MAHAWELI REACH
SRI LANKA

ANNUAL REPORT

2025-2026

MAHAWELI REACH

SRI LANKA

IN FULL BLOOM. A YEAR OF GRACEFUL GROWTH.

Just as the Kandyan Dancer Orchid unfurls its spray of golden blossoms along the banks of the Mahaweli River, Mahaweli Reach Hotel has spent the past year rooted in tradition, reaching toward new heights. Like the dancer for whom this orchid is named, ours is a story of poise amid motion, honouring Kandyan heritage while stepping confidently into the future.

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VISION

To make ourselves the cynosure of the industry, through dedication that goes above and beyond the boundaries of duty.

MISSION

To foster continuing excellence in service through the nurturing of teamwork and total commitment among our staff, thus inspiring them to reach greater heights.

NOTICE OF MEETING...

The Board of Directors have proposed to hold the 52nd Annual General Meeting of MAHAWELI REACH HOTELS PLC on Monday, the 28th day of September 2026 at 11.00 a.m., by way of a Hybrid Meeting at the Registered Office of the Company at No. 35, P. B. A. Weerakoon Mawatha, Kandy.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of MAHAWELI REACH HOTELS PLC will be held on Monday, the 28th day of September 2026 at 11.00 a.m., by way of a Hybrid Meeting, at the registered office of the Company No. 35, P. B. A. Weerakoon Mawatha, Kandy, Sri Lanka, for the following purposes:

AGENDA

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2026, together with the report of the Independent Auditors thereon.

2. To re-elect Mr. Ahmed Maumoon who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.

3. To re-elect Mr. Mestiyage Don Mevan Gunathileke who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.

4. To re-appoint Ms. S. M. A. Nonis Ranaweera, who was appointed to the Board since the last Annual General Meeting and retires in terms of Article 97 of the Articles of Association of the Company, as a Director.

5. To re-appoint Ms. E. W. M. R. Samindhi Unamboowe, who was appointed to the Board since the last Annual General Meeting and retires in terms of Article 97 of the Articles of Association of the Company, as a Director.

6. To re-appoint Mr. J. A. Panabokke who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to J. A. Panabokke who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

7. To re-appoint Mr. A. U. Maniku who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to A. U. Maniku who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

NOTICE OF MEETING

8. To authorize the Board of Directors to determine contributions to charities and other donations.

9. To re-appoint Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board
Mahaweli Reach Hotels PLC

(Sgd.)
Director
BUSINESSMATE (PRIVATE) LIMITED
Secretaries

Colombo
31 August 2026

Notes:

1) The Notice convening the AGM will be published in one issue of a daily newspaper/e-newspaper in English, Sinhala, and Tamil Languages.

2) The documents will also be made available on the Colombo Stock Exchange website www.cse.lk and on the Company's website www.mahaweli.com and you may access same directly through the URL link.

3) Shareholders are advised to view the full content of this Notice and all connected documents pertaining to the AGM of the Company, including the "Procedure to be followed at the Annual General Meeting of the Company scheduled for 28th September 2026".

4) Shareholders who wish to participate at the AGM through the online platform are kindly requested to complete and forward the "Registration Form (Annexure 1)" as more fully explained in the said "Procedure to be followed at the Annual General Meeting of the Company scheduled for 28th September 2026".

5) A Member is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a Member of the Company. The Form of Proxy will be made available on the above websites and URL.

6) The completed Registration Form (Annexure I) and Form of Proxy (Annexure II), as relevant, must be submitted to the Company not later than 11.00 a.m. on 26th September 2026,
   - via email to sonali@mahaweli.com, or
   - by hand or post to the registered office of the Company, No. 35, P. B. A. Weerakoon Mawatha, Kandy.

7) A person representing a corporation is required to submit a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a Member.

8) The transfer books of the Company will remain open.

MANAGEMENT, DISCUSSION ANALYSIS...

Overview

The financial year ended 31 March 2026 was characterised by continued recovery in Sri Lanka's tourism sector, improving macroeconomic stability, and increasing international visitor arrivals, while at the same time being influenced by heightened geopolitical tensions, adverse weather events and persistent global economic uncertainty. Sri Lanka's tourism industry continued its recovery momentum with visitor arrivals maintaining strong growth following the country's economic stabilisation efforts. The tourism sector remains a critical contributor to foreign exchange earnings and economic activity, creating positive conditions for the hospitality industry.

Mahaweli Reach Hotels PLC, as one of the Kandy's most recognised hospitality brands and a landmark hotel in Kandy, operated within an environment that while generally supportive of tourism growth, had several challenges. The Company continued to focus on service excellence, operational efficiency, guest satisfaction, prudent cost management, sustainability initiatives and long-term Shareholder value creation.

Kandy remains a cornerstone of Sri Lanka's cultural tourism offering, attracting both domestic and international travellers through its UNESCO World Heritage status, rich cultural heritage, religious significance and proximity to several major tourist attractions. This strategic positioning continues to support the Company's long-term growth prospects.

Global Economic and Tourism Outlook

Global tourism demonstrated remarkable resilience during the year, with international tourist arrivals recovering to approximately pre-pandemic levels and reaching approximately 1.5 billion arrivals worldwide. The recovery was driven primarily by pent-up travel demand, increased airline capacity and strong consumer preference for experiential travel. International tourism receipts reached approximately USD 1.9 trillion, reflecting continued recovery in global travel activity.

Despite this positive trajectory, several risks continue to influence the tourism landscape. Economic growth across major economies remains uneven, while inflationary pressures, elevated interest rates and geopolitical conflicts have created uncertainty in consumer spending patterns. Increasing concerns regarding climate change, environmental sustainability, aviation emissions and extreme weather events continue to shape travel decisions and investment priorities.

The hospitality industry is also experiencing structural shifts in traveller behaviour, with increased demand for authentic cultural experiences, wellness tourism, sustainable travel practices and digitally enabled guest experiences. These trends align well with Sri Lanka's tourism proposition and Kandy's unique positioning as a cultural and heritage destination.

The United Nations Tourism Organisation has projected moderate growth in international tourism demand, although the pace of expansion may be affected by ongoing geopolitical tensions, transportation costs and economic conditions in key source markets.

Sri Lankan Tourism Outlook

Sri Lanka's tourism industry continued its recovery during the period under review, supported by improved political and economic stability, stronger investor confidence and continued international interest in the country's tourism offering.

Tourist arrivals exceeded 2.3 million visitors during 2025. Tourism earnings remained a significant contributor to foreign exchange inflows and economic activity. Sri Lanka's competitive pricing relative to many regional destinations, combined with its diverse tourism offerings, continues to support demand from international leisure travellers.

Key source markets remain diversified across Europe, India, China, the Middle East and Australia. In particular, growth in regional travel from India continues to provide opportunities for the hospitality sector. Enhanced air connectivity, destination marketing initiatives and increasing investor confidence are expected to support continued growth in arrivals over the medium term. Free visa travel initiatives will bolster tourist arrivals.

