		223,536,112	(459,350,049)	(176,904,964)	(40,022,634)
Total Comprehensive Income / (Loss) attributable to:					
Equity holders of the company		214,808,928	(436,941,716)		
Non-controlling interests		8,727,184	(22,408,333)		
Total Comprehensive Income/ (Loss) for the year, net of tax		223,536,112	(459,350,049)		

Figures in brackets indicate deductions

The accounting policies and notes on pages 95 through 145 form an integral part of the financial statements.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

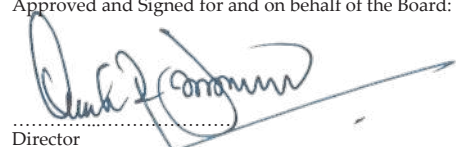
AS AT 31 MARCH 2025	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	3,667,486,874	4,503,346,469	14,827,001	18,410,965
Right of use assets	13	73,203,384	78,106,248	-	-
Intangible assets	14	25,226,865	25,851,149	-	-
Bearer biological assets	15.1	1,244,977,111	1,179,751,891	-	-
Consumable biological assets	15.2	112,250,000	112,250,000	-	-
Investment properties	16	1,705,192	1,927,097	999,000,000	955,207,020
Amounts due from related parties	20	40,000,000	40,000,000	40,000,000	40,000,000
Investment in subsidiaries	17.1	-	-	2,102,152,161	2,223,696,481
Investment in equity account investees	17.2	47,396,014	309,587,466	67,816,000	333,903,000
		5,212,245,440	6,250,820,320	3,223,795,162	3,571,217,466
Current assets					
Inventories	18	43,654,970	138,909,650	3,191,059	1,415,543
Trade and other receivables	19	57,770,981	50,034,412	10,347,017	7,362,946
Amounts due from related parties	20	33,157,625	57,725	673,303,797	239,231,118
Advance, deposits and prepayments	21	42,759,985	49,056,019	19,681,964	16,248,077
Tax recoverable		614,509	847,611	37,802	311,702
Short Term Investment	22	50,725,196	53,642,518	-	-
Cash and cash equivalents	23	86,374,604	19,620,845	12,887,903	8,155,981
		315,057,870	312,168,780	719,449,542	272,725,367
Total assets		5,527,303,310	6,562,989,100	3,943,244,704	3,843,942,833
EQUITY AND LIABILITIES					
Total equity attributable to equity holders of the company					
Stated capital	24	4,468,573,000	4,468,573,000	4,468,573,000	4,468,573,000
Reserves	25	531,929,285	531,929,285	531,929,285	531,929,285
Retained earnings		(2,610,993,819)	(2,838,319,901)	(2,013,944,899)	(1,837,039,937)
Non controlling interest		406,278,146	418,859,930	-	-
Total equity		2,795,786,612	2,581,042,314	2,986,557,386	3,163,462,348
Non-current liabilities					
Interest bearing loans and borrowings	26	840,510,822	879,939,183	-	-
Deferred tax liability	10	411,166,886	344,807,531	207,726,941	227,427,579
Employee benefit liability	27	30,288,848	36,997,322	3,890,784	4,098,472
		1,281,966,556	1,261,744,036	211,617,725	231,526,051
Current liabilities					
Interest bearing loans and borrowings	26	569,646,596	552,700,278	408,664,058	405,313,866
Trade and other payables	28	387,486,589	628,957,868	52,145,921	40,502,592
Amounts due to related parties	20	487,443,605	1,535,406,629	279,286,262	-
Reservation advance	29	4,973,352	3,137,975	4,973,352	3,137,975
Total Liabilities		1,449,550,142	2,720,202,750	745,069,593	448,954,433
Total equity and liabilities		5,527,303,310	6,562,989,100	3,943,244,704	3,843,942,833

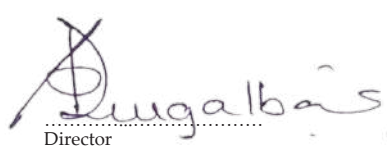
The above statement of financial position are to be read in conjunction with notes to the financial statements on page 95 to 145.

I certify that the financial statements for the year ended 31st March 2025 are in compliance with the requirements of the Companies Act No. 07 of 2007.


Group Chief Financial Officer

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


Director


Director

29 August 2025

FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2025

GROUP	Stated capital Rs	Revaluation reserve Rs.	Retained earnings Rs.	Non controlling interest Rs.	Total Rs.
Balance as at 31 March 2023	4,336,573,000	531,929,285	(2,401,378,184)	33,300,455	2,500,424,556
Loss for the year	-	-	(451,656,167)	(22,408,333)	(474,064,500)
Acquisition of subsidiaries	-	-	-	407,967,807	407,967,807
Infusion of share capital	132,000,000	-	-	-	132,000,000
Actuarial gain on defined benefit obligation	-	-	20,856,956	-	20,856,956
Deferred tax impact on actuarial gain on defined benefit obligation	-	-	(6,142,505)	-	(6,142,505)
Balance as at 31 March 2024	4,468,573,000	531,929,285	(2,838,319,901)	418,859,930	2,581,042,314
Profit/(Loss) for the year	-	-	214,462,077	8,727,184	223,189,261
Acquisition of Subsidiary - 3% (Note - 17.2)	-	-	517,154	(15,517,154)	(15,000,000)
Acquisition of Subsidiaries	-	-	-	30,000,000	30,000,000
Disposal of Subsidiaries	-	-	-	(35,791,814)	(35,791,814)
Reversal of prior consolidation fair value adjustment (subsidiary correction)	-	-	12,000,000	-	12,000,000
Actuarial gain on defined benefit obligation	-	-	495,502	-	495,502
Deferred Tax of Actuarial gain on defined benefit obligation	-	-	(148,651)	-	(148,651)
Balance as at 31 March 2025	4,468,573,000	531,929,285	(2,610,993,819)	406,278,146	2,795,786,612

Figures in brackets indicate deductions

The accounting policies and notes on pages 95 through 145 form an integral part of the financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY CONTD...

YEAR ENDED 31 MARCH 2025

COMPANY	Stated capital Rs.	Revaluation reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 31 March 2023	4,336,573,000	531,929,285	(1,797,017,303)	3,071,484,983
Loss for the year	-	-	(39,755,278)	(39,755,278)
Deferred tax of actuarial gain on defined benefit obligation	-	-	114,582	114,582
Actuarial loss on defined benefit obligation	-	-	(381,938)	(381,938)
Infusion of share capital	132,000,000	-		132,000,000
Balance as at 31 March 2024	4,468,573,000	531,929,285	(1,837,039,937)	3,163,462,348
Profit/ (loss) for the year	-	-	(177,347,468)	(177,347,468)
Actuarial gain on defined benefit obligation	-	-	632,151	632,151
Actuarial gain on defined benefit obligation - net of tax	-	-	(189,645)	(189,645)
Balance as at 31 March 2025	4,468,573,000	531,929,285	(2,013,944,899)	2,986,557,386

The accounting policies and notes on pages 95 through 145 form an integral part of the financial statements.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

AS AT 31 MARCH 2025	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Profit/ (Loss) before taxation		348,630,234	(436,214,706)	(196,963,852)	(58,657,959)
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	12	279,156,711	54,743,483	5,872,523	8,775,988
Depreciation of right of use assets	13	4,902,864	4,902,863	-	-
Amortization of intangible assets	14	436,784	220,334	-	-
Depreciation of bearer biological assets	15	51,199,780	33,996,943	-	-
Depreciation of investment properties	16	221,905	221,905	(43,792,980)	-
Profit from disposal of property, plant & equipment		(1,300,000)	(3,000,000)	-	(3,000,000)
Profit from disposal of Associates & Subsidiaries		(565,848,239)	-	39,982,139	-
Impairment of Subsidiaries		-	-	110,081,151	-
Finance costs	7	251,080,231	186,000,903	-	48,809,141
Finance income		(74,948,019)	(48,465,582)	-	(48,465,582)
Share of Profit from associates		(19,946,819)	(10,989,589)	-	-
Revaluation gain of biological assets		-	(72,665,964)	-	-
Provision for bad Debts		2,627,490	-	2,627,489	-
Provision for defined benefit obligation	27	18,975,215	3,502,428	498,001	1,150,666
Operating profit before working capital changes		295,188,139	(287,746,983)	(81,695,528)	(51,387,745)
(Increase)/ Decrease in inventories		96,034,022	(109,598,483)	(1,775,516)	299,021
(Increase)/decrease in trade and other receivables		(10,364,059)	(24,741,469)	(5,611,560)	(1,197,290)
Decrease in amounts due from related parties		233,841,998	484,258,511	(437,072,679)	(122,757,194)
(Increase)/decrease in advance and prepayments		(260,763,607)	(28,628,955)	(3,075,635)	(15,080,319)
Increase in trade and other payables		(216,736,936)	435,095,511	13,752,606	(10,476,917)
Increase/(decrease) in amounts due to related parties		(340,405,017)	5,051,790	264,286,262	(77,133,919)
Cash generated from operations		(203,205,460)	473,689,923	(251,192,051)	(277,734,363)
Interest paid		(245,877,683)	(186,000,903)	-	(48,809,141)
Tax paid		-	-	-	-
Gratuity paid	27	(5,203,790)	(3,243,470)	(705,690)	(1,001,650)
Net cash flows from operating activities		(454,286,932)	284,445,549	(251,897,741)	(327,545,154)
Cash flows (used in) / from investing activities					
Acquisition of property, plant and equipment	12	(71,713,295)	(555,766,040)	(2,288,559)	(7,490,413)
Additions to biological assets	15	(116,425,000)	(132,511,993)	-	-
Proceeds from disposal of property, plant and equipment		1,300,000	3,000,000	-	3,000,000
Finance income received		74,948,019	48,465,582	-	48,465,582
Dividend Received		10,080,000	10,320,000	-	-
Disposal/(Acquisition) of subsidiaries		-	22,234	-	-
Proceeds from Disposal of Subsidiaries		255,568,029	-	255,568,029	-
(Investments) fixed deposits	22	(5,032,475)	(4,410,890)	-	-
Net cash flows used in investing activities		148,725,278	(630,881,106)	253,279,470	43,975,169
Cash flows from/(used in) financing activities					
Repayment of lease liabilities	26	(11,308,825)	(6,121,875)	-	-
Repayments of interest bearing loans and borrowings	26	(241,111,463)	(198,610,137)	-	283,550,076
Proceeds from interest bearing loans and borrowings	26	694,247,637	495,435,144	6,000,000	-
Net cash used in Financing activities		441,827,349	290,703,132	6,000,000	283,550,076
Net increase/(decrease) in cash and Cash equivalents		136,265,695	(55,732,425)	7,381,730	(19,910)
Cash and cash equivalents at the beginning of the year	23	(73,772,068)	(18,039,644)	2,842,115	2,862,026
Cash and cash equivalents at the end of the year	23	62,493,626	(73,772,068)	10,223,845	2,842,115

Figures in brackets indicate deductions

The accounting policies and notes on pages 95 through 145 form an integral part of the financial statements.

ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 REPORTING ENTITY

Hunas Holdings PLC (previously known as Hunas Falls Hotels PLC) is a Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at No 23, Alfred Place, Colombo 03, and the principal place of the business is situated at Elkaduwa, Kandy. During the year the parent entity infused capital through equity in the form of shares which parent entity owns in other companies to the Company with the intention of augment the asset position of the Company.

1.2 CONSOLIDATED FINANCIAL STATEMENTS

The Financial Statements for the Year ended 31 March 2025 comprise “the Company” referring to Hunas Holdings PLC as the holding Company and the “Group” referring to companies that have been consolidated therein together with the group’s Interests in Equity Accounted Investees.

1.3 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

Descriptions of the nature of operations and principal activities of the Company, its Subsidiaries, associates and investment in equity shares were as follows.

1.3.1 PARENT COMPANY

Hunas Holdings PLC

The Company owns and operates Hunas Falls Hotels, which is targeted at the up market leisure travelers.

1.3.2 SUBSIDIARIES

Amunumulla Suhada Electricity Generation Company (Private) Limited

The principal activity of the Company is to carry on the business as consultants, designers, generators, decorators, contractors, builders, promoters, suppliers, merchants, generation transmission and distribution electrical energy. The Company has not yet commenced the commercial operations.

Boulder Gardens (Private) Limited

The principal activity of the Company is to carry on the business in hospitality and tourism projects related activities.

Hunas Properties (Private) Limited

The principal activity of the Company is to carry on the real estate operations. The Company has not yet commenced the commercial operations.

Rainforest Hotels (Private) Limited

The principal activity of the Company is to carry on the business in hospitality and tourism projects related activities.

Sustainable Energy Holdings (Private) Limited

The principal activity of the Company is to carry on the business of operate a mini hydro power plant to generate and supply of electricity to the national grid.

Suriyakanda Plantations (Private) Limited

The principal activity of the Company is carrying on the cultivation, manufacturing and sale of tea and other agricultural produce.

Hunas Falls Hotels (Private) Limited

The principal activity of the Company is to carry on the business in hospitality and tourism projects related activities. The Company has not yet commenced the commercial operations.

Kuruganga Hydro (Private) Limited

The principal activity of the Company is to carry on the business of operate a mini hydro power plant to generate and supply of electricity to the national grid.

Ecoray Renewables (Pvt) Limited

The principal activity of the Company is to engage in the generation of electricity through renewable energy sources and to supply the generated power to the national grid. As at the reporting date, the Company has not yet commenced operations as it was incorporated on 12th March 2025.

1.3.3 ASSOCIATES

Eratne Power Company (Private) Limited

The principal activity of the Company is to carry on the business of operation of mini hydro power plant, generate and supply of electricity to the national grid.

FINANCIAL STATEMENTS
ACCOUNTING POLICES (CONTD...)

- 1.4

PARENT ENTERPRISE AND ULTIMATE

Parent enterprise
In the opinion of the directors, the Company’s immediate parent is Serenity Lake Leisure (Pvt) Ltd, whereas, the ultimate parent undertaking and controlling party is TAD Lanka Holdings (Pvt) Ltd. Both Companies are incorporated and domiciled in Sri Lanka.
- 1.5

DIRECTOR’S RESPONSIBILITY STATEMENT

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
- 1.6

DATE OF AUTHORIZATION FOR ISSUE

The Consolidated financial statements of Hunas Holdings PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorized for issue by the Directors on 28th August 2025.
2.

BASIS OF PREPARATION
- 2.1

STATEMENT OF COMPLIANCE

The financial statements of the Company and the Group, which comprise the statement of financial position, statement of profit or loss, and other comprehensive income, statement of changes in equity and statement of cash flows together with the accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.
- 2.2

Weswin Power Galaha (Private) Limited

The principal activity of the Company is to carry on the business of power generation and supply it to the Ceylon Electricity Board.
- 2.2

Mercantile Produce Brokers (Private) Limited

The principal activity of the Company is providing tea brokering services.
- 2.2

Mercantile logistics (Pvt) Limited

The principal activity of the Company is to engage in freight forwarding services.

- 2.2

BASIS OF MEASUREMENT

The Financial Statements have been prepared on a historical cost basis except for lands which are measured at cost at the time of the acquisition and subsequently carried at fair value less accumulated impairment losses recognized after the date of revaluation.

No adjustments have been made for inflationary factors in the Consolidated financial statements.
- 2.3

GOING CONCERN

During the year ended 31st March 2025, the Company and the Group incurred net losses and net profit of Rs.176.90 Mn and Rs. 223.57 Mn, respectively, and the Group’s current liabilities exceeded its current assets by Rs.1,134.49 Mn, and the Company’s current liabilities exceeded its current assets by Rs.25.62 Mn. The current liabilities of the Group include amounts due to related parties totaling to Rs. 487.44 Mn.

Furthermore, the Company and Group remains dependent on continued financial support from its lenders, including existing credit facilities and additional funding required to meet operational and financing obligations. Notwithstanding this, the Financial Statements has been prepared on the going concern as the management has performed a detailed assessment of the Company’s and Group’s ability to continue operations for a period of at least twelve months from the reporting date. This assessment included a review of cash flow forecasts, funding requirements, and potential future scenarios and are detailed below.

The Company believes that the Leisure Sector will experience significant growth in the coming years, supported by improvements in economic stability under the supervision of the Central Bank of Sri Lanka, the relaxation of import restrictions, and the Government’s strong commitment to promoting tourism as a key source of foreign exchange for the country.

The Mini Hydro Power segment recorded substantial improvement which contributed positively to the group profitability and cash flows. The management is also exploring opportunities to expand investments in mini-hydro and solar power plants, which yield higher gross profit margins

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During the financial year, the Company disposed of Rainforest Tea Factory (Pvt) Ltd and its associate Mercantile Produce Brokers (Pvt) Ltd to reduce exposure to loss-making entities, thereby the Group's financial position and working capital requirements are expected to improve in the future.

To further strengthen operations and financial performance, management has implemented and is pursuing the following initiatives:

Launching a landmark hospitality project in collaboration with renowned hotelier Mr. Adrian Zecha, aimed at providing a distinctive experience to both local and international customers. This project, which has already been disclosed to the Colombo Stock Exchange, is expected to generate significant cash inflows and profitability once implemented.

Improving the operations of Suriyakanda Plantation (Pvt) Ltd with the expertise of an external consultant engaged in 2024, with the objective of streamlining operations and minimizing the negative impact on the Group's financial performance.

Implementing a new ERP system in the hotel business to enhance operational efficiency and enable data-driven decision-making.

Securing financing for expansion through private placements and low-cost bank borrowings, as appropriate.

Further the company had obtained a letter of financial support, dated 29 August 2025, provided by the Board of Directors of TAD Lanka Holdings (Pvt) Limited, the Ultimate Parent Company. Through this letter of support the Directors of TAD Lanka Holdings (Pvt) Limited:

Acknowledges that there are no current plans for the payables to be called for a minimum period of 12 months from the date of signing the 31 March 2025 financial statements. However, should they be called within the 12 months period referred to above, payments will only be required to the extent that they do not impact the entity's ability to meet its financial obligations as and when they fall due and payable.

Confirm to provide financial support to the Company and its subsidiaries to ensure it can pay its debts as and when they fall due and payable. This undertaking is provided for a minimum of 12 months period from the date of signing the Financial Statements for the period ended 31 March 2025.

The company and group also obtains necessary short and long term funding from financial institutions when required. Moreover, the Board of Directors Hunas Holdings PLC have no plans to liquidate the Company or cease operations in the near future.

In view of the above, the Board of Directors have determined that there is no material uncertainty that casts significant doubt on the Company's and the Group's ability to continue as a going concern at least for a period of 12 months from the date of signing these financial statements. Therefore, the Board of Directors have concluded that the preparation of financial statements on a going concern basis is appropriate. Therefore, the financial statements have been prepared on a going concern basis, which assumes that the Company and Group will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Sri Lanka Rupees (Rs), which is the Company's functional and presentation currency. All values are rounded to the nearest rupee except when otherwise indicated.

2.5 MATERIALITY AND AGGREGATION

Each material class of similar items is presented separately in the Consolidated financial statements.

Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and classification of the Financial Statement of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

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2.7 OFFSETTING

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 BASIS OF CONSOLIDATION

The Consolidated financial statements encompass the Company, its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees (Associates). Subsidiaries and equity accounted investees are disclosed in Note 17 to the financial statements.

3.1.1 SUBSIDIARIES

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:
 - The contractual arrangement(s) with the other vote holders of the investee;
 - Rights arising from other contractual arrangements; and
 - The Group's voting rights and potential voting right.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or Loss and each component of Other comprehensive income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value. The subsidiaries and their controlling percentages of the Group, which have been consolidated, are as follows:

3.1.2 ACQUISITION OF SUBSIDIARIES

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLFRS 3 - Business Combination. Investment subsidiaries are carried at cost less impairments (if any) in the separate financial statements.

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Subsidiary Name	2025	2024
Suriyakanda Plantations (Pvt) Ltd	100%	100%
Hunas Properties (Pvt) Ltd	100%	100%
Amunumulla Suhadha Electrical Generation Company (Pvt) Ltd	100%	100%
Sustainable Energy Holdings (Pvt) Ltd	100%	100%
Hunas Falls Hotels (Pvt) Ltd	100%	100%
Boulder Gardens (pvt) Ltd	90%	90%
Rainforest Hotels (Pvt) Ltd	90%	90%
Kuruganga Hydro (Pvt) Ltd	44%	41%
Ecoray Renewables (Pvt) Ltd	90%	-
TAD Cinnamon (Pvt) Ltd	-	100%
Rainforest Tea Factory (Pvt) Ltd	-	90%

3.1.3 EQUITY ACCOUNTED INVESTEEES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in its associates are accounted at cost in the Company financial statements. The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, The Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are

eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associates are shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associates. At each reporting date, the Group determines whether there is objective evidence that the investment in the associates is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, and then recognizes the loss as 'Share of profit of an associates' in the statement of profit or loss. Upon loss of significant influence over the associates, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss. Associates of the Group/Company are.

Company Name	2025	2024
Eratne Power Company (Private) Limited	30%	30%
Weswin Power Galaha (Private) Limited	20%	20%
Mercantile Logistics (Private) Limited	30%	-
Mercantile Produce Brokers (Private)Limited	-	20%

3.2 BUSINESS COMBINATION AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measures the non- controlling interests

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in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS9 is measured at fair value at each reporting date with changes in fair value recognised in the Statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading "Non-controlling Interest".

3.3 FOREIGN CURRENCY

3.3.1 TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in Statement of profit or loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognized in Other comprehensive income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates 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

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non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or nonmonetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

3.4 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized 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 a 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
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.5 PROPERTY, PLANT AND EQUIPMENT

3.5.1 INITIAL RECOGNITION

All property, plant and equipment are initially stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing 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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of profit or loss as incurred.

3.5.2 SUBSEQUENT MEASUREMENT

Property, plant and equipment other than land and buildings are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria is met. Land and Buildings are subsequently measured at fair value less accumulated depreciation and such valuations are carried out by external independent valuers. Valuations are performed with sufficient frequency every three to five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognized in Other comprehensive income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the Statement of profit or loss, in which case the increase is recognized in the Statement of profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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3.5.3 DEPRECIATION

Depreciation is calculated on a straight-line basis over the useful life of assets or components. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

Asset Category	Years
Buildings and building integrals	5 to 45 Years
Plant and equipment	5 to 20 Years
Kitchen, hotel, sport and laundry equip- ment	4 to 18 Years
Water supply and sanitation	7 years
Field and factory equipment	8 Years
Electrical equipment	10 to 18 Years
Office equipment	10 to 14 Years
Computer equipment & software	04 to 09 Years
Furniture and fittings	04 to 19 Years
Swimming pool	10 Years
Satellite TV system	02 to 10 Years
Sewerage treatment plant	10 to 20 Years
Motor vehicles	05 Years
Kitchen utensils	04 Years
Cutlery and crockery	02 Years
Linen	02 Years
Road network	20 Years

3.5.4 SUBSEQUENT COSTS

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

3.5.5 DE-RECOGNITION

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. 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-recognized. The revaluation surplus included in the equity in respect of an item of property, plant and equipment is transferred directly to equity when the assets are de-recognized.

3.6 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Leases
The Group assesses at contract 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.

3.6.1 GROUP AS A LESSEE

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

3.6.2 BASIS OF RECOGNITION

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured 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 recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Properties	27 Years
Motor vehicles	5 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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3.6.3 LEASE LIABILITIES

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest bearing loans and borrowings.

3.6.4 SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applied the 'short-term lease' and 'lease of low value assets' recognition exemptions during the year for any lease contracts.

3.7 INTANGIBLE ASSETS

Basis of recognition of an intangible asset is recognized if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful life of intangible asset is assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

The useful life of intangible asset is as follows:

Software	05 years
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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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortization was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

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3.8 INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair values of investment properties are included in the Statement of profit or loss in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer.

Investment properties are derecognized either when they have been disposed of, or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amounts of the asset is recognized in Statement of profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3.9 BIOLOGICAL ASSETS

Biological assets are classified as either mature biological assets or immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea and other plantations are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea and other plantations, being biological assets that are not intended to be sold or harvested, but are used to grow for purpose of harvesting agricultural produce from such biological assets. Consumable biological assets include

managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

3.9.1 BEARER BIOLOGICAL ASSET

Bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

3.9.2 CONSUMABLE BIOLOGICAL ASSET

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The gain or loss arising on initial recognition of consumable biological assets at fair value less cost to sell and from a change in fair value less cost to sell of consumable biological assets are included in Statement of Profit or Loss for the period in which it arises.

Permanent impairments to biological asset are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.10 FINANCIAL INSTRUMENTS

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

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3.10.1 FINANCIAL ASSETS

3.10.1.1 INITIAL RECOGNITION AND MEASUREMENT

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

3.10.1.2 SUBSEQUENT MEASUREMENT

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

- Financial assets at amortised cost (debt instruments);

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

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, and loan to an employees included under other non-current financial assets.

3.10.1.3 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OCI (EQUITY INSTRUMENTS)

Upon initial recognition, the Group 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 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 Group 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 Group

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

3.10.1.4 DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Group’s consolidated financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.10.1.5 IMPAIRMENT OF FINANCIAL ASSETS

Further disclosures relating to impairment of financial assets are also provided in the following notes:

The Group 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 Group 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 receivable the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For this purpose, the Company has established a provision matrix that is based on its historical credit loss experience, adjusted, if any; for forward-looking factors specific to each debtor and the economic characteristics. Company is making a 100% provision for all the debtors aged more than 180 days.

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

3.10.2 FINANCIAL LIABILITIES

3.10.2.1 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.

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All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

3.10.2.2 SUBSEQUENT MEASUREMENT

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

3.10.2.3 LOANS AND BORROWINGS

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

3.10.2.4 DERECOGNITION

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

3.10.3 OFFSETTING OF FINANCIAL INSTRUMENTS

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

3.10.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;and
- A discounted cash flow analysis or other valuation models.

3.11 INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials: Purchase cost on a weighted average basis.

Finished goods and work in progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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.

3.12 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group 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 Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other

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assets or groups of assets. When 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 of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A longterm growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU'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 recognized in the statement of profit or loss.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that

the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

3.14 PROVISIONS

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

3.15 EMPLOYEE BENEFITS

3.15.1 DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees. The Company contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

3.15.2 DEFINED BENEFIT PLANS

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A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Current service cost interest cost are recognized in the statement of profit or loss while any actuarial gains or losses arising are recognized in other comprehensive income.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 23. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

3.16 REVENUE FROM CONTRACTS WITH CUSTOMERS Revenue from contracts with customers is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The specific recognition criteria described below must also be met before revenue is recognised.