Nevertheless, the tourism sector remains exposed to external risks, including geopolitical instability, adverse weather conditions, economic slowdowns in source markets and fluctuations in global travel demand.

Macroeconomic Factors Affecting Tourism

Economic Stability

Sri Lanka's improving macroeconomic environment continues to support tourism growth. Greater stability in exchange rates, inflation and monetary policy has contributed to improving business confidence and international perceptions of the country as a travel destination.

Exchange Rate Movements

Exchange rate fluctuations influence both tourism demand and operating costs. A stable and competitive Sri Lankan Rupee enhances affordability for foreign visitors while supporting foreign currency earnings. However, imported food products, equipment, technology and fuel remain exposed to exchange rate risks.

Inflation

While inflation has moderated compared to previous years, increases in labour costs, utilities, food and beverage inputs and maintenance expenses continue to affect hotel operating margins. The Company remains focused on productivity improvements and cost management initiatives to mitigate inflationary pressures.

Air Connectivity

International airline capacity remains a critical determinant of tourism growth. Expansion of regional routes and improved connectivity through major aviation hubs continue to support visitor arrivals to Sri Lanka.

Consumer Spending Trends

Tourism remains highly dependent on discretionary spending. Economic conditions within major source markets directly influence travel decisions, trip duration and visitor expenditure patterns.

Impact of Middle East Conflict

The ongoing conflict and geopolitical instability in the Middle East represent a significant external risk to global tourism and aviation.

Short-Term Impact

The Middle East serves as one of the world's most important aviation transit regions. Any escalation of regional conflict may disrupt airline routes, increase flight distances and elevate fuel consumption, resulting in higher airfares. Increased travel costs can influence travel decisions, particularly among price-sensitive leisure travellers.

Additionally, uncertainty arising from geopolitical developments can negatively affect consumer confidence and delay discretionary travel plans. Such disruptions may temporarily affect international arrivals to Sri Lanka and reduce demand across the hospitality sector.

Medium-Term Impact

Should geopolitical tensions persist, higher fuel prices and inflationary pressures may affect global economic growth and consumer spending power. This could result in slower growth in tourism demand and reduced travel expenditure across key source markets.

However, Sri Lanka may continue to benefit from its competitive value proposition relative to many alternative destinations.

Impact of Cyclone Ditwah and Climate-Related Weather Events

The year also highlighted the increasing exposure of tourism destinations worldwide to climate-related disruptions. Severe weather systems affecting the region, including cyclone-related weather events and periods of heavy rainfall, created disruptions to transportation networks, tourism excursions and visitor mobility in parts of Sri Lanka.

While Mahaweli Reach Hotel remained operational throughout the reporting period, the cyclone affected the property with floods affecting the low lying garden areas of the property adjacent to the Mahaweli river. In addition to the property damage, weather-related disruptions impacted tourism flows, travel itineraries and visitor movement in certain regions including the Kandy region with several access roads being affected. Adverse weather conditions can influence booking patterns, shorten visitor stays and create operational challenges for the hospitality industry.

At a national level, severe weather events place additional pressure on public infrastructure, transportation systems and tourism assets. Increased maintenance requirements, infrastructure repairs and climate adaptation investments are becoming increasingly important considerations for tourism operators.

The Company continues to strengthen business continuity planning, infrastructure resilience, emergency response procedures and sustainability initiatives to mitigate climate-related risks and enhance long-term operational resilience.

Climate change is expected to remain a significant strategic consideration for the tourism industry and the Company over the coming decades.

Tourism Prospects for Kandy

Kandy remains one of Sri Lanka's most important tourism destinations and continues to benefit from both domestic and international demand. The city's unique combination of cultural heritage, religious significance, scenic beauty and accessibility positions it favourably within Sri Lanka's tourism landscape.

Its UNESCO World Heritage status, cultural and religious tourism demand, growing interest in experiential and heritage travel increasing demand for wellness and eco-tourism experiences, expansion of domestic tourism and improved transportation and tourism infrastructure are several factors which support Kandy’s position as an attractive tourist destination.

As one of the leading hotels in the region, Mahaweli Reach is well positioned to benefit from these developments. The Company's brand recognition, river front location, extensive facilities and reputation for service excellence continue to represent key competitive strengths. Future growth opportunities include destination weddings, corporate events, wellness tourism and enhanced digital engagement strategies.

The lack of an effective destination marketing campaign positioning Kandy to benefit from its strategic position, remains an obstacle in deriving the full benefit of its potential.

As a result Kandy is yet to benefit fully from the increase in tourist arrivals to the country.

Financial Performance

Practices followed by competitors in the region impact applicable room rates and have a detrimental effect on all accommodation providers with mainstream hotels and the information accommodation sector all competing in the same space. During the year under review, the Company has experienced challenges in maintaining occupancy levels, adequate room rate and liquidity. Management maintained a strong focus on operational efficiency and cost discipline in response to inflationary pressures and evolving market conditions. Procurement efficiencies, resource optimisation and prudent expenditure management remained key priorities.

Food and beverage operations continued to contribute significantly to overall revenue growth, supported by banqueting, weddings and corporate functions. Strategic direction is a focus for the Board and different initiatives are being considered to ensure the long term sustainability of operations.

The Company maintained a disciplined approach to cash flow management and capital expenditure. Investment initiatives focused on maintaining service standards, facility enhancements and technology improvements aimed at preserving long-term competitiveness.

The finance facilities obtained by the Company to assist its recovery from the effects of the Covid pandemic and economic crisis which affected Sri Lanka continue to impact the balance sheet of the Company.

The company’s recorded revenue of LKR 774,056,560/- for the period under review with an EBITDA of LKR (59,767,933/-). Loss Before Tax: LKR (378,031,768/-) and the Loss After

Tax: LKR (364,016,547/-). Earnings Per Share of LKR (7.73) has declined from the previous year due to the present circumstances. The occupancy Rate of 40% was recorded. A significant factor impacting the downturn in occupancy was that the Company maintained applicable room rates at a determined rate and were reluctant to follow the practices of the competitors in a price sensitive market.

These practices are constantly reviewed to align with best possible outcomes for the Company in a challenging operating environment.

The age of the property is a factor that is being considered for strategic planning though improvements are taking place to maintain the property value and attract travellers.

Principal Risks and Risk Management

The Company operates within a dynamic environment and is exposed to several external and internal risks.

Tourism Demand Risk

Changes in economic conditions, travel patterns, public health concerns and international mobility can affect occupancy levels and revenue performance.

Geopolitical Risk

Conflicts in the Middle East and other regions may influence aviation routes, fuel costs, airline capacity and traveller confidence.