3.16.1 ROOM, FOOD AND BEVERAGE

Revenue

Room revenue is recognized on the rooms occupied on a daily basis and food and beverage and other hotel related sales are accounted for at the point of sales.

3.16.2 INTEREST INCOME

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

3.16.3 GAINS AND LOSSES

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognized net within “other income” in profit or loss.

3.16.4 OTHERS

Other income is recognised on an accrual basis.

3.17 EXPENSES

Expenses are recognized in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

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

3.17.1 FINANCE COSTS

Finance costs comprise interest expense on borrowings and exchange loss on foreign currency transactions which have been recognized in the Statement of profit or loss when arriving at the profit for the year.

3.18 TAX EXPENSE

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive income.

3.18.1 CURRENT TAX

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Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability or asset arises from the initial recognition of goodwill or 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.

In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only 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. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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: In respect of deductible temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only 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 tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in the Statement of profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

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4.1 EVENTS OCCURRING AFTER THE REPORTING DATE

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

4.2 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.3 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

4.4 New and amended Accounting Standards that are effective for the current year and IFRS Accounting Standards in issue but not yet effective

In the current year, the Group/Company has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on

the amounts reported in these financial statements.

i. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance

ii. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

iii. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

i. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance

The Group/Company has adopted the amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements for the first time in the current year. The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

ii. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The Group/Company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year. The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and

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introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

iii. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The Group/Company has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

New and revised IFRS Accounting Standards in issue but not yet effective

The following standards and interpretations had been issued but not mandatory for annual reporting period ended 31 March 2025. The following amended standards and interpretations are not expected to have a significant impact on the Group's and the Company's financial statements.

i. IFRS 18 Presentation and Disclosures in Financial Statements
IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7.

Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 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; and

- Improve aggregation and disaggregation.
An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 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 group's/ company's consolidated financial statements in future periods.

4.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements in conformity with SLFRS/LKAS's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

4.5.1 IMPAIRMENT ASSESSMENT OF INVESTMENT IN SUBSIDIARIES

The company test its investment in subsidiaries for impairment annually. The recoverable amount of the investment in subsidiary where impairment indication exists were determined based on value in use (VIU) calculation.

The VIU calculation apply discounted cashflow (DCF) model using cash flow projection based on the forecasted

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and projection approved by the management.

In the DCF model, the pre cash flows have been discounted using the re-tax discount rate. Theses forecast and projection reflect the management expectation of revenue growth, operating cost and margin for the subsidiary based on the experience and further plan and strategies.

The following key assumption were applied in the value in use computation.

1. EBITDA Margin

Projected EBITDA margin is determined based on expected growth potential of the business

2. Free cashflow growth rate

FCF growth projection are based on expected growth in operational cash flows. Further in determining the free cash flows the management has considered the future expected repayment of related party payable balance and the expected capital expenditure to achieve its expected plan and strategies.

3. Pretax discount rate

Pretax discount rate of group is used at the discount rate for cash flow projection

4. Terminable growth rate

Terminable growth rate of 3% reflect the management expectation on the growth potential of the business in Sri Lanka for the foreseeable future.

4.5.2 REVALUATION OF LAND AND BUILDINGS

The Group measures lands and buildings which are recognised as property, plant & equipment at revalued amount with change in value being recognised in the Statement of Other comprehensive income. The valuer has used valuation techniques such as open market value. Further details on Revaluation of land and buildings are disclosed in Note 12.2 to the financial statements. The revaluations are performed with sufficient frequency (every three to five years).

4.5.3 FAIR VALUATION OF CONSUMABLE

BIOLOGICAL ASSETS

The fair value of managed agarwood depends on number of factors that are determined on a discounted method using various financial and nonfinancial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. As at the reporting date, the inoculation process has not commenced and hence the agarwood trees are not in its harvesting / mature state. As a result the resin quality and yield remains uncertain. Considering this, the consumable biological assets are continued to be measured at its acquisition of the Subsidiary on 31 January 2022. The timing harvest of trees can generally be only after two to three years of artificial inoculation.

4.5.4 BEARER BIOLOGICAL ASSETS

A mature plantation is an area of land developed with crops such as tea and other crops which has been brought into bearing ready for commercial harvesting. Hence, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting which depends on growth of plants, weather patterns and soil condition. Therefore, immature to mature transfer require significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

4.5.5 MEASUREMENT OF THE DEFINED BENEFIT OBLIGATIONS

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

4.5.6 TAXES

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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4.6 FAIR VALUE MEASUREMENT

The Group measures lands and buildings at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarized in the following notes:

- Lands and buildings under revaluation model - Note 12.2 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 ;and
- 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 Group. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized 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 at a fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management determines the policies and procedures for recurring fair value measurement, such as land and buildings.

External valuers are involved for valuation of Lands and buildings. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group 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.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2025

5. Revenue

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	5.1	1,338,891,659	800,875,798	102,640,738	100,709,642
Tourism development levy		(1,043,419)	(1,013,708)	(1,043,419)	(1,013,708)
Turnover tax		(1,043,419)	(454,867)	(1,043,419)	(454,867)
SSCL Tax		(2,067,186)	-	(2,067,186)	-
		1,334,737,635	799,407,223	98,486,714	99,241,067
5.1 Revenue from contracts with customers over time/period of stay					
Room revenue		73,671,339	58,903,867	57,641,543	46,710,224
At a point of time					
Food and beverage income		57,069,890	63,187,912	44,999,195	53,999,418
Tea and coffee sales income		783,485,014	674,976,825	-	-
Spices sales income		1,131,075	1,245,250	-	-
Income from power generation		423,534,341	2,561,943	-	-
Total revenue		1,338,891,659	800,875,798	102,640,738	100,709,642

6. Other Income

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Other hotel related income		1,582,944	5,427,119	1,582,944	5,427,119
Rent income		3,305,772	3,360,907	-	-
Dividends		-	-	10,080,000	10,320,000
Disposal Gain/(Loss) of Property Plant and equipment		1,300,000	-	-	-
Disposal Gain/(Loss) of Investment Property		5,502,023	-	-	-
Fair value gain on investment property		-	-	43,792,980	-
Write Back of related party payables - Ultimate Parent		74,590,711	-	-	-
Other income		56,503,641	10,971,880	-	-
Bargaining purchase	17	-	72,665,964	-	-
		142,785,091	92,425,870	55,455,924	15,747,119
Disposal Gain/(Loss) of Subsidiary		570,906,509	-	(40,895,139)	-
Disposal Gain/(Loss) of Associate		(5,058,271)	-	913,000	-
Impairment of Subsidiaries		-	-	-	-
		565,848,238	-	(39,982,139)	-
		708,633,329	92,425,870	15,473,785	15,747,119

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

7. Finance Cost

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest expense on bank overdrafts		80,708,695	63,610,843	71,190,239	48,809,141
Interest expense on leases		5,202,548	4,242,511	-	-
Interest expense on borrowings		165,037,781	118,024,769	-	-
Credit card commission		123,836	115,671	-	-
Foreign exchange loss		7,371	7,109	-	-
		251,080,231	186,000,903	71,190,239	48,809,141

8. Finance Income

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest income		74,948,019	48,446,621	70,841,555	48,446,621
Foreign exchange gain on USD savings account		43,701	18,961	43,701	18,961
		74,991,720	48,465,582	70,885,256	48,465,582

9. Expenses by nature

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Included in cost of sales					
Employee benefits					
- Defined Contribution Plan costs - EPF & ETF		5,351,122	2,901,026	-	2,979,643
- Defined Benefit Plan costs - Gratuity		1,130,152	97,031	1,130,152	455,166
Included in administrative expenses					
Employee benefits					
- Defined Benefit Plan costs - Gratuity		9,415,434	3,405,397	-	695,500
- Defined Contribution Plan costs - EPF & ETF		10,573,756	6,965,707	7,396,693	1,979,356
Depreciation		112,048,632	28,556,721	5,872,524	8,775,990
Management fees		113,050,000	60,880,000	4,800,000	5,200,000
Audit and professional fees		5,425,145	6,801,618	3,192,000	3,178,540
Included in marketing and promotional expenses					
Marketing and sales promotions		3,829,634	3,070,079	3,547,850	4,394,583

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

10. Income tax expense

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Income Tax					
Current income tax charge	10.1	22,945,780	-	273,900	-
Adjustments in respect of current income tax of previous year		287,267	-	-	-
		23,233,047	-	273,900	-
Deferred Tax					
Relating to organisation and reversal of temporary differences	10.2	102,207,926	37,849,794	(19,890,283)	(18,902,682)
Income tax expense reported in the statement of profit or loss		125,440,973	37,849,794	(19,616,383)	(18,902,682)
Other comprehensive income					
Deferred tax related to items recognized in OCI during in year;					
On actuarial gains and losses		(148,651)	(6,142,505)	(189,645)	114,582
Deferred tax charged to OCI		(148,651)	(6,142,505)	(189,645)	114,582
Total income tax expense reported in statement of profit or loss and other comprehensive income		125,292,322	31,707,289	(19,806,029)	(18,788,100)

10.1 A reconciliation of tax expense and the accounting profit multiplied by the statutory tax rate is as follows;

AS AT 31 MARCH	Note`	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accounting loss before income tax expense		348,630,234	(436,214,706)	(196,963,852)	(58,657,959)
Share of loss/(Profit) of equity accounted investees		(19,946,819)	(10,989,589)	-	-
Intra-group adjustments		(530,498,893)	(177,217,835)	-	-
Non deductible expenses for income tax purposes		316,577,670	98,148,854	102,320,036	10,601,730
Deductible expenses for income tax purposes		(225,412,861)	(209,872,700)	(81,957,210)	(60,521,475)
Other income categories		-	-	-	-
Business income		(110,650,669)	(736,145,977)	(176,601,026)	(108,577,704)
Tax losses utilized					
Tax losses brought forward		1,710,705,679	983,998,447	253,143,882	144,566,178
Adjustments to tax loss		(92,942,105)	(9,438,744)	(53,608,092)	-
Loss incurred during the year		241,690,624	736,145,977	176,601,026	108,577,704
Tax losses carried forward		1,859,454,198	1,710,705,679	376,136,816	253,143,882

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

10 Income tax expense (Contd...)

10.2 Deferred tax assets and liabilities relates to the followings - Group

AS AT 31 MARCH	2025		2024	
	Temporary difference Rs.	Deferred tax Rs.	Temporary difference Rs.	Deferred tax Rs.
Deferred tax liability				
Property, plant and equipment excluding revaluation	757,352,006	227,205,602	399,459,247	119,837,774
Revaluation of property, plant and equipment	1,049,346,178	314,803,853	1,005,553,198	301,665,959
	1,806,698,184	542,009,455	1,405,012,445	421,503,733
Deferred tax assets				
Employee benefit liability	(33,886,852)	(10,166,055)	(49,657,106)	(14,897,132)
Carried forward tax losses	(402,255,047)	(120,676,514)	(205,996,900)	(61,799,070)
	(436,141,899)	(130,842,569)	(255,654,006)	(76,696,202)
	1,370,556,285	411,166,886	1,149,358,438	344,807,531

AS AT 31 MARCH	Group	
	2025 Rs.	2024 Rs.
Deferred Tax (assets) / liabilities		
Balance as at 01 April	344,807,531	262,500,636
Acquisition through business combinations	-	38,314,597
Disposal of Subsidiaries	(35,997,222)	-
Deferred tax charge/ (reversal) - statement of profit or loss	102,207,926	37,849,794
Deferred tax charge/ (reversal) - statement of other comprehensive income	148,651	6,142,505
Balance as at 31 March	411,166,886	344,807,531
Included in :	-	-
Deferred tax liability	411,166,886	344,807,531
Deferred tax liability	411,166,886	344,807,531

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

10 Income tax expense (Contd...)

10.3 Deferred tax assets and liabilities relates to the followings - Company

AS AT 31 MARCH	2025		2024	
	Temporary difference Rs.	Deferred tax Rs.	Temporary difference Rs.	Deferred tax Rs.
Deferred tax liability				
Property, plant and equipment excluding land and buildings	7,162,567	2,148,770	12,980,284	3,894,085
Revaluation of land and buildings	999,000,000	299,700,000	955,207,020	286,562,106
	1,006,162,567	301,848,770	968,187,304	290,456,191
Deferred tax assets				
Employee benefit liability	(3,890,784)	(1,167,235)	(4,098,472)	(1,229,542)
Carried forward tax losses	(309,848,645)	(92,954,594)	(205,996,900)	(61,799,070)
	(313,739,429)	(94,121,829)	(210,095,372)	(63,028,612)
	692,423,138	207,726,941	758,091,932	227,427,579

AS AT 31 MARCH	Company	
	2025 Rs.	2024 Rs.
Deferred Tax (assets) / liabilities		
Balance as at 01 April	227,427,579	246,444,843
Deferred tax charge/ (reversal) - Statement of profit or loss	(19,890,283)	(18,902,682)
Deferred tax charge/ (reversal) - Statement of other comprehensive income	189,645	(114,582)
Balance as at 31 March	207,726,941	227,427,579

11 Earnings/ (Loss) per share

11.1 Basic earnings/(loss) per share is calculated by dividing the net profit/ (loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

11.2 The following reflects the income and share data used in the basic earnings/(loss) per share computation.

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Amount used as the numerator:				
Profit / (loss) attributable to ordinary shareholders for basic loss per share	214,462,077	(451,656,167)	(177,347,468)	(39,755,278)