Climate and Environmental Risk

Extreme weather events, flooding, landslides and climate-related disruptions may affect operations, infrastructure and tourism demand.

Economic Risk

Inflation, exchange rate volatility, interest rate fluctuations and slower economic growth in source markets may affect profitability.

Labour Risk

Competition for skilled hospitality professionals remains a challenge across the industry. Employee retention, training and succession planning remain important priorities.

Cybersecurity Risk

Increasing dependence on technology and digital guest services creates exposure to cyber threats and data security risks.

Regulatory and Compliance Risk

Changes in taxation, labour legislation, tourism regulations and sustainability requirements may impact operating costs and business practices.

The Board and Management continue to review and strengthen risk management frameworks, internal controls and business continuity arrangements to ensure resilience and sustained performance.

Outlook

Looking ahead, the Board remains cautiously optimistic regarding the Company's future prospects. Tourism demand is expected to continue its gradual growth trajectory, supported by Sri Lanka's improving economic environment, strong destination appeal and expanding international connectivity.

Notwithstanding these positive developments, continued vigilance will be required to navigate risks arising from geopolitical tensions, climate change, adverse weather events, inflationary pressures and global economic uncertainty.

Kandy's enduring position as one of Sri Lanka's premier cultural destinations, combined with Mahaweli Reach Hotels PLC's strong brand, strategic location, experienced workforce and commitment to excellence, places the Company in a favourable position to capture future growth opportunities.

Management remains focused on enhancing guest experiences, driving operational excellence, maintaining financial discipline, advancing sustainability initiatives and creating sustainable long-term value for Shareholders and other stakeholders. Through prudent governance, continuous innovation and disciplined execution, the Company is well positioned to strengthen its market leadership and contribute meaningfully to the continued development of Sri Lanka's tourism industry. The Board and management are making every effort to ensure the sustainability of operations is preserved.

RISK MANAGEMENT
Risk Analysis Report 2025/26

Overview

This report sets out Mahaweli Reach Hotels PLC's risk register for the financial year 2025/26. It presents identified strategic, operational and financial risks, their potential impact, the mitigating factors in place, and an assessed risk rating for each. Section 4 has been updated to reflect risk factors that have emerged in, or become more pronounced within, the Sri Lankan hospitality and tourism sector over the course of FY2025/26.

Risk Rating Key

Very High	High	Moderate

1. Strategic & Market Risks

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
1.1	**Brand Reputation Risk** Threat of damage to the hotel's brand image and public perception due to negative customer experiences, social media feedback, inconsistent service quality, or public controversies.	Negative reviews, weakened market position, reduced partnership opportunities.	Brand positioning, indigenous ambience, managing online presence, compliance certifications.	High
1.2	**Over-dependence on Tour Operators** Risk associated with relying heavily on a limited number of third-party agents or Destination Management Companies (DMCs) for guest bookings and revenue.	A large % of bookings coming through a few tour operators; cancellation or loss affects cash flow; tour operator pull-outs due to political or economic changes; limited bargaining power in contract renewals; delayed payments or bankruptcy.	Diversify booking channels, build a direct customer base, renegotiate contract terms, develop strategic alliances, strengthen online reputation, monitor credit exposure, offer value-added packages directly.	Very High
1.3	**Market Adaptation Risk** The organisation's inability to respond quickly and effectively to changing market trends, customer expectations, or competitive dynamics.	Changing customer preferences, outdated offerings, technology aversion, dependency on traditional market segments, emerging source markets ignored.	Create adaptable packages, property zoning & refurbishment, mobile booking, AI chat-bots, CRM & loyalty platforms, smart-room features, real-time digital ads, influencer tie-ups, micro-seasonal promotions, target niche markets with customised campaigns.	Very High

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
1.4	**Changing Government Policies** Frequent or unexpected modifications to taxation, foreign exchange controls, import/export regulations, labour laws, tourism incentives, and environmental regulations.	Policy shifts on taxes, currency, imports; inflation; labour law adjustments.	Policy monitoring & advocacy, flexible pricing & contracts, legal & compliance readiness, scenario-based financial planning, diversification of revenue streams.	Very High
1.5	**Demand Risk** The possibility that the hotel may experience a significant decline or fluctuation in guest arrivals and bookings due to changing traveller preferences, economic downturns, geopolitical events, or shifts in source markets.	Geopolitical uncertainty, dependence on few source markets, reputation & perception, shift in traveller preferences, climate/ seasonality factors.	Market and segment diversification, dynamic pricing & packaging, localised marketing, loyalty & repeat business programmes.	High
1.6	**Competitive Risk** Threat that existing or new competitors may erode market share, profitability, or brand position by offering better value, innovative services, or aggressive pricing.	Market share loss to newer or more innovative competitors, aggressive price slashing by competitors, strong local brands with eco focus.	Differentiate through heritage & identity, refurbishment & facility upgrades, target high-yield segments, flexible pricing models, collaborations & events.	High
1.7	**Business Risk** The possibility of failing to achieve strategic objectives or financial targets due to internal or external factors, including operational inefficiencies, market dynamics, changing customer preferences, financial mismanagement, or failure to innovate.	Volatile tourism demand, operational rigidity, legacy business model, limited innovation, poor integration across departments, environmental & utility disruptions, limited data-driven decision-making.	Scenario-based planning and quarterly performance reviews, diversify offerings, strengthen interdepartmental communication, sustainability & resilience planning, deploy tools to monitor booking trends, guest satisfaction, competitor pricing and operational KPIs.	Moderate

RISK MANAGEMENT...

2. Operational Risks

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
2.1	**Technological & Cyber security Risks** Threats from data breaches, cyber attacks, system failures, or outdated technology that could compromise customer data, disrupt operations, or damage the hotel's reputation.	Data breaches, outdated property management system, insufficient IT infrastructure, lack of staff cyber awareness, non-compliance with data protection laws.	Implement firewalls, endpoint protection, anti-malware tools, and encrypt guest data; regular staff training; IT systems modernisation; third-party risk management; data backup & recovery; stay aligned with Sri Lanka's evolving data protection laws and global standards.	Very High
2.2	**Health & Safety (Guests & Staff)** Any incidents or conditions that could harm guests, employees, or visitors on the premises.	Fire or accidents (on-premises), food safety issues, water & sanitation risks, non-compliance with local health laws.	Maintain and update SOPs for cleaning, food prep, pest control and emergencies; first aid & emergency response; food & water safety; periodic staff training; internal health audits; compliance with SLTDA and MOH standards.	High
2.3	**Supply Chain Disruption** Interruptions or delays in the procurement and delivery of essential goods and services required for smooth operations.	Operational delays, poor service quality.	Vendor diversification, inventory buffering, supplier relationship management, emergency procurement plan.	High
2.4	**Aging Infrastructure** Deterioration of physical assets such as buildings, facilities, utilities, and equipment that are essential for the hotel's operations.	Guest complaints, poor reviews, loss of return business, service delays, high repair costs and safety hazards, ability to attract events/weddings; lower occupancy rates, legal penalties, insurance issues, brand damage, escalating operational costs and poor ESG performance.	Preventive maintenance, capex planning, energy-efficient retrofits, safety compliances & green certifications.	High
2.5	**Retention of Skilled Employees** The challenge of maintaining a stable, skilled, and motivated workforce essential for delivering high-quality guest experiences.	Decline in service quality, increased recruitment costs.	Training, succession planning, performance incentives, monitor turnover by department, conduct exit interviews and analyse root causes of attrition, review compensation against industry standards.	High

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
2.6	**Infectious Disease Risk** The potential for outbreaks of contagious illnesses.	Guest complaints, legal liability, negative reviews and reputational damage.	Hygiene protocols, pest control, staff health monitoring, medical readiness, transparent health and safety measures posted on websites, booking platforms and in rooms, collaboration with MOH.	High
2.7	**Internal Operational Process Risk** The potential for failures or inefficiencies within day-to-day internal processes that can disrupt operations, reduce service quality, increase costs, or cause compliance issues.	Inefficiencies, service delays, customer dissatisfaction.	Standard Operating Procedures (SOPs), cross-department training, define clear KPIs for departments, daily briefings & logs.	Moderate
2.8	**Political Risk** The possibility that political decisions, instability, or changes in government policies - domestically or internationally - could adversely impact operations, profitability, and strategic direction.	Government instability, weak public infrastructure management, changes in tourism - related governance.	Scenario planning and diversified market base.	Very High
2.9	**Statutory and Legal Risks** Risks arising from failure to comply with applicable laws, regulations, and industry standards.	Non-compliance penalties, lawsuits, temporary closures, or inability to operate specific services.	Compliance reviews, legal consultations, regular internal and external audits.	Moderate
2.10	**Environmental Risk** Potential adverse impacts on operations and reputation arising from environmental factors or failures to manage environmental responsibilities.	Operational impact due to environmental factors like floods, climate-related disruption.	Crisis response plans, environmental sustainability initiatives.	Moderate

3. Financial Risks

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
3.1	**Credit Risk** Potential for financial loss arising from the non-payment or delayed payment of dues by customers, corporate clients, tour operators and travel agents.	Negative cash flow, bad debts.	Credit policy, debtor monitoring, customer evaluation, aging report review.	High
3.2	**Liquidity Risk** Potential inability to meet short-term financial obligations due to insufficient cash flow or restricted access to financing.	Inability to meet operational obligations.	Cash flow forecasting, funding arrangements, debt rescheduling, maintain a minimum cash buffer.	Very High
3.3	**Interest Rate Risk** Potential for increased borrowing costs or reduced investment income due to fluctuations in market interest rates.	Higher borrowing costs, reduced profitability, capital planning, cost of capital analysis, bank diversification.	Interest rate hedging, loan restructuring.	Moderate
3.4	**Exchange Rate Risk** The financial loss or profit volatility caused by fluctuations in foreign exchange (forex) rates, as a hotel catering to international guests and earning revenue in foreign currencies.	Losses on foreign revenue conversion.	Currency hedging strategies, pricing adjustments.	High
3.5	**Inflation Risk** Threat that rising prices of goods, services, and operational costs will reduce profit margins, decrease purchasing power, and make hotel offerings less competitive.	Increased operational costs, reduced margins, wage pressures.	Dynamic pricing strategy, vendor contract review, menu engineering, payroll optimisation.	High

4. Emerging Sector Risks — Sri Lanka Hospitality Sector (FY2025/26 Update)

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
4.1	**Middle East Geopolitical Conflict Risk** Escalation of the ongoing Middle East conflict has disrupted regional air routes, raised fuel and airfare costs, and dampened outbound travel sentiment from key long-haul and transit markets, causing a sharp dip in arrivals in early 2026 (e.g. March 2026 arrivals fell 19.7% year-on-year).	Reduced arrivals from affected and connecting markets, higher airfares reducing destination affordability, booking volatility and short-notice cancellations.	Diversify source markets away from conflict-affected regions, strengthen ties with resilient markets (India, China, Central Asia), maintain flexible cancellation policies, scenario-based contingency planning, close monitoring of travel advisories.	Very High
4.2	**Revenue-Yield Erosion Risk** A widening disconnect between rising tourist arrivals and falling tourism earnings, driven by lower per-visitor spend, downward revision of average daily spending estimates, and increased price sensitivity among travellers (Q1 2026 tourism revenue fell 15% YoY despite higher arrivals; March 2026 revenue fell 37% YoY).	Declining revenue per available room (RevPAR) and average daily spend, pressure on margins despite volume growth, reduced foreign exchange inflows to the wider economy.	Shift toward high-net-worth, wellness and MICE segments, value-added packaging rather than price discounting, upselling of F&B/experiences, data-driven revenue management and dynamic pricing.	Very High
4.3	**Hotel Room Oversupply & Margin Compression** Continued expansion of graded and informal accommodation supply (including online-listed private accommodation) has outpaced demand growth, keeping industry-wide occupancy below pre-crisis levels and compressing margins despite recovering arrivals.	Depressed occupancy and average room rates relative to regional peers, prolonged payback periods on refurbishment/capex, downward pressure on hotel sector valuations.	Differentiated positioning and service quality rather than rate competition, portfolio optimisation (repositioning or divesting under performing assets), cost discipline and productivity improvement, targeted marketing to high-yield segments.	High

S. N.	Risks	Potential Impact	Mitigating Factors	Risk Rating
4.4	**Regional Competitiveness Risk** Sri Lanka is losing relative price and value competitiveness to regional peer destinations such as Thailand, Vietnam and the Maldives, which offer lower-cost accommodation and stronger air connectivity.	Loss of market share to lower-cost regional destinations, downward pressure on achievable room rates, reduced repeat visitation.	Investment in unique cultural/heritage and wellness positioning, air connectivity advocacy, destination marketing collaboration with SLTDA and THASL, service quality differentiation.	High
4.5	**Regulatory & Fiscal Policy Risk (2026 Budget Reforms)** Recent and prospective fiscal reforms - including tax adjustments on imported goods, incentives tied to local sourcing/green technology investment, and evolving data protection and tourism-sector regulations- create both compliance obligations and cost implications.	Increased compliance costs, need for supply-chain and procurement adjustments to meet local-sourcing incentives, risk of penalties for non-compliance with new data protection requirements.	Dedicated regulatory monitoring, early engagement with SLTDA/THASL on policy consultations, phased transition to local sourcing where commercially viable, compliance audits ahead of enforcement deadlines.	Moderate

CORPORATE GOVERNANCE REPORT...

Effective and strong Corporate Governance helps to cultivate a company's culture of integrity, leading to a positive performance and a sustainable business overall.