Number of ordinary shares used as denominator:	2025 Number	2024 Number	2025 Number	2024 Number
Weighted average number of ordinary shares in issue	849,030,000	849,030,000	849,030,000	849,030,000
Profit/ (loss) per share	0.25	(0.53)	(0.21)	(0.05)

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

12 Property, plant and equipment - Group

Gross carrying amounts	Balance as at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	Disposal of Subsidiary Rs.	Balance as at 31.03.2025 Rs.
At cost/valuation					
Lands	859,587,827	11,075,750	-	(212,000,569)	658,663,008
Buildings and building integrals	2,979,988,768	28,538,810	-	(270,293,655)	2,738,233,923
Plant and equipment	737,569,237	20,279,821	-	(268,424,282)	489,424,775
Water supply and sanitation	2,013,722	-	-	-	2,013,722
Field and factory equipment	3,246,910	81,500	-	-	3,328,410
Kitchen, hotel, sport and laundry equipment	20,136,740	111,065	-	-	20,247,805
Electrical equipment	13,298,861	1,608,909	-	(1,878,853)	13,028,917
Office equipment	6,237,804	666,505	-	(1,528,280)	5,376,029
Computer equipment and software	18,940,032	479,000	-	-	19,419,032
Furniture and fittings	42,556,146	452,000	-	-	43,008,145
Swimming pool	17,352,176	-	-	-	17,352,177
Satellite TV system	3,445,799	-	-	-	3,445,799
Sewerage treatment plant	4,572,485	-	-	-	4,572,486
Motor vehicles	22,489,836	1,281,650	(2,250,000)	(18,769,129)	2,752,357
Linen	9,212,216	412,270	-	-	9,624,486
Kitchen utensils	1,105,949	-	-	-	1,105,949
Cutlery and crockery	3,426,171	93,382	-	-	3,519,553
Road network	6,301,003	-	-	-	6,301,003
Total value of depreciable assets	4,751,481,680	65,080,662	(2,250,000)	(772,894,768)	4,041,417,576
Construction in progress					
Buildings	216,433,871	6,632,633	-	(9,137,204)	213,929,300
Total	4,967,915,551	71,713,295	(2,250,000)	(782,031,972)	4,255,346,874

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

12 Property, plant and equipment - Group (Contd..)

Depreciation	Balance as at 01.04.2024	Charge for the year	Disposals	Acquisition through business combination	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.
At cost/valuation					
Buildings and building integrals	158,899,040	196,804,085	-	(60,619,692)	295,083,433
Plant and equipment	162,549,285	64,129,634	-	(65,219,939)	161,458,980
Water supply and sanitation	2,013,722	-	-	-	2,013,722
Field and factory equipment	3,075,469	260,031	-	(475,516)	2,859,983
Kitchen, hotel, sport and laundry equipment	17,409,227	958,739	-	-	18,367,967
Electrical equipment	5,647,987	867,931	-	(58,094)	6,457,824
Office equipment	3,516,725	484,490	-	(1,387,322)	2,613,893
Computer equipment and software	17,895,866	407,875	-	(255,383)	18,048,359
Furniture and fittings	36,344,375	2,245,323	-	-	38,589,698
Swimming pool	16,727,461	623,117	-	-	17,350,578
Satellite TV system	3,445,799	-	-	-	3,445,799
Sewerage treatment plant	3,182,806	257,764	-	-	3,440,570
Motor vehicles	17,140,632	11,504,945	(2,250,000)	(25,541,844)	853,733
Mechanical Equipment	-	58,000	-	-	58,000
Linen	9,122,781	174,201	-	-	9,296,981
Kitchen utensils	1,043,610	36,148	-	-	1,079,758
Cutlery and crockery	3,416,366	29,377	-	-	3,445,742
Road network	3,137,932	315,051	-	-	3,452,982
Total depreciation	464,569,083	279,156,711	(2,250,000)	(153,557,791)	587,918,003

Net book values	2025	2024
At cost/valuation		
Freehold land	658,663,008	859,587,827
Buildings and building integrals	2,443,150,490	2,821,089,728
Plant and equipment	327,965,796	575,019,952
Field and Factory Equipment	468,427	171,441
Kitchen, hotel, sport and laundry equipment	1,879,838	2,727,512
Electrical equipment	6,571,093	7,650,874
Office equipment	2,762,136	2,721,079
Computer equipment & software	1,370,673	1,044,166
Furniture and fittings	4,418,447	6,211,770
Swimming pool	1,599	624,715
Sewerage treatment plant	1,131,916	1,389,680
Motor vehicles	1,898,624	5,349,203
Linen	327,504	89,435
Kitchen utensils	26,191	62,339
Cutlery and crockery	73,811	9,805
Road network	2,848,021	3,163,071
Total carrying amount of property, plant and equipment	3,453,557,574	4,286,912,598
Construction in progress		
Buildings	213,929,300	216,433,871
Total carrying amount of property, plant and equipment	3,667,486,874	4,503,346,469

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

12 Property, plant and equipment - Group

12.1 During the financial year, the Group acquired Property, plant and equipment to the aggregate value of Rs. 65,080,662/- (2024 - Rs. 1,561,094,444/-).

12.2 The fair value of freehold lands and buildings was determined by means of a revaluation for the financial year 2022/2023 by Mr. J. M. Senanayake Bandara, Chartered Valuation Surveyor, an independent valuer in reference to market based evidence. The valuer has made reference to market evidence of transacted prices for similar size and location. Land and buildings acquired at acquisition of subsidiaries are stated at fair value at the acquisition date. Management has determine that the carrying value of the assets approximate the fair value as at 31 March 2023.

The financial statements of the group include the carrying value of assets at revalued amounts. If these assets are included on cost less depreciation basis, the carrying value of such assets is as follows;

	2025	2024
	Rs.	Rs.
Land	584,285,807	584,285,807
Buildings	2,463,505,746	2,705,260,591
	3,047,791,553	3,289,546,398
(-) Accumulated depreciation	(298,136,182)	(239,418,624)
Net book value as at 31 March	2,749,655,371	3,050,127,775

Fair value measurement hierarchy for assets as at 31 March 2025:

	Effective date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets measured at fair value:					
Non financial assets					
Lands	31 March 2023	658,663,008	-	-	658,663,008
Buildings	31 March 2023	2,443,150,490	-	-	2,443,150,490
Non financial assets as at 31 March 2025		3,101,813,498	-	-	3,101,813,498
Non financial assets					
Lands	31 March 2023	859,587,827	-	-	859,587,827
Buildings	31 March 2023	2,821,089,728	-	-	2,821,089,728
Non financial assets as at 31 March 2024		3,680,677,555	-	-	3,680,677,555

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

12 Property, plant and equipment - Company

	Balance as at 01.04.2024	Additions	Disposals	Transfer to investment property	Balance as at 31.03.2025
Gross carrying amounts	Rs.	Rs.	Rs.	Rs.	Rs.
At cost/valuation					
Plant and equipment	32,127,048	19,500	-	-	32,146,547
Kitchen, hotel, sport and laundry equipment	16,600,263	100,575	-	-	16,700,838
Electrical equipment	5,784,994	1,390,104	-	-	7,175,098
Office equipment	1,185,118	11,600	-	-	1,196,718
Computer equipment and software	17,469,163	258,000	-	-	17,727,163
Furniture and fittings	35,734,804	55,000	-	-	35,789,803
Swimming pool	17,352,176	-	-	-	17,352,176
Satellite TV system	3,445,799	-	-	-	3,445,799
Sewerage treatment plant	4,572,485	-	-	-	4,572,486
Motor vehicles	1,470,707	-	-	-	1,470,707
Linen	7,620,916	401,350	-	-	8,022,266
Kitchen utensils	1,105,949	-	-	-	1,105,949
Cutlery and crockery	3,001,700	52,430	-	-	3,054,130
Road network	6,301,003	-	-	-	6,301,003
Total value of depreciable assets	153,772,125	2,288,559	-	-	156,060,684

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

12 Property, plant and equipment - Company

Depreciation	Balance as at 01.04.2024 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.03.2025 Rs.
At cost/valuation				
Plant and equipment	29,502,218	1,174,312	-	30,676,530
Kitchen, hotel, sport and laundry equipment	15,111,885	879,962	-	15,991,847
Electrical equipment	3,779,819	572,789	-	4,352,608
Office equipment	1,032,354	71,717	-	1,104,071
Computer equipment & software	16,892,906	264,202	-	17,157,108
Furniture and fittings	31,834,034	1,491,087	-	33,325,121
Swimming pool	16,727,462	623,117	-	17,350,578
Satellite TV system	3,445,799	-	-	3,445,799
Sewerage treatment plant	3,182,805	257,764	-	3,440,570
Motor vehicles	1,470,707	-	-	1,470,707
Linen	7,531,481	172,381	-	7,703,861
Kitchen utensils	1,043,610	36,148	-	1,079,758
Cutlery and crockery	3,001,700	13,994	-	3,015,694
Road network	3,137,930	315,051	-	3,452,981
Total depreciation	137,694,709	5,872,523	-	143,567,232

Net book values	2025 Rs.	2024 Rs.
At cost/valuation		
Plant and equipment	1,470,018	2,624,830
Kitchen, hotel, sport and laundry equipment	708,991	1,488,378
Electrical equipment	2,822,490	2,005,175
Office equipment	92,647	152,764
Computer equipment & software	570,055	576,257
Furniture and fittings	2,464,683	3,900,770
Swimming pool	1,598	624,715
Sewerage treatment plant	1,131,916	1,389,680
Linen	318,404	89,435
Kitchen utensils	26,191	62,339
Cutlery and crockery	38,436	-
Road network	2,848,022	3,163,073
Total carrying amount of property, plant and equipment	12,493,452	16,077,416
Construction in progress		
Buildings	2,333,549	2,333,549
Total carrying amount of property, plant and equipment	14,827,001	18,410,965

During the financial year, the Company acquired Property, plant and equipment to the aggregate value of Rs. 2,288,559/- (2024 - Rs.5,156,864/-), whereas full consideration was settled in cash during the same period.

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

AS AT 31 MARCH	Note	Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
13 Right of Use Assets					
Cost					
Balance as at 01 of April		99,302,504	99,302,504	-	-
Balance as at 31 March		99,302,504	99,302,504	-	-
Depreciation					
Balance as at 01 of April		21,196,256	16,293,393	-	-
Amortization for the year		4,902,864	4,902,863	-	-
Balance as at 31 March		26,099,120	21,196,256	-	-
Net book value		73,203,384	78,106,248	-	-

13.1 List of lease contracts belongs to the Group

Nature of the property	Company	Lessor	Lease Term	Annual rental
Land	Suriyakanda Plantations (Private) Limited	Hapugasthanna Plantations PLC	2020 - 2046	2,000,000
Motor vehicles	Suriyakanda Plantations (Private) Limited	AMW Capital Leasing and Finance PLC	2021 - 2026	153,142

13.2 Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Land Rs.	Motor Vehicles Rs.	Total Rs.
As at 01 April 2024	74,788,188	3,318,059	78,106,248
Depreciation expenses	(3,399,463)	(1,503,400)	(4,902,864)
As at 31 March 2025	71,388,725	1,814,659	73,203,384

13.3 Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2025 Rs.	2024 Rs.
Depreciation expense of right-of-use assets	4,902,864	4,902,863
Interest expense on lease liabilities	4,922,733	4,228,138
Total amount recognized in profit or loss	9,825,597	9,131,001

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

14 Intangible assets - Group

	Software Rs.	License Rs.	2025 Rs.	2024 Rs.
Cost				
Balance as at 01 of April	2,111,000	25,000,000	27,111,000	27,111,000
Disposal of Subsidiaries	(500,000)	-	(500,000)	-
Balance as at 31 March	1,611,000	25,000,000	26,611,000	27,111,000
Amortization				
Balance as at 01 of April	1,259,851	-	1,259,851	1,039,517
Disposal of Subsidiaries	(312,500)	-	(312,500)	-
Charge for the year	436,784	-	436,784	220,334
Balance as at 31 March	1,384,135	-	1,384,135	1,259,851
Net book value	226,865	25,000,000	25,226,865	25,851,149

15 Biological assets

15.1 Bearer biological assets

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 01 of April	1,179,751,891	916,951,124	-	-
Additions	116,425,000	132,511,993	-	-
Re-classification	-	164,285,716	-	-
Amortization	(51,199,780)	(33,996,943)	-	-
Balance as at 31 March	1,244,977,111	1,179,751,891	-	-

15.2 Consumable biological assets

Balance as at 01 of April	112,250,000	276,535,716	-	-
Acquisition through business combinations	-	-	-	-
Re-classification	-	(164,285,716)	-	-
Balance as at 31 March	112,250,000	112,250,000	-	-
Total biological assets	1,357,227,111	1,292,001,891	-	-

- 15.3 Consumable biological assets include agarwood trees which is highly valued for its distinctive fragrance, which is a result of the dark, aromatic resin formed when the tree undergoes a natural infection, often by fungi or other pathogens. This resin acts as the tree's defense mechanism, and its production significantly contributes to the market value of agarwood. In a commercial production, inoculation is a technique used to artificially induce resin formation. This process involves introducing specific fungi or agents into the tree to stimulate the production of resin, enhancing both the quantity and quality of the resin. Timing of harvest of trees can generally be only after 2 to 3 years of artificial inoculation, indicated by black patches in the bark that signal resin formation. Without inoculation, the natural resin production may be insufficient for commercial purposes, leading to lower yields and less desirable quality.