It mainly exists to increase the accountability of all individuals and teams within the Company.

The Board of Directors is responsible for overseeing the operations of the Company and for managing its affairs while ensuring its economic well being and safeguarding the principles of accountability, transparency and ethical conduct. All stakeholder interests are considered when employing operational strategies.

The Company has adopted Corporate Governance practices in compliance with the mandatory requirements of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007 and wherever possible additional best practices are followed. The report indicates compliance with the requirements of the Listing Rules.

The Board has appointed Mahaweli Hotel Management Services (Private) Limited as the Managing Agent of the Company.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Mahaweli Reach Hotels PLC comprises Eleven Directors, One Executive Director and Ten Non-Executive Directors, out of which Four Directors are Independent Non-Executive Directors.

The number of Non-Executive Directors meets the requirement of the Listing Rules of the Colombo Stock Exchange for the number to be one-third of the total number of Directors.

Four Non-Executive Directors have been determined by the Board to satisfy the criteria for "Independence" during the year as set out in the Listing Rules. The Independent Non-Executive Directors are free from any relationship that can interfere with the affairs of the Company.

All of the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules.

Brief profiles of all Directors setting out the experience and expertise they provide to the Board are provided on page 36 to 38 of this Report.

FINANCIAL ACUMEN

The Board includes financial expertise who possess the necessary knowledge and competence to guide the Board on matters of finance.

RE-ELECTION OF DIRECTORS

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.

The Articles call for one-third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment / re-appointment. Retiring Directors are generally eligible for re-election.

The Chairman & Managing Director do not retire by rotation.

BOARD MEETINGS

The Board generally meets quarterly and ad hoc meetings are held whenever necessary. During the year under review, the Board met on Three occasions. The attendance at these meetings are as follows:

NAME OF DIRECTOR	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Mr. J. A. Panabokke	Executive Director	3/3
Mr. S. I. Maniku	Non-Executive Director	3/3
Mr. A. M. Didi	Non-Executive Director	-
Ms. D. L. Panabokke	Non-Executive Director	3/3
Ms. F. V. Mahir	Non-Executive Director	3/3
Mr. U. M. Maniku	Non-Executive Director	1/3
Mr. A. U. Maniku	Non-Executive Director	-
Mr. N. Weerakoon	Independent Non-Executive Director	3/3
Mr. M. D. M. Gunatilleke	Independent Non-Executive Director	-
Mr. A. Maumoon	Independent Non-Executive Director	1/3
Ms. S. M. A. Nonis Ranaweera (Appointed on 28.02.2026)	Independent Non-Executive Director	1/3
Ms. E. W. M. R. Samindhi Unamboowe (Appointed on 24.06.2026)	Independent Non-Executive Director	-
Mr. C. N. S. Mendis (Resigned on 28/02/2026)	Independent Non-Executive Director	2/3
Mr. M. U. Maniku (Deceased on 30.08.2025)	Non-Executive Director	-
Mr. J. R. P. M. Paiva (Retired on 01.05.2025)	Independent Non-Executive Director	-

Supply of Information

Directors are provided with monthly updates, quarterly reports on performance and appropriate documentation in advance of each Board meeting for individual Directors to study matters under discussion. The Managing Director ensures all Directors are adequately briefed on issues arising at meetings.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Directors of the Company are responsible inter alia for:

* Enhancing shareholder value, formulating, communicating, implementing and monitoring business policies and strategies.
* Monitoring progress of these policies and strategies.
* Ensuring due compliance with applicable legal, ethical, health, environmental and safety standards and regulations.
* Ensuring that due attention is given to appropriate accounting policies and practices and setting priorities and communicating values and ethical standards for management.
* Ensuring that appropriate systems of internal controls are in place to safeguard the assets of the Company.
* Reviewing and approving Annual Budgets and periodic monitoring of performance against the budgets.

* Approving any major investments.
* Succession Planning.
* Ensuring best practices in relation to human resources are followed.
* Evaluating and monitoring the performance of the Company on a regular basis and initiating remedial action where necessary.
* Approving annual and interim accounts prior to publication and where appropriate recommending dividend for approval by the shareholders.
* Ensuring optimal resource allocation for sustainable value creation.

The Annual capital expenditure budgets, non-budgeted capital expenditure, the annual budgeted operating statements require Board approval. The Board meets regularly to review performance and forecasts against budget so as to take decisions in the best interests of the Company.

DIRECTORS' INTERESTS

Directors' Interests in contracts are regularly disclosed and such disclosure pertaining to the year ended 31/03/2026 can be seen on page 45 in the Directors' Report. Related Party Transactions are monitored by the Related Party Transactions Review Committee and details are provided on page 97 of the annual report.

The Board of Directors is ultimately responsible to stakeholders for the performance of the Company.

MANAGING DIRECTOR

The Managing Director is responsible for the efficient conduct of Board meetings. The Managing Director maintains close contact with all Directors and holds informal meetings with Non-Executive Directors whenever necessary.

COMPANY SECRETARY

The service and advice of the Company Secretary are made available to Directors as necessary. The Company Secretary is required to keep the Board informed of any new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

SUB-COMMITTEES

The Board while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board Sub-Committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance requirements of the Listing Rules of the CSE and industry best practices.

Accordingly, the following Board Sub-Committees have been constituted by the Board.

1. Remuneration Committee
2. Audit Committee
3. Related Party Transactions Review Committee
4. Nomination & Governance Committee

The Sub-Committees are headed by an Independent Non-Executive Director.

REMUNERATION COMMITTEE

The Company has its own Remuneration Committee. The Committee consists of two Independent Non-Executive Directors and two Non-Executive Directors. During the year under review the Remuneration Committee met once and discussed the remuneration policy for the Company. The policy changes were reviewed by the Committee Members on an ongoing basis when necessary. The attendance at this meeting was;

MEMBERS OF THE REMUNERATION COMMITTEE	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Ms. S. N. Ranaweera (Chairperson) (Appointed on 24.06.2026)	- Independent Non-Executive Director	-
Ms. D. L. Panabokke	- Non-Executive Director	1/1
Ms. F. V. Mahir	- Non-Executive Director	1/1
Mr. A. Maumoon (Appointed on 28/02/2026)	- Independent Non-Executive Director	1/1
Mr. C. N. Shamil Mendis (Resigned on 28/02/2026)	- Independent Non-Executive Director	-
Mr. N. Weerakoon (Resigned on 31.03.2026)	- Independent Non-Executive Director	1/1
Mr. J. R. P. M. Paiva (Retired on 01.05.2025)	- Independent Non-Executive Director	-

The Remuneration Committee recommends to the Board the remuneration payable to the Executive Director/s and reviews the remuneration policies of the Company. The Remuneration Committee aims to design compensation as appropriate for the Company and commensurate with each employee's level of expertise and contribution, bearing in mind business performance and shareholder returns.