As at the reporting date, the inoculation process has not commenced and hence the agarwood trees are not in its harvesting / mature state. As a result the resin quality and yield remains uncertain. Considering this, the consumable biological assets are continued to be measured at its acquisition of the Subsidiary on 31 January 2022.

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16. Investment Properties

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 01 of April	1,927,097	2,149,002	955,207,020	-
During the period additions	-	-	-	955,207,020
Acquisition through business combinations	-	-	-	-
Charge for the year / gain or loss for the year	(221,905)	(221,905)	43,792,980	-
Balance as at 31 March	1,705,192	1,927,097	999,000,000	955,207,020
Rental income	3,305,772	3,360,907	-	-
	3,305,772	3,360,907	-	-

16.1 . During the financial year 2023/2024 the company transferred its land and buildings from property, plant & equipment to investment property pursuant to the company entering into a 99 year old lease with its subsidiary, Hunas Falls Hotels (Pvt) Limited. The lease commenced with effect from 1st April 2023 and the preliminary agreed monthly rental amounted to LKR 100,000/- with a grace period of two years. The Company also expect to reassess and revise the rental and the lease period during the financial year 2025/26.

16.2 The investment property of the group includes the estate superintendent's bungalow of Suriyakanda Plantations (Private) Limited which has been converted to a holiday villa and hire for leisure operations.

16.3 The fair value of investment properties as at 31st March 2025 is disclosed below.

Property	Valuer	Valuation Techniques	Effective date of Valuation	Value	Significant Unobservable Inputs
Land 01	KPMG Sri Lanka	Open market value method	31-Mar-25	139,287,500	Front Portion - 8Mn per Acre (10 A) Rear Portion - 6Mn per Acer (9.88 A)
Land 02	KPMG Sri Lanka	Open market value method	31-Mar-25	113,375,000	4Mn per Acer (28.4 A)
Building & site Improvements	KPMG Sri Lanka	Open market value method	31-Mar-25	746,337,500	Rate per Sq.ft
				999,000,000	

17 Investments

17.1 Investment in subsidiaries

Non-quoted	Holding %	Amount	Amount
		2025 Rs.	2024 Rs.
Amunumulla Suhada Electricity Generation Company (private) Limited	100%	35,000,000	35,000,000
Boulder Gardens (Private) Limited	90%	766,244,000	766,244,000
Hunas Properties (Private) Limited	100%	162,500,000	162,500,000
Rainforest Hotels (Private) Limited	90%	135,000,000	135,000,000
Rainforest Tea Factory (Private) Limited	90%	-	730,358,000
Sustainable Energy Holdings (Private) limited	100%	322,108,000	322,108,000
Suriyakanda Plantations (Private) Limited	100%	1,678,201,000	1,678,201,000
Hunas Falls Hotels (Private) Limited	100%	1,000	1,000
Kuruganga Hydro (Private) Limited	44%	237,759,000	222,759,000
Ecoray Renewables (Pvt) Ltd	90%	270,000,000	-
Total as at 31 March 2025		3,606,813,000	4,052,171,000
(-) Provision for impairment		(1,504,660,839)	(1,828,474,519)
Total as at 31 March 2025 (After impairment)		2,102,152,161	2,223,696,481

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Investment in subsidiaries is initially recognized at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognized in the income statement. After the initial recognition, Investments in subsidiaries are carried at cost less any accumulated impairment losses. Impairment was made against investments in Suriyakanda Plantations (Private) Limited, Hunas Properties (Private) Limited, Amunumulla Suhada Electricity Generation Company (private) Limited, Sustainable Energy Holdings (Private) Limited, Rainforest Hotels (Private) Limited and Boulder Gardens (Private) Limited.

17.1.1 Investments/Acquisitions in 2024/2025

On 12 March 2025, Hunas Holdings PLC incorporated a new subsidiary, Ecoray Renewables (Pvt) Ltd, by investing Rs. 270 million for a 90% equity stake. The principal objective of Ecoray Renewables is to develop, construct, and operate renewable energy projects, primarily in the solar sectors. As at the reporting date, no activities or commercial operations were carried out by the subsidiary. Further, as at the reporting date, although the shares were issued by the subsidiary, the share capital was not paid. The amount payable to the subsidiary totaling to Rs. 270,000,000 is disclosed under amounts payable to related parties in note 20 to these financial statements.

On 31 March 2025, Hunas Holdings PLC acquired an additional 3% equity interest in Kuruganga Hydro (Pvt) Ltd for a total consideration of Rs. 15 million. Prior to this transaction, the Company held a 41% equity interest in Kuruganga Hydro (Pvt) Ltd and had already obtained control over the entity.

Prior to the acquisition of additional 3% equity stake on 31st March 2025 the company acquired 22% of equity interest during the financial year ended 31st March 2024. The net assets recognized in the 31st March 2024 financial statements were based on a provisional assessment of their fair value in accordance with SLFRS 3. Final allocation of the purchase price was finalized during the year ended 31st March 2025 and it was determined that there were no material changes to the fair value of assets as previously reported.

As a result of the additional acquisition, the Company's total holding increased to 44% as at 31 March 2025. Since control was already established with the initial 41% holding, this transaction has been accounted for as an equity transaction with non-controlling interest in accordance with SLFRS 10, Consolidated Financial Statements.

The difference between the consideration paid and the carrying amount of the non-controlling interest acquired has been recognised directly in equity.

	Value recognized on acquisition of 3% equity stake
	Rs.
ASSETS	
Property, Plant and Equipment	428,563,554
Trade and Other Receivables	9,262,554
Amount due from Related Party	491,546,420
Cash and Cash Equivalents	205,271
Liabilities	
Deferred Tax Liability	(36,360,899)
Amount due to Related Party	(25,016,691)
Income Tax Payable	(39,438,984)
Accrued Expenses	(77,058,525)
Total Net identifiable assets	751,702,700
Value of acquired from non controlling interest 3%	22,551,081
Purchase consideration	15,000,000
Gain on acquisition transferred to equity statement	7,551,081
Reclassification of non controlling interest relating to prior period acquisition	(7,033,927)
Net amount recognised in the equity statement	517,154

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17. Investments (Cont.)

17.2 Investment in equity account investees

	Holding % 2025	Amount (Rs.) 2025	Holding % 2024	Amount (Rs.) 2024
Weswin Power Galaha (Private) Limited	20%	15,810,000	20%	15,810,000
Mercantile Produce Brokers (Private) Limited	-	-	20%	281,087,000
Eratne Power Company (Private) Limited	30%	37,006,000	30%	37,006,000
Mercantile Logistics (Pvt) LTD	30%	15,000,000	-	-
		67,816,000		333,903,000

17.2.1 Summarized financial information of equity accounted investees which has not been adjusted for the Group's share:

	Mercantile Logistics (Private) Limited		Weswin Power Galaha (Private) Limited		Mercantile Produce Brokers (Private) Limited		Eratne Power Company (Private) Limited	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Assets	51,913,375	-	58,410,815	39,669,384	5,285,547,751	5,003,079,057	33,600,390	33,269,941
Non-current Assets	10,063,885	-	30,085,403	37,474,351	916,048,120	948,821,501	169,081,625	181,231,635
Current Liabilities	(14,170,600)	-	(13,830,974)	(7,586,701)	(5,155,891,264)	(4,951,462,436)	(16,317,221)	(15,911,970)
Non-current Liabilities	-	-	(12,726,141)	(15,735,257)	(220,439,820)	(215,244,738)	(23,050,491)	(38,232,232)
Equity	47,806,660	-	61,939,103	53,821,777	825,264,787	785,193,383	163,314,303	160,357,374
Group's share in equity	(658,006)	-	(1,292,166)	(2,915,631)	5,971,271	(2,043,010)	(18,469,814)	(19,356,893)
Revenue from contracts with customers	1,078,315	-	20,997,101	16,740,674	426,593,769	425,017,728	28,776,408	31,661,282
Profit after tax	(2,193,340)	-	8,117,326	318,740	40,071,404	46,925,474	36,556,929	5,135,822
Total comprehensive income	(2,193,340)	-	8,117,326	318,740	40,071,404	46,925,474	36,556,929	5,135,822
Group's share of profit for the year	(658,006)	-	1,623,465	63,748	8,014,281	9,385,095	10,967,079	1,540,747
Dividend Paid	-	-	-	-	-	-	(10,080,000)	(10,320,000)

The Company has neither contingent liabilities nor capital commitments in respect of it's equity accounted investees

	Mercantile Logistics (Private) Limited		Weswin Power Galaha (Private) Limited		Mercantile Produce Brokers (Private) Limited		Eratne Power Company (Private) Limited		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investment in equity account investees	15,000,000	-	15,810,000	15,810,000	-	281,087,000	37,006,000	37,006,000	67,816,000	333,903,000
Group's share in equity	(658,006)	-	(1,292,166)	(2,915,631)	-	(2,043,010)	(18,469,814)	(19,356,893)	(20,419,986)	(24,315,534)
Total	14,341,994	-	14,517,834	12,894,369	-	279,043,990	18,536,186	17,649,107	47,396,014	309,587,466

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18. Inventories

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Food and beverages	2,139,102	1,317,282	1,750,679	920,863
Growing crop nursery	-	3,394,622	-	-
Produced inventories	35,412,180	69,577,109	-	-
General inventories	4,663,441	7,338,367	1,440,380	494,680
Processed tea	-	54,726,596	-	-
Firewoods	551,700	1,039,003	-	-
Packing materials	888,547	851,265	-	-
Other	-	665,406	-	-
Inventories - Total	43,654,970	138,909,650	3,191,059	1,415,543

19. Trade and other receivables

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Receivable - Others	51,554,711	40,489,348	4,229,187	2,534,835
Provision for Bad Debts	(2,627,490)	-	(2,627,490)	-
Trade Receivable - Total (after provision)	48,927,221	-	1,601,697	-
Deposits	410,858	724,322	369,778	394,778
Dividend Receivable	5,568,000	3,120,000	5,568,000	3,120,000
WHT Receivable	2,592,000	1,080,000	2,592,000	1,080,000
Other receivables	272,902	4,102,410	215,542	-
Staff loans	-	518,333	-	233,333
Trade and other receivables - Total	57,770,981	50,034,412	10,347,017	7,362,946

AS AT 31 MARCH	Total	Neither Past due nor impaired	Past due but not impaired			
			31-60 days	61-90 days	91-120 days	120 < days
Group						
2025	51,554,711	42,300,321	3,332,523	1,085,324	124,000	4,712,543
2024	40,489,348	23,524,651	4,755,514	5,173,164	396,395	6,639,623

AS AT 31 MARCH	Total	Neither Past due nor impaired	Past due but not impaired			
			31-60 days	61-90 days	91-120 days	120 < days
Company						
2025	4,229,187	502,886	146,775	623,430	124,000	2,832,096
2024	2,534,835	1,256,039	-	52,000	182,000	1,044,796

Trade and other receivables are non-interest bearing and are generally on terms of 30 days.

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20. Related party transactions

20.1	Amounts due from related parties	Relationship	Group		Company	
			2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
	Amounts due from related parties - Current					
	TAD Lanka Holdings (Private) Limited	Ultimate parent	-	-	673,303,797	239,207,118
	TAD Lanka Plantation (Private) Limited	Affiliate Company	-	57,625	-	-
	Hunas Falls Hotels (Private) Limited	Subsidiary	-	-	-	24,000
	Mercantile Leisure (Private) Limited	Affiliate Company	57,625	-	-	-
	TAD Wealth Lanka Fund (Private) Limited	Affiliate Company	3,100,000	-	-	-
	Samantha Bandara Dodanwala	Director	-	100	-	-
	Mr P M De Alwis	Director	30,000,000	-	-	-
			33,157,625	57,725	673,303,797	239,231,118
	Amounts due from related parties - Non Current					
	Serenity Lake Leisure (Private) Limited	Parent	40,000,000	40,000,000	40,000,000	40,000,000
			40,000,000	40,000,000	40,000,000	40,000,000

20.2 Amounts due to related parties

AS AT 31 MARCH	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
TAD Lanka Holdings (Private) Limited	Ultimate parent	247,060,505	1,067,107,173	-	-
TAD Lanka Power (Private) Limited	Affiliate Company	49,136,264	30,672,915	-	-
Mercantile Produce Brokers (Private) Limited	Associate	-	380,393,914	-	-
TAD Lanka Plantations (Private) Limited	Affiliate Company	43,595,494	39,314,206	298,000	-
TAD Lanka Investments (Private) Limited	Affiliate Company	41,831,257	16,309,421	-	-
Suriyakanda Plantations (Private) Limited	Subsidiary	-	-	97,500	-
Ms. Sujivie Irugalbandara	Director	1,609,000	1,609,000	-	-
Boulder Gardens (Private) Limited	Subsidiary	-	-	72,000	-
Rainforest Hotels (Private) Limited	Subsidiary	-	-	72,000	-
Ecoray Renewables (Private) Limited	Subsidiary	-	-	269,885,000	-
Mercantile Logistics (Private) Limited	Associate	8,678,105	-	8,678,105	-
Serenity Lake Leisure (Private) Limited	Parent	95,357,980	-	-	-
Hunas Falls Hotels (Private) Limited	Subsidiary	-	-	8,657	-
TAD Wealth Lanka (Private) Limited	Affiliate Company	175,000	-	175,000	-
		487,443,605	1,535,406,629	279,286,262	-

21. Advance, Deposits and Prepayments

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Pre payment	9,269,194	13,062,980	4,491,651	1,549,027
Project advance receivable	19,707,127	27,502,250	14,688,213	14,538,513
Supplier advance	2,869,876	637,020	-	160,537
Staff loan and advance	1,654,535	2,405,553	502,100	-
Refundable deposits	4,561,000	1,190,500	-	-
Other	4,698,253	4,257,716	-	-
	42,759,985	49,056,019	19,681,964	16,248,077

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22. Current financial assets

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investments in fixed deposits	50,725,196	53,642,518	-	-
23. Cash and cash equivalents				
23.1 Favourable cash and cash equivalents				
Cash at bank and in hand	86,374,604	19,620,845	12,887,903	8,155,981
	86,374,604	19,620,845	12,887,903	8,155,981
23.2 Unfavorable cash and cash equivalents				
Cash at bank	(23,880,978)	(93,392,912)	(2,664,058)	(5,313,866)
Total cash and cash equivalents for the purpose of statement of cash flows	62,493,626	(73,772,068)	10,223,845	2,842,115

24. Stated capital

AS AT 31 MARCH	2025		2024	
	Number	Rs.	Number	Rs.
24.1 Fully paid ordinary shares	849,030,000	4,468,573,000	843,750,000	4,336,573,000
Infusion of share capital	-	-	5,280,000	132,000,000
	849,030,000	4,468,573,000	849,030,000	4,468,573,000

25. Revaluation Reserves

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
25.1 As at 01 April 2024	531,929,285	531,929,285	531,929,285	531,929,285
Revaluation gain on Land and Buildings	-	-	-	-
Deferred tax impact on revaluation gain	-	-	-	-
Effect of income tax rate change on revaluation reserve	-	-	-	-
As at 31 March 2025	531,929,285	531,929,285	531,929,285	531,929,285

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26. Interest bearing loans and borrowings

	Note	2025 Rs.	2024 Rs.
26.1 Group			
Current interest bearing loans and borrowings			
Bank loans	26.1.1	534,895,901	453,025,693
Lease liabilities	26.1.2	10,869,721	6,281,673
Bank overdrafts		23,880,974	93,392,912
		569,646,596	552,700,278
Non current interest bearing loans and borrowings			
Bank loans	26.1.1	787,854,217	816,588,252
Lease liabilities	26.1.2	52,656,605	63,350,931
		840,510,822	879,939,183
		1,410,157,418	1,432,639,461

26.1.1 Bank Loans

	Note	2025 Rs.	2024 Rs.
Balance as at 01 April 2024		1,269,613,945	972,788,938
Loan obtained/ interest capitalized		694,247,637	495,435,144
Repayments		(241,111,463)	(198,610,137)
Disposal of Subsidiary		(400,000,000)	-
Balance as at 31 March 2025		1,322,750,118	1,269,613,945
Current		534,895,901	453,025,693
Non-current		787,854,217	816,588,252
		1,322,750,118	1,269,613,945

26.1.2 Lease liabilities

	Motor vehicle Rs.	Land Rs.	2025 Rs.	2024 Rs.
Balance as at 01 April 2024	3,091,160	66,541,443	69,632,603	75,754,478
Capital payments	(1,314,300)	(4,791,977)	(6,106,277)	(6,121,875)
Balance as at 31 March 2025	1,776,860	61,749,466	63,526,326	69,632,603
Lease payments				
Gross payments	1,594,115	9,714,710	11,308,825	10,350,013
Interest expense recognized as finance expense	(279,815)	(4,922,733)	(5,202,548)	(4,228,138)
Capital payments	1,314,300	4,791,977	6,106,277	6,121,875
Current	1,654,010	9,215,711	10,869,721	6,281,673
Non-current	122,850	52,533,755	52,656,605	63,350,931
	1,776,860	61,749,466	63,526,326	69,632,603

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26.1.3 Maturity analysis

	Current - within 1 year	Non-Current - between 1 and 5 years	Non-Current - more than 5 years	Total	Total
	Rs.	Rs.	Rs.	2025 Rs.	2024 Rs.
Gross lease liability	10,193,201	48,190,320	481,685,472	540,068,993	540,068,993
Interest in suspense	(5,119,673)	(31,013,578)	(434,303,139)	(470,436,390)	(470,436,390)
Net lease liability	5,073,528	17,176,742	47,382,333	69,632,603	69,632,603
Bank financing	534,895,901	787,854,217	-	1,322,750,118	1,269,613,945
Bank overdrafts	23,880,974	-	-	23,880,974	93,392,912
	563,850,403	805,030,959	47,382,333	1,416,263,695	1,432,639,461

	Note	2025 Rs.	2024 Rs.
26.2 Company			
Current interest bearing loans and borrowings			
Bank overdrafts		2,664,058	5,313,866
Bank loans	26.2.1	406,000,000	400,000,000
Leases		-	-
		408,664,058	405,313,866
26.2.1 Bank Loans			
Balance as at 01 April		400,000,000	116,449,924
New loan obtained/interest capitalized		6,000,000	400,000,000
Repayments		-	(116,449,924)
Balance as at 31 March		406,000,000	400,000,000

26.3 Terms and conditions of the loans

Company	Lending Institution	2025 Rs.	Interest rate	Repayment terms	Security
Hunas Holdings PLC	Merchant Bank of Sri Lanka & Finance PLC	400,000,000	17.5% per annum	Repayment in 12 months from the date of loan Granted	Land and Buildings of Hunas Holdings PLC
	LB Finance PLC	6,000,000	3.75% per month	Repayment in 60 Equal monthly installment	Vehicle Mortgage
Sustainable Energy Holdings (Private) Limited	Bank of Ceylon	411,625,000	AWPLR+1.90% per annum repriced monthly	Maximum of 101 months effective from 01.04.2024, with a grace period up to 31.08.2024	Land and Buildings of Sustainable Energy Holdings (Private) Limited including plant, machinery and other equipment
	Bank of Ceylon	181,708,331	AWPLR+1.90% per annum repriced monthly		
	Bank of Ceylon	258,740,861	4.00% per annum review annually		
	Bank of Ceylon	50,131,764	AWPLR+1.90% per annum repriced monthly		

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27. Employee benefit liability

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
27.1 Defined benefit obligation				
Changes in the present value of the defined benefit obligation are as follows:				
Balance as at 1 April	36,997,322	57,595,320	4,098,472	3,567,517
Current service cost	18,945,695	(5,460,418)	638,336	508,513
Interest cost	525,023	8,962,846	491,817	642,153
Actuarial (gain)/ loss	(495,502)	(20,856,956)	(632,151)	381,938
Benefit paid	(5,203,790)	(3,243,470)	(705,690)	(1,001,650)
Transfers during the period	(19,811,400)	-	-	-
Disposal of Subsidiaries	(668,500)	-	-	-
Balance as at 31 March	30,288,848	36,997,322	3,890,784	4,098,472
The expenses are recognized in the following line items in the statement of profit and loss and other comprehensive income				
Cost of sales	97,031	97,031	1,130,152	455,166
Administrative expenses	19,373,686	3,405,397	-	695,500
Other comprehensive income	(495,502)	(20,856,956)	(632,151)	381,938
	18,975,215	(17,354,528)	498,001	1,532,605

27.2 Messrs.. Actuarial & Management Consultants (Pvt) Ltd, an independent actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on March 31, 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

27.3 Principal actuarial assumptions

AS AT 31 MARCH	Group		Company	
	2025	2024	2025	2024
Discount rate	11% p.a	12% p.a	11% p.a	12% p.a
Salary increment rate	10% p.a	9% p.a	10% p.a	9% p.a
Average remaining working life (Years)	5.5 - 3.2	8.5 - 4	3	4

27.4 Sensitivity of the principal assumptions used

AS AT 31 MARCH	Expected Future Salaries		Discount Rate	
	1% increase Rs.	1% decrease Rs.	1% increase Rs.	1% decrease Rs.
Group				
Change in Present Value of Defined Benefit Obligation	1,172,153	(1,098,886)	(1,131,811)	1,227,764
Company				
Change in Present Value of Defined Benefit Obligation	142,645	(135,900)	(132,818)	141,902

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)
YEAR ENDED 31 MARCH 2025

27.5 Maturity analysis of the payments

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Within the next 12 months	6,930,498	7,897,741	769,229	1,010,512
Between 1 to 5 years	15,106,451	10,191,864	2,233,979	1,887,581
Between 5 to 10 years	8,251,898	18,907,717	887,576	1,200,379
	30,288,847	36,997,322	3,890,784	4,098,472

28. Trade and other payables

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade payables		196,650,764	238,059,846	26,677,544	21,193,129
Other payables		3,591,980	41,926,820	22,823	5,690
Unclaimed dividends		281,805	281,805	281,805	281,805
Dividends payable		-	34,261,365	-	-
Income tax payable		39,438,985	19,598,728	-	-
Sundry creditors including accrued expenses		147,523,055	294,829,304	25,163,749	19,021,968
		387,486,589	628,957,868	52,145,921	40,502,592

29. Reservation advances

Reservation advances	29.1	4,973,352	3,137,975	4,973,352	3,137,975
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29.1 Reservation advances

	Note	2025 Rs.	2024 Rs.
Opening balance		3,137,975	4,518,594
Advance received during the year		71,405,507	58,917,118
Setoff against the receivables		(69,570,130)	(60,297,736)
Closing balance		4,973,352	3,137,975

30. Commitments and contingencies

30.1 Capital expenditure commitments

Future capital expenditure approved by the Board but, not provided for in the Financial Statements amounting to Rs. Nil/- (2024 - Rs. Nil)

30.2 Contingent liabilities

There are no significant contingencies as at the reporting date.

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YEAR ENDED 31 MARCH 2025

31. The Assets pledged as securities

Company	Nature of assets pledged	Nature of liability	Carrying amount of pledged assets (Rs.)	Included under
Hunas Holdings PLC	Land and buildings	Note 26.3	999,000,000	Property, plant & equipment
Sustainable Energy Holdings (Private) Limited	Land and buildings including plant, machinery and other equipment	Refer Note 26.3	1,464,354,882	Property, plant & equipment
32	Events occurring after the reporting date			
	All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.			
33	Related party disclosures			
	The Group and Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures), the details of which are reported below.			
33.1	Transactions with Key Management Personnel of the Company and Parent			
	There are no short term employment benefits, long-term employment benefits, post -employment benefits or termination benefits paid to the Key Management Personnel during the year.			

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)
YEAR ENDED 31 MARCH 2025

33.2 Related party disclosures (Contd..)

	Ultimate parent company		Parent company		Affiliate companies		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	(1,067,107,173)	(1,057,472,764)	40,000,000	156,449,924	(492,912,731)	(434,020,022)	(1,520,019,904)	(1,335,042,861)
Loan capitalize and interest payable	-	-	-	(116,449,924)	-	-	-	(116,449,924)
Interest Charge	70,784,840	48,390,323	-	-	-	-	70,784,840	48,390,323
Management Fee	(7,200,000)	(34,600,000)	-	-	(105,850,000)	(26,280,000)	(113,050,000)	(60,880,000)
Net fund transfers	756,461,828	(23,424,732)	(95,357,980)	-	486,895,236	(32,612,709)	1,147,999,084	(56,037,441)
As at 31 March	(247,060,505)	(1,067,107,173)	(55,357,980)	40,000,000	(111,867,495)	(492,912,731)	(414,285,980)	(1,520,019,904)
Included in:								
Amounts due from related parties - non current	-	-	40,000,000	40,000,000	-	-	40,000,000	40,000,000
Amounts due from related parties - current	-	-	(95,357,980)	-	33,157,625	57,725	(62,200,355)	57,725
Amounts due to related parties	(247,060,505)	(1,067,107,173)	-	-	(145,025,120)	(492,970,456)	(392,085,625)	(1,560,077,629)
	(247,060,505)	(1,067,107,173)	(55,357,980)	40,000,000	(111,867,495)	(492,912,731)	(414,285,980)	(1,520,019,904)

33.3 Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the related entities. All related party transactions are conducted at commercial terms agreed by the management. All related party outstanding balances at year-end are unsecured and repayable on demand.

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

Company / Name of the related party	Relationship	Value of the Related Party Transactions entered into during the financial year (Rs.)	Value of Related Party Transactions as a % of Equity
TAD Lanka Holdings (Pvt) Limited	Ultimate parent company	400,000,000	16%

During the Financial year 2023/24 the company had obtained a loan from Merchant Bank of Sri Lanka and Finance PLC amounting to LKR 400,000,000/- As per the arrangement with TAD Lanka Holdings (Pvt) Ltd (Ultimate Parent entity of Hunas Holdings PLC) and the loan proceeds were utilised by TAD Lanka Holdings (Pvt) Ltd. All the loan servicing including capital and interest payments are borne by TAD Lanka Holdings (Pvt) Ltd.