The Remuneration Committee report is provided on page 49.

AUDIT COMMITTEE

The Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The Managing Director and the Finance Officer attend the meetings of the Audit Committee by invitation.

The Audit Committee was chaired by Mr. N. Weerakoon until 31 March 2026. Effective from 24 June 2026, the Audit Committee has been chaired by Ms. E. W. M. R. Samindhi Unamboowe.

During the year under review, the Audit Committee met formerly on four occasions and have conducted discussions regularly throughout the year. The attendance at these meetings were:

MEMBERS OF THE AUDIT COMMITTEE	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Ms. E. W. M. R. Samindhi Unamboowe (Chairperson - Appointed on 24.06.2026)	- Independent Non-Executive Director	-
Mr. S. I. Maniku	- Non-Executive Director	4/4
Mr. A. Maumoon (Appointed on 28.02.2026)	- Independent Non-Executive Director	-
Mr. C. N. Shamil Mendis (Resigned on 28.02.2026)	- Independent Non-Executive Director	2/4
Mr. N. Weerakoon (Resigned on 31.03.2026)	- Independent Non-Executive Director	4/4
Mr. J. R. P. M. Paiva (Retired on 01.05.2025)	- Independent Non-Executive Director	-

The Committee has adopted a written Charter for the Audit Committee and the Internal Audit Charter. The Terms of Reference of the Audit Committee are,

(i) Ensure the preparation, presentation and adequacy of disclosures in the Financial Statements are in accordance with the Sri Lanka Accounting Standards.

(ii) Ensure compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.

(iii) Oversee the processes to ensure that the internal controls and risk management procedures are adequate, to meet the requirements of the Sri Lanka Auditing Standards.

(iv) Assess the independence and performance of the external auditors.

(v) Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the auditors.

The Committee reviewed the Financial Statements, internal control procedures, accounting policies, compliance with accounting standards, emerging accounting issues and other related functions that the Board required. It also reviewed the adequacy of systems for compliance with the relevant legal, regulatory and ethical requirements. Significant issues discussed by the Committee at the reviews were communicated by the Managing Director to the Board of Directors for their consideration and action.

The Audit Committee helps the Company to strike a balance between conformity and performance. The Audit Committee recommends the appointment and fees of the External Auditors, having considered their independence and performance.

The Audit Committee Report appears on page 50 to 51.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee comprises three Directors. One Executive Director and Two Independent Non-Executive Directors. The Committee was chaired by Mr. N. Weerakoon until 31 March 2026. Effective from 24 June 2026, the Committee has been chaired by Ms. E. W. M. R. Samindhi Unamboowe.

The following Directors serve on the Committee, and attendance at meetings was as follows:

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Ms. E. W. M. R. Samindhi Unamboowe (Appointed as Chairperson on 24/06/2026)	- Independent Non-Executive Director	-
Mr. J. A. Panabokke	- Executive Director	3/3
Mr. A. Maumoon (Appointed on 28.02.2026)	- Independent Non-Executive Director	-
Mr. N. Weerakoon (Resigned on 31.03.2026)	- Independent Non-Executive Director	3/3
Mr. J. R. P. M. Paiva (Retired on 01.05.2025)	- Independent Non-Executive Director	-
Mr. C. N. Shamil Mendis (Resigned on 28.02.2026)	- Independent Non-Executive Director	2/3

The Company Secretaries attend meetings and participate in the Committee meetings by invitation.

The Committee met on four occasions during the year under review. The Committee is mandated to review all related party transactions to ensure that they are in the best interests of the Company.

RELATED PARTY TRANSACTIONS

Details of recurrent Related Party Transactions entered into by the Company during the year 2025/2026 are provided in Note No. 31 to the financial statements.

The Company has entered into two non-recurrent transactions during the period under review when a Director and a Spouse of a director of the company provided loans to the company for working capital needs. These loans were given without any interest being charged and only the capital is repayable to the said parties. As reported in the previous year, the repayments to the financial institution are being carried out for the sum provided to the Company by the Spouse of a Director which was obtained by way of providing a personal asset to secure funding for the Company. This transaction was done by way of an arms-length transaction with a financial institution with the funds being provided to the

Company. The repayment directly to the relevant institution includes the cost of funding. Details are provided in Note No. 31.2.2 to the financial statements.

The Recurrent and Non-Recurrent Related Party Transactions do not meet the thresholds specified by the Listing Rules in order for such transactions to be reported in the format provided therein and are therefore included in the financial statements.

The report of the Committee is provided on page 52 to 53.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Committee comprises five Directors. Three Non-Executive Directors and Two Independent Non-Executive Directors. The Committee was chaired by Mr. N. Weerakoon until 31 March 2026. Effective from 24 June 2026, the Committee has been chaired by Ms. S. N. Ranaweera.

The following Directors serve on the committee, and attendance at meetings was as follows:

MEMBERS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE	EXECUTIVE / NON EXECUTIVE	ATTENDANCE
Ms. S. N. Ranaweera (Appointed as Chairperson on 24/06/2026)	- Independent Non-Executive Director	-
Ms. D. L. Panabokke	- Non-Executive Director	1/1
Ms. F. V. Mahir	- Non-Executive Director	1/1
Mr. S. I. Maniku	- Non-Executive Director	1/1
Mr. A. Maumoon (Appointed on 28.02.2026)	- Independent Non-Executive Director	-
Mr. C. N. Shamil Mendis (Resigned on 28.03.2026)	- Independent Non-Executive Director	-
Mr. N. Weerakoon (Resigned on 31.03.2026)	- Independent Non-Executive Director	1/1
Mr. J. R. P. M. Paiva (Retired on 01.05.2025)	- Independent Non-Executive Director	-

The Company Secretaries attend meetings and participate in the Committee meetings by invitation.

The Committee reviews and makes recommendations that are fair on the appointment and fees of the Directors to the Board.

RELATIONS WITH SHAREHOLDERS

The Notice of Meeting is included in the Annual Report. The Notice contains the Agenda for the AGM as well as instructions on voting, including appointments of proxies. A Form of Proxy is enclosed with the Annual Report. The period of notice prescribed by the Companies Act No. 07 of 2007 has been met.

CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is considered by the Board of Directors as a means of continuing effective dialogue with shareholders and encourages their active participation.

The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters which are important to them. The AGM is also used to adopt the financial statements for the year.

COMMUNICATION WITH SHAREHOLDERS

Shareholders are provided with the Annual Report and also with Quarterly Financial Statements via the Colombo Stock Exchange website, which the Company considers as its principal communication with them and other stakeholders.

Shareholders may bring up concerns they have, either with the Chairman, Directors or the Company Secretary as appropriate. The Company maintains an appropriate dialogue with them.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The Board places great emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing accounting standards and adoption of new standards are carefully monitored.