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YEAR ENDED 31 MARCH 2025

33 Related party disclosures (Contd..)

33.5 Other related party disclosures

Transactions with ultimate parent, Parent and other related companies are as follows;

	Ultimate parent company		Parent company		Affiliate companies		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Company								
As at 01 April	239,207,118	(77,133,919)	40,000,000	156,449,924	24,000	24,000	279,231,118	79,340,005
Loan capitalize and interest Payable	-	400,000,000	-	(116,449,924)	-	-	-	283,550,076
Investment in subsidiaries	-	-	-	-	(270,000,000)	-	(270,000,000)	-
Write Back of Payable Balances	(74,590,711)	-	-	-	-	-	(74,590,711)	-
Interest Charge	57,599,642	48,390,323	-	-	-	-	57,599,642	48,390,323
Management Fee	(4,800,000)	(5,200,000)	-	-	-	-	(4,800,000)	(5,200,000)
Net fund transfers	455,887,748	(126,849,285)	-	-	(9,310,262)	-	446,577,486	(126,849,285)
As at 31 March	673,303,797	239,207,118	40,000,000	40,000,000	(279,286,262)	24,000	434,017,535	279,231,118
Included in:								
Amounts due from related parties - non current	-	-	40,000,000	40,000,000	-	-	40,000,000	40,000,000
Amounts due from related parties - current	-	400,000,000	-	-	24,000	24,000	24,000	400,024,000
Amounts due to related parties	673,303,797	(160,792,882)	-	-	(279,310,262)	-	393,993,535	(160,792,882)
	673,303,797	239,207,118	40,000,000	40,000,000	(279,286,262)	24,000	434,017,535	279,231,118

No other material transactions have taken place during the year with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control or significant influence, which require to disclosure in these Financial Statements other than those disclosed above.

Ultimate parent company: TAD Lanka Holdings (Pvt) Ltd

Parent company: Serenity Lake Leisure (Pvt) Ltd

Affiliate companies: Mercantile Leisure (Private) Limited, , TAD Lanka Power (Private) Limited, Mercantile Produce Brokers (Private) Limited, TAD Lanka Plantations (Private) Limited, TAD Lanka Investments (Private) Limited, Hunas Falls Hotels (Private) Limited, Ecoray Renewables (Private) Limited, Suriyakanda Plantations (Pvt) Ltd, TAD Wealth Lanka Fund (Pvt) Ltd, Boulder Gardens (Pvt) Ltd, Rainforest Hotels (Pvt) Ltd and Mercantile Logistics (Pvt) Ltd

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

34. Financial risk management objectives and policies

The Group's principal financial liabilities comprise of trade and other payables, bank overdrafts and borrowings. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents as financial assets that arrive directly from its operations.

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

The Group's senior management oversees the management of these risks. The Group's senior management is supported by the senior management of the parent entity that advises on financial risks and the appropriate financial risk governance framework for the Group who provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and risk appetite.

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

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices mainly comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank overdrafts.

The sensitivity analyses in the following sections relate to the position as at 31 March 2024 and 2025.

34.1.1 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. Interest rate risk is minimal as the Group's external borrowings are limited to bank overdrafts and borrowings.

Interest rate sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Change basis points	Effect on Profit before tax	
		Group	Company
2025	+/- 200	33,459,870	9,492,032
2024	+/- 200	21,391,171	3,366,148

34.1.2 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

Foreign currency sensitivity:

The following table demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on Profit before tax	
		Group	Company
2025	+/- 5%	(17,431,512)	9,848,193
2024	+/- 5%	21,810,735	1,987,764

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YEAR ENDED 31 MARCH 2025

34. Financial risk management objectives and policies (Contd...)

34.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk mainly from its operating activities (primarily for trade receivables).

Credit risk exposure:

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions of the Group.

AS AT 31 MARCH	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade and other receivables	57,770,981	50,034,412	10,347,017	7,362,946
Amounts due from related parties	33,157,625	57,725	673,303,797	239,231,118
Cash and bank balances	86,374,604	19,620,845	12,887,903	8,155,981
	177,303,210	69,712,982	696,538,716	254,750,045

Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Amounts due from/to related parties

The Group's amounts due from/to related parties mainly consist of the balances from affiliate companies and parent.

Cash and cash equivalents

In order to mitigate settlement and operational risks related to cash and cash equivalents, the Group uses several banks with acceptable ratings. The Group does not hold any short term deposits in banks.

34.3 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and profitability through the use equity funds and borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

YEAR ENDED 31 MARCH 2025	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	After one year Rs.	Total Rs.
Group					
Long term loans	-	55,549,242	552,452,346	1,033,189,872	1,641,191,460
Lease liabilities	-	459,425	10,687,764	52,708,201	63,855,391
Trade and other payables	-	196,650,764	190,835,826	-	387,486,589
Bank overdraft	23,880,974	-	-	-	23,880,974
	23,880,974	252,659,431	753,975,936	1,085,898,073	2,116,414,414

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NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEAR ENDED 31 MARCH 2025

34. Financial risk management objectives and policies (Contd...)

YEAR ENDED 31 MARCH 2024	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	After one year Rs.	Total Rs.
Group					
Long term loans	-	-	453,025,693	816,588,252	1,269,613,945
Lease liabilities	-	459,425	5,822,247	63,350,931	69,632,603
Trade and other payables	-	238,059,846	390,898,022	-	628,957,868
Bank overdraft	93,392,912	-	-	-	93,392,912
	93,392,912	238,519,271	849,745,962	879,939,183	2,061,597,328

YEAR ENDED 31 MARCH 2025	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	After one year Rs.	Total Rs.
Company					
Long term loans	-	414,180	401,242,540	6,626,880	408,283,600
Trade and other payables	-	26,677,544	25,468,377	-	52,145,921
Bank overdraft	2,664,058	-	-	-	2,664,058
	2,664,058	27,091,724	426,710,917	6,626,880	463,093,579

YEAR ENDED 31 MARCH 2024	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	After one year Rs.	Total Rs.
Company					
Long term loans	-	-	400,000,000	-	400,000,000
Trade and other payables	-	21,193,129	19,309,463	-	40,502,592
Bank overdraft	5,313,866	-	-	-	5,313,866
	5,313,866	21,193,129	419,309,463	-	445,816,458

Capital management

Capital includes equity attributable to the equity holders.

The primary objective of the Group capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 for managing capital during the year ended 31 March 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at a minimum level. Net debt comprised of interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

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YEAR ENDED 31 MARCH 2025

34. Financial risk management objectives and policies (Contd...)

AS AT 31 MARCH	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest bearing loans and borrowings	26	1,410,157,418	1,432,639,461	408,664,058	405,313,866
Trade and other payables	28	387,486,589	628,957,868	52,145,921	40,502,592
Less: Cash and cash equivalents	23	(86,374,604)	(19,620,845)	(12,887,903)	(8,155,981)
Net debt		1,711,269,403	2,041,976,484	447,922,077	437,660,477
Equity		2,795,786,612	2,581,042,314	2,986,557,386	3,163,462,349
Total capital		2,795,786,612	2,581,042,314	2,986,557,386	3,163,462,349
Capital and net debt		4,507,056,015	4,623,018,798	3,434,479,463	3,601,122,826

35 Segment Information

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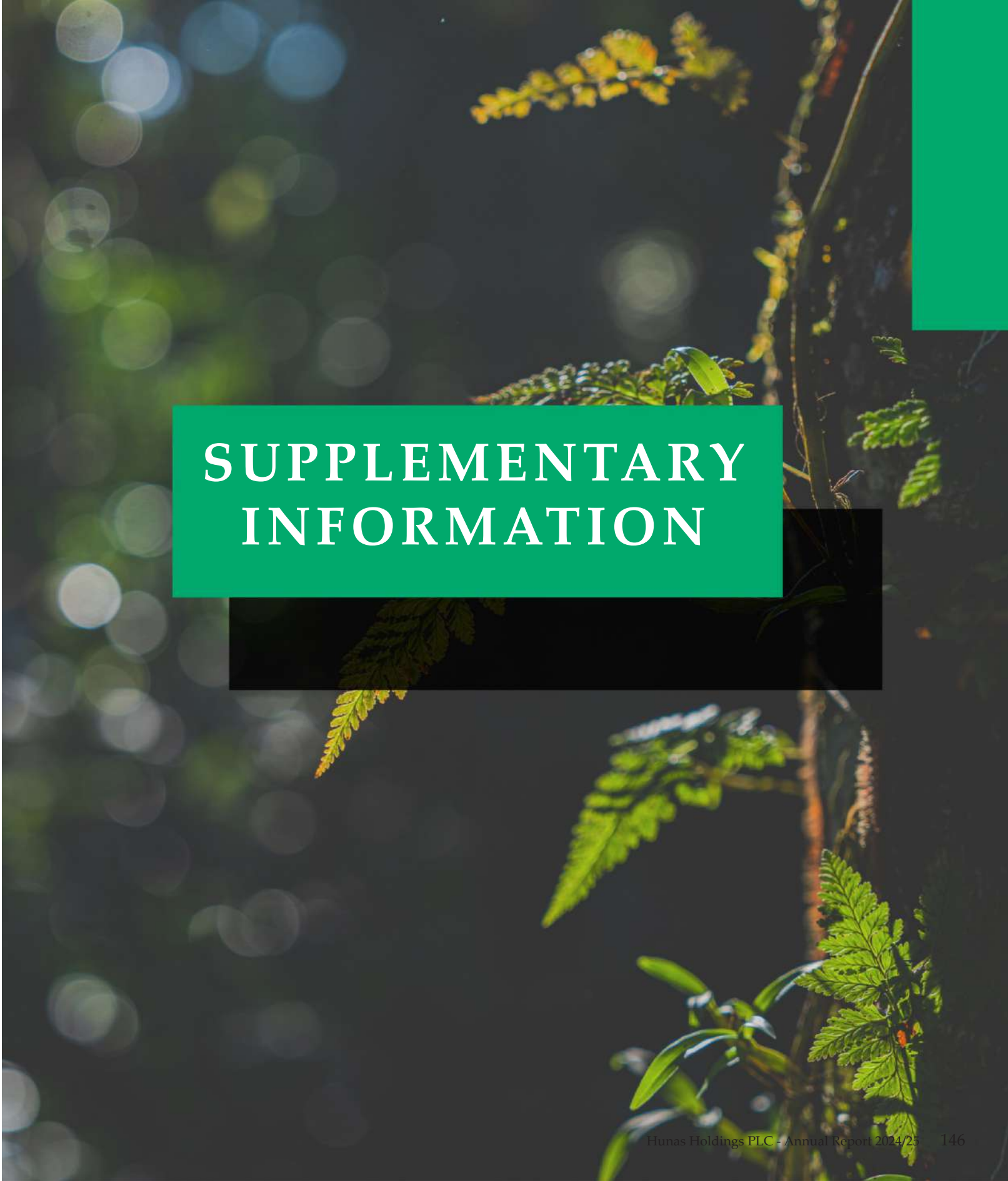
NOTES TO THE FINANCIAL STATEMENTS (CONTD...)

YEARENDED 31 MARCH 2025

35 Segment Information (Contd..)

Inter company investments made by the Group of companies have not been considered for the calculation of segment assets.
Inter segment receivable and payable balances are eliminated on consolidation.

	2025					2024				
	Mini hydro power	Plantation	Real estate	Leisure	Total	Mini hydro power	Plantation	Real estate	Leisure	Total
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	
Revenue	423,534,341	784,616,089	-	126,587,205	1,334,737,635	2,561,943	676,222,075	-	120,623,204	799,407,223
Cost of sales	(72,619,392)	(838,201,651)	-	(38,109,042)	(948,930,085)	-	(727,867,105)	-	(40,099,685)	(767,966,790)
Other income	46,665,757	93,809,346	-	2,309,988	142,785,091	4,295,023	8,597,989	-	6,866,894	19,759,906
Advertising and marketing expenses	(73,429)	(6,767,621)	-	(5,777,282)	(12,618,332)	-	(8,882,112)	-	(5,578,094)	(14,460,206)
Administrative expenses	(127,468,340)	(241,107,730)	(623,844)	(207,850,707)	(577,050,620)	(6,895,418)	(221,539,229)	(196,092)	(190,444,333)	(419,075,071)
Finance cost	(82,385,630)	(97,373,155)	-	(71,321,446)	(251,080,231)	(553,715)	(136,515,267)	-	(48,931,921)	(186,000,903)
Finance income	876,273	3,230,191	-	70,885,256	74,991,720	-	-	-	48,465,582	48,465,582
Gain on bargain Purchase	-	-	-	-	-	-	-	-	-	72,665,964
Share of profit of associations	-	-	-	-	19,946,819	-	-	-	-	10,989,589
Disposal Gain/(Loss) of Subsidiaries & Associates	-	-	-	-	565,848,239	-	-	-	-	-
(Loss)/profit before tax	188,529,580	(301,794,531)	(623,844)	(123,276,028)	348,630,234	(592,167)	(409,983,649)	(196,092)	(109,098,352)	(436,214,707)
Income tax reversal/(expenses)	(10,392,500)	(45,720,187)	(2,636,061)	(66,692,225)	(125,440,973)	(33,847,599)	(21,607,575)	-	17,605,380	(37,849,794)
(Loss)/profit for the year	178,137,080	(347,514,718)	(3,259,905)	(189,968,253)	223,189,262	(34,439,766)	(431,591,224)	(196,092)	(91,492,972)	(474,064,501)
Inter-segment revenues are eliminated on consolidation										