The Statement of Directors' Responsibilities for the Financial Statements are given in page 33 of this report.

GOING CONCERN

After making necessary inquiries and reviews including reviews of the Company budget for the ensuing year, future prospects and risks, cash flows and borrowing facilities, including the implications of the prolonged COVID-19 outbreak which has had a significant impact on business, The Directors 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.

INTERNAL CONTROL

The Board is responsible for the Company's internal controls 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 is important to state that any system can ensure only reasonable, and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

The Board has reviewed the effectiveness of the system of financial controls for the period up to the date of signing the accounts.

The Level of Compliance with the Listing Rules of the CSE – Sections 7.6 and 9 - Rules on Corporate Governance as at 31st March 2026 are given in the following table.

a. Compliance with Section 7 of the Listing Rules issued by the Colombo Stock Exchange.

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance Status
7.6 i)	Names of Directors of the entity	Refer to Corporate Information of this Annual Report	Complied
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer to the Annual Report of the Board of Directors	Complied
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer to the Report of the Board of Directors of this Annual Report	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
7.6 iv)	The float adjusted market capitalization, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Information to Shareholders and Investors of this Annual Report	Complied
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of the reporting year	Refer to the Report of the Board of Directors of this Annual Report	Complied
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer to the Risk Management of this Annual Report	Complied
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer to Management, Discussion Analysis of this Annual Report	Complied
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer to Note No. 30 to the Financial Statements of this Annual Report	Complied
7.6 ix)	Number of shares representing the stated capital	Refer Page 40 of this Annual Report	Complied
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Information to Shareholders and Investors of this Annual Report	Complied
7.6 xi)	Ratios and market price information	Refer Information to Shareholders and Investors of this Annual Report	Complied
7.6 xii)	Significant changes in the entity's or its subsidiaries' fixed assets and the market value of land	Refer Note No. 20 to the Financial Statements of this Annual Report	Complied
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Complied
7.6 xvi)	Related Party Transactions	Refer Note 31 to the Financial Statements and the declaration of the Board of Directors embodied in the Annual Report of the Board of Directors of this Annual Report	Complied

b. Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange.

9.1 Corporate Governance Rules			
9.1.1 9.1.2 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	The extent of compliance with Corporate Governance Section 09 of the listing rules issued by CSE is tabulated below	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a). Policy on the matters relating to the Board of Directors b). Policy on Board Committees c). Policy on Corporate Governance, Nominations and Re-election d). Policy on Remuneration e). Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f). Policy on Risk management and Internal controls g). Policy on Relations with Shareholders and Investors h). Policy on Environmental, Social, and Governance Sustainability i). Policy on Control and Management of Company Assets and Shareholder Investments j). Policy on Corporate Disclosures k). Policy on Whistle blowing l). Policy on Anti-Bribery and Corruption	The policies which are mandated by the revised CSE Listing Rules are currently in place	Complied
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	N/A	N/A
9.2.3	i. List of policies in place as per Rule 9.2.1, with reference to website ii. Any changes to policies adopted	The Company has adopted the policies and published in the Company website	Complied
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	A copy of the above policies will be made available to the Shareholders upon a written request being made to the Company Secretary	Complied
9.3 Board Committees			
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board Committees at a minimum shall include: a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee	The Nominations & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place	Complied
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules	The composition of all Committees are in line with the revised CSE listing rules.	Complied
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	The Chairman of the Board of Directors was not the Chairman of Nominations & Governance Committee, Remuneration Committee, Audit Committee or the Related Party Transactions Review Committee during the year	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	The Company Secretary maintains records of all resolutions and information (Appointment of proxy, number of votes in favour & against and number of shares in respect of vote was directed to be abstained) of General Meetings	Complied
9.4.2	Listed Company should have a policy on effective communication and relations with shareholders and Investors Listed Company should disclose the contact person for such communication. The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	The Company has adopted a new policy named Policy on Relations with Shareholders and Investors	Complied
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	The Company has adopted a new Policy on matters relating to the Board of Directors	Complied
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-compliant reasons for the same with proposed remedial action	The Company has complied with the requirements of the policy	Complied
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	The Company has only a Chairperson	Complied
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	N/A	N/A
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	N/A	N/A
9.6.4	Rationale for appointing Senior Independent Director	N/A	N/A

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.7 Fitness of Directors and CEOs			
9.7.1 9.7.2	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules. Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	The Board has a formal and transparent process in place for the succession and appointment of Directors. The Nominations & Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. The attributes and experience required from potential appointees are identified and agreed prior to the search process, considering the combined knowledge, experience and diversity of the Board, in relation to the Company's strategic plans and any gaps thereof. The criteria stated in the revised CSE listing rules were also taken into account when appointing new Directors as well as for the annual assessment of fit and propriety of Directors	Complied
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	The assessment criteria detailed in the revised CSE listing rules have been incorporated into the annual declaration of the Directors	Complied
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised listing rules were obtained	Complied
9.7.5	a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria b) Any non-compliance/s and remedial action taken	All Directors have filled out questionnaires to assess their fitness and propriety and are considered fit and proper	Complied
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	The Board of Directors of the Company consisted of Eleven (11) Directors	Complied
9.8.2	Minimum Number of Independent Directors: a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher. b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	The Board of Directors of the Company consisted of Four (4) Independent Directors	Complied
9.8.3 9.8.4	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	The Company is complied with the criteria for determining independence of a Director	Complied
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE listing rules	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.9 Alternate Directors			
9.9.1	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	N/A	N/A
Rule Re.	**Disclosure Requirement**	**Extent of Compliance**	**Compliance Status**
9.10 Disclosures Relating to Directors			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board Members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	The Company has formulated the policy related to the policy on matters related to the Board of Directors.	Complied
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: i. Brief resume of such Director; ii. His/her capacity of directorship; and, iii. Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	Nominations & Governance Committee reviews all new appointments	Complied
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 of the Listing Rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	After the effective date of the revised CSE listing rules, changes in the composition of the Board Committees had taken place and immediate market announcements have been made on such changes	Complied
9.10.4	Directors details; a) Name, qualifications and brief profile b) Nature of his/her expertise in relevant functional areas c) Whether either the Director or Close Family Members have any material business relationships with other Directors d) Whether Executive, Non-Executive and/or independent Director e) Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) Number of Board meetings attended g) Names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	For a), b) , d) and e) please refer Board of Directors. Please refer page 36 to 38 c) N/A f), g) and h) please refer Board of Directors. Please refer page 17 and Corporate Governance report Please refer page 17 to 21 i) N/A	Complied N/A Complied N/A