SUPPLEMENTARY INFORMATION

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INFORMATION OF SHAREHOLDERS AND INVESTORS

Ordinary Shareholders as at 31st March 2025									
No. of Shares Held	Residents			Non Residents			Total		
	Number of Shareholders	Number of Share	%	Number of Shareholders	Number of Share	%	Number of Shareholders	Number of Share	%
1-1000	1020	433,969	0.05	2	151	0	1022	434,120	0.05
1001-10,000	428	1,759,694	0.21	0	0	0	428	1,759,694	0.21
10,001-100,000	855	27,522,914	3.24	5	255,000	0.03	860	27,777,914	3.27
100,001-1000,000	65	18,036,032	2.12	0	0	0	65	18,036,032	2.12
Over 1,000,000	9	791,276,180	93.2	3	9,746,060	1.15	12	801,022,240	94.35
Total	2,377	839,028,789	98.82	10	10,001,211	1.18	2,387	849,030,000	100
Category	No of Shareholders			No of Shares					
Individual	2305			55,958,680					
Institutional	82			793,071,320					

Name of Shareholder	No. of Shares as at 31st March 2025	%
1. Cargills Bank Limited/Serenity Lake Leisure (PVT) LTD	558,573,000	65.79
2. National Development Bank PLC/Serenity Lake Leisure (PVT) LTD	168,170,143	19.81
3. Serenity Lake Leisure (Private) Limited	47,605,490	5.61
4. My Room Co. LTD	5,280,000	0.62
5. Mr. K.D.A. Perera	5,176,650	0.61
6. Relief Holdings (PVT) LTD	4,860,500	0.57
7. BCC Corporation	2,472,310	0.29
8. Citizens Development Business Finance PLC/S.S Abesinghe	2,039,661	0.24
9. Mr. Y Watanabe	1,993,750	0.23
10. Frontier Wealth (PVT) LTD	1,800,000	0.21
11. Mr. R.K. Modder	1,685,151	0.2
12. Mr. S.A. Obesekara	1,365,585	0.16
13. Mr. A.L.F. DE Mel	1,000,000	0.12
13. MR. M.I.M. RIZLY /Joint - Mrs. F.R. Hassan Fathima Ruzna	1,000,000	0.12
15. Mrs. D.P.K. Panamaldeniya	750,000	0.09
16. Tangerine Tours (PVT) Limited	660,000	0.08
17. Mr. N.G.R. Dharmasiri	571,396	0.07
18. Mr. A. Kumarasinghe	554,250	0.07
19. Mr. L.S. Goonetilleke	547,900	0.06
20. Mr. A. Dissanayaka	516,500	0.06
	810,854,046	95.5

The closing market price per share for the period ended 31st March 2025, as quoted by the Colombo Stock Exchange, was Rs. 23.90

The highest and lowest values recorded during the quarter were Rs.28.90 and Rs.23.50 respectively.

The highest and lowest values recorded during the year were Rs. 30.90 and Rs. 23.10 respectively.

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FIVE YEAR SUMMARY

Year ended 31 March 2025		Group			Company				
		2025	2024	2023	2025	2024	2023	2022	2021
Operating Results									
Turnover	Rs. 000s	1,334,738	799,407	906,184	98,487	99,241	86,195	59,525	24,705
Profit / (Loss) before Taxation	Rs. 000s	348,630	(436,215)	(398,331)	(196,964)	(58,658)	(61,022)	(1,870,175)	(56,498)
Taxation expense / (Reversal)	Rs. 000s	(125,441)	(37,850)	(13,522)	19,616	18,903	(3,468)	6,302	6,997
Profit / (Loss) after Taxation	Rs. 000s	223,189	(474,064)	(411,853)	(177,347)	(39,755)	(64,490)	(1,863,873)	(49,501)
Balance Sheet									
Share Capital	Rs. 000s	4,468,573	4,468,573	4,336,573	4,468,573	4,468,573	4,336,573	4,336,573	82,500
Capital Reserve	Rs. 000s	531,929	531,929	531,929	531,929	531,929	531,929	95,874	95,874
Revenue Reserves	Rs. 000s	(2,610,994)	(2,838,320)	(2,401,378)	(2,013,945)	(1,837,040)	(1,797,017)	(1,732,794)	129,667
Non controlling interest	Rs. 000s	406,278	418,860	33,300	-	-	-	-	-
Share Holder's Fund	Rs. 000s	2,795,787	2,581,042	2,500,425	2,986,557	3,163,462	3,071,485	2,699,653	308,041
Non-Current Assets	Rs. 000s	5,212,245	6,250,820	5,307,518	3,223,795	3,571,217	3,440,503	2,891,576	473,253
Current Assets	Rs. 000s	315,058	312,169	242,516	719,450	272,725	132,203	70,949	49,998
Current Liabilities (Net of Borrowings)	Rs. 000s	(879,904)	(2,167,502)	(1,635,956)	(336,406)	(43,641)	(131,251)	(97,374)	(54,810)
Borrowings	Rs. 000s	(1,410,157)	(1,432,639)	(1,076,406)	(408,664)	(405,314)	(119,958)	(130,101)	(115,946)
Provisions / Subsidies	Rs. 000s	(441,456)	(381,805)	(337,248)	(211,618)	(231,526)	(250,012)	(35,397)	(44,454)
Net Assets	Rs. 000s	2,795,787	2,581,042	2,500,425	2,986,557	3,163,462	3,071,485	2,699,653	308,041
Key Indicators									
Earning / (Loss) per Share	Rs.	0.25	(0.53)	(0.47)	(0.21)	(0.05)	(0.08)	(2.21)	(8.80)
Market price per 31st March	Rs.	23.9	26.9	30	23.9	26.9	30	1,950	152
Highest Market Price	Rs.	30.9	32.0	1,900	30.9	32.0	1,900	3,050	199
Lowest Market Price	Rs.	23.1	21.2	21.0	23.1	21.2	21.0	150.0	120.1
Return / (Loss) on Equity	%	7.98	(18.37)	(16.47)	(5.94)	(1.26)	(2.10)	(69)	(16)
Price Earning Ratio	No. of Times	-	-	-	-	-	-	-	-
Interest Cover	No. of Times	2.39	(1.35)	(1.91)	(1.77)	(0.20)	(146.24)	(5,447.59)	-
Gearing Ratio	%	38%	44%	33%	13%	12%	5%	0	31
Current Ratio	No. of Times	0.22	0.11	0.13	0.97	0.61	0.53	0.57	0.91
Net Assets Per share	Rs.	3.29	3.04	2.96	3.52	3.73	3.64	3.20	54.76

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

CAPITAL EMPLOYED

Total assets less current liabilities.

CONTINGENT LIABILITIES

Conditions or situations at the balance sheet date, the financial effect of which are to be determined by the future events which may or may not occur.

CURRENT RATIO

Current assets divided by current liabilities.

CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CAPITAL EXPENDITURE

The total additions to Property, Plant and Equipment.

DEBT/EQUITY RATIO

Debt as a percentage of shareholders' funds and minority interest.

DEFERRED TAX

Sum set aside in the financial statements for taxation that may become payable in a financial year other than the current financial year.

EARNINGS PER SHARE (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTEREST COVER

Consolidated profit before interest and tax over finance expenses.

MARKET VALUE PER SHARE

The price at which an ordinary share can be purchased in the stock market.

MARKET CAPITALIZATION

Number of shares in issue at the end of period multiplied by the market price at end of period.

NET ASSETS

Total assets minus current liabilities minus long term liabilities minus minority interest. Net assets per share Shareholders' funds divided by the weighted average number of ordinary shares in shares. Pre-Tax Return on capital employed consolidated profit before interest and tax as a percentage of average capital employed at year end.

PRICE EARNINGS RATIO

Market price per share over Earnings Per Share.

RETURN ON EQUITY

Profit attributable to shareholders as a percentage of average shareholders' funds.

SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital plus capital and revenue reserves.

TOTAL DEBT

Long-term loans plus short-term loans and overdrafts.

TOTAL VALUE ADDED

The difference between net revenue (including other income) and expenses, cost of materials and services purchased from external sources.

NOTICE OF MEETING

HUNAS HOLDINGS PLC – PQ 72

NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING, OF HUNAS HOLDINGS PLC, WILL BE HELD ON 22ND SEPTEMBER 2025 AT 11.00 A.M, AT TULIP CONFERENCE ROOM IN BLOCK 2 OF BANDARANAIKE MEMORIAL INTERNATIONAL CONFERENCE HALL, BAUDDHALOKA MAWATHA, COLOMBO 07, SRI LANKA FOR THE FOLLOWING PURPOSES:-

AGENDA

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company.
2. To receive and consider the Statement of Audited Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
3. To re-elect Ms. Pravini Wickramanayake as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association.
4. To re-elect Ms. Hettiarachchige Anushi Darshani Senaratne as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association.
5. To re-elect Mr. Toshiaki Tanaka as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company's Articles of Association.
6. To appoint Messrs. Deloitte Partners, Chartered Accountants, until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine contributions to charities and other donations for the year 2025/2026.
8. To consider any other business of which due notice is given

BY ORDER OF THE BOARD OF DIRECTORS OF
HUNAS HOLDINGS PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED



SECRETARIES

Date: 11th August 2025

Note:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his / her stead.
2. A proxy need not be a member of the Company.
3. The completed form of proxy should be deposited at the Registered Office of the Company Hunas Holdings PLC, No.23, Alfred Place, Colombo 03, not later than 48 hours before the time appointed for the holding of the meeting.
4. Link to view the annual report
Colombo Stock Exchange: (<https://www.cse.lk/home/market>)
Hunas Holdings PLC: <https://www.hunasfallshotelkandy.com/annual-reports.html>

FORM OF PROXY

HUNAS HOLDINGS PLC – PQ 72
ANNUAL GENERAL MEETING

I/We,.....(NICNo.....) of.....
.....being a member/members of Hunas Holdings PLC hereby
appoint Mr/Mrs/Ms.....(NIC No.....) of.....
.....failing him / her,

Mr. W. S. L. A. D. R. Samarasinghe of Pittakotte	failing him
Ms. G. S. M. Irugalbandara of Kaduwela	failing her
Mr. M. A. A. Atheeq of Colombo 04	failing him
Ms. P. Wickramanayake of Mahawewa	failing her
Mr. G. Vinothan of Colombo 04	failing him
Ms. H.A. D. Senaratne of Nawala	failing her
Mr. Toshiaki Tanaka of Colombo 03	failing him
Ms. Misako Tanaka of Colombo 03	failing her
Mr. Koji Sugimoto of Colombo 03	

as my /our Proxy to represent me/us and vote and speak for me/us on my/our behalf at the Thirty Sixth Annual General Meeting of the Company to be held on 22nd September 2025 at 11.00 A.M at Tulip Conference Room in Block 2 of Bandaranaike Memorial International Conference Hall, Bauddhaloka Mawatha, Colombo 07, Sri Lanka and at any adjournment thereof and to vote at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a “X” against the Resolution Number.

	FOR	AGAINST
To receive and consider the Annual Report of the Board of Directors on the affairs of the Company.	☐	☐
To receive and consider the Statement of Audited Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.	☐	☐
To re-elect Ms. Pravini Wickramanayake as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company’s Articles of Association.	☐	☐
To re-elect Ms. Hettiarachchige Anushi Darshani Senaratne as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company’s Articles of Association.	☐	☐
To re-elect Mr. Toshiaki Tanaka as a Director of the Company, who retires by rotation in terms of Article 26 (6) of the Company’s Articles of Association.	☐	☐
To appoint, Messrs. Deloitte Partners, Chartered Accountants, until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration	☐	☐
7. To authorize the Directors to determine contributions to charities and other donations for the year 2024/25.	☐	☐

Colombo Stock Exchange: (<https://www.cse.lk/home/market>)

As witness my/our hand/s thisday of2025

..... NIC Number / Reg. No	 (Signatures)
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HUNAS HOLDINGS PLC – PQ 72
INSTRUCTIONS FOR COMPLETION OF THE FORM OF PROXY

1. Please complete the Form of Proxy after filling in legibly your full name, NIC number and address and by signing in the space provided.
2. If you wish to appoint a person other than the Chairman (or failing him any one of the Directors) as your Proxy, please insert the relevant details in the space provided.
3. If the shareholder is a Company or body corporate, a form of Corporate Representation executed under its Common Seal in Accordance with its Articles of Association or Constitution should be submitted.
4. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy
5. Please indicate clearly with an “x” in the space provided, how your Proxy is to vote on the Resolutions. If no indication is given, the Proxy in his/her discretion may vote as he/she thinks fit.
6. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company, Hunas Holdings PLC, No.23, Alfred Place, Colombo 03 not less than 48 hours before the time appointed for holding the meeting.

CORPORATE INFORMATION

NAME OF COMPANY	Hunas Holdings PLC
COMPANY NUMBER	PQ 72
LEGAL FORM	A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1989
BOARD OF DIRECTORS	Mr. W.S.L.A.D.R. Samarasinghe Chairman Mr. M.A.A. Atheeq Ms. G.S.M. Irugalbandara Ms. P. Wicramanayake Mr. T. Tanaka Ms. M Tanaka Mr. G. Vinothan Ms. H.A.D. Senaratne Mr.Koji Sugimoto
SECRETARIES	S S P Corporate Services (Pvt) Ltd No: 101, Inner Flower Road, Colombo 03. Phone: +94 11 2573894
AUDITORS	Messrs Deloitte's Partner Chartered Accountants 100 Braybrooke Place Colombo 02
REGISTERED OFFICE	No: 23, Alfred Place, Colombo 03
BANKERS	Sampath Bank PLC Commercial Bank of Ceylon PLC Nations Trust Bank PLC