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.11 Nominations and Governance Committee			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	The company has formed a Nominations & Governance Committee	Complied
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	The Committee follows a formal procedure in appointment and re-election of Directors	Complied
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	The Committee has adopted a Terms of Reference which define the scope, authority and duties	Complied
9.11.4	1) The members of the Nominations and Governance Committee shall; a) Comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company b) Not comprise of Executive Directors of the Listed Company. 2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors 3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	The Company is in compliance throughout the year with the revised CSE listing rules. The Committee consists of two Independent Directors and three Non-Executive Directors An Independent Director functioned as the Chairman of the Committee throughout the year The Chairman and the members of the Committee are identified in the Nominations & Governance Committee report given on page 54 to 55	Complied
9.11.5	The functions of the Nominations and Governance Committee	The Company has documented the functions of the Committee in the Terms of Reference. All functions are effectively discharged by the Committee. Please refer Nominations & Governance Committee Report on page 54 to 55	Complied
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson Nominations and Governance Committee Report shall include the following: a) Names of chairperson and members with nature of directorship b) Date of appointment to the committee c) Availability of documented policy and processes when nominating Directors d) Requirement of re-election at regular intervals, at least once in 3 years e) Board diversity f) Effective implementation of policies and processes relating to appointment and reappointment of Directors	Disclosure requirements are covered in the Nominations & Governance Committee Report given on page 54 to 55	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.11.6	g) Details of Directors re-appointed - Board Committees served - Date of first appointment - Date of last re-appointment – Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years – Any relationships – close family member, more 10% shareholding h) Performance of periodic evaluation of Board i) Process adopted to inform Independent Directors of major issues. j) Induction / orientation programs for new Directors on corporate governance, Listing Rules, securities market regulations or negative statement k) Annual update for all Directors on corporate governance, Listing Rules, securities market regulations or negative statement l) Compliance with independence criteria m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions	Disclosure requirements are covered in the Nominations & Governance Committee Report given on page 54 to 55	Complied
9.12 Remuneration Committee			
9.12.1 9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	Please refer Remuneration Committee report on page 49	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Please refer Remuneration Committee report on page 49	Complied
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	Please refer Remuneration Committee report on page 49	Complied
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Please refer Remuneration Committee report on page 49	Complied
9.12.6	1) The members of the Remuneration Committee shall comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company not comprise of Executive Directors of the Listed Company 2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Remuneration Committee consists of two Non-Executive Directors and Two Independent Non-Executive Directors	Complied
9.12.7	The functions of the Remuneration Committee	All functions are effectively discharged by the Committee. Please refer Remuneration Committee Report on page 49	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.12.8	Remuneration Committee Report shall contain the following: a) Names of Chairperson and members with nature of directorship b) Remuneration Policy c) The aggregate remuneration of the Executive and Non-Executive Directors	Disclosure requirements are covered in the Remuneration Committee Report given on page 49	Complied
9.13 Audit Committee			
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	The Company has established an Audit Committee	Complied
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	The Committee has adopted a Terms of Reference which define the scope, authority and duties. Audit Committee terms of reference were reviewed in 2025/26	Complied
9.13.3	1) The members of the Audit Committee shall; comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever is higher, shall be Independent Directors. not comprise of Executive Directors of the Listed Company. 2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors. 3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation. 7) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body	Audit Committee consists of two Independent Non-executive Directors and one Non-Executive Director	Complied
9.13.4	The functions of the Audit Committee	The Company has documented the functions of the Committee in the Audit Committee terms of reference. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on page 50 to 51	Complied
9.13.5	Disclosures in the Annual Report 1) Listed Company shall prepare an Audit Committee Report, which shall be included in the Annual Report 2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5(2)	Disclosure requirements are covered in the Audit Committee Report given on page 50 to 51	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.14 Related Party Transactions Review Committee			
9.14.1	The Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules	A Related Party Transactions Review Committee is in place	Complied
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include Executive Directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	Related Party Transactions Review Committee consists of two Independent Non-Executive Directors and one Executive Director An Independent Director functioned as the Chairman of the Committee throughout the year	Complied
9.14.3	The functions of the Related Party Transactions Review Committee	Please refer Related Party Transactions Review Committee Report on page 52 to 53	Complied
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person 3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction 4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: 1) Be present while the matter is being considered at the meeting; and, 2) Vote on the matter	Please refer Related Party Transactions Review Committee Report on page 52 to 53	Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provision of the said listing rules when reviewing related party transactions	Complied
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	A situation to obtain the Shareholder approval as per revised CSE listing rules has not arisen during the year	Complied
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	A situation has not arisen where immediate disclosure is required to be made as per the revised CSE listing rules	Complied

Rule Re.	Disclosure Requirement	Extent of Compliance	Compliance Status
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	Disclosure has been made at the Colombo stock exchange	Complied
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/ income (in the specified format)	A situation has not arisen where immediate disclosure is required to be made as per the revised CSE listing rule	Complied
9.14.8 (3)	Related Party Transactions Review Committee Report - Names of the Directors comprising the Committee - Statement that the committee has reviewed RPTs and communicated comments/observations to the Board - Policies and procedures adopted by the Committee	Please refer Related Party Transaction Committee Report referred to on Page 52 to 53	Complied
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Please refer to the Annual Report of Directors for an affirmative statement of compliance of the Board on page 52 to 53	Complied
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	A situation has not arisen where immediate disclosure is required to be made as per the revised CSE listing rules	Complied
9.14.10	Exempted Related Party Transactions	A situation has not arisen where immediate disclosure is required to be made as per the revised CSE listing rules	Complied
9.16 Additional Disclosures			
	Additional disclosures by Board of Directors Declaration on following: - All material interests in contracts and have refrained from voting on matters in which they were materially interested - Reviewing of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations, an explanation on why it is unable to do so; - Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; - Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Refer to 'Annual Report of the Board of Directors' of this Annual Report and Corporate Governance of this Annual Report	Complied

STATEMENT OF DIRECTORS' RESPONSIBILITIES......

The Directors are responsible under the sections 150(1), 151, 152(1) & 153 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 or 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 judgements 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 Accounting Standards. 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 Company and, in that context, have instituted appropriate systems of internal control in order to prevent and detect fraud and other irregularities.

The External Auditors, Messrs. Bakertilly Edirisinghe & Company, Chartered Accountants, were deemed re-appointed 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 56 to 59 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 was due in respect of the Company as at the Balance Sheet date have been paid or provided for.

By Order of the Board
Mahaweli Reach Hotels PLC

Secretaries
Businessmate Pvt Ltd
45, Braybrooke Street, Colombo 2

31st August 2026

CHAIRMAN'S REVIEW...

"The true measure of an organisation is not how it performs during favourable conditions, but how it adapts, endures and grows through periods of uncertainty."

Dear Shareholders,

It is my privilege to present the Annual Report of Mahaweli Reach Hotels PLC for the year ended 31 March 2026.

The past year was one of progress, resilience and renewed confidence. Sri Lanka's tourism sector continued its recovery journey amidst a global environment characterised by geopolitical tensions, economic uncertainty and growing climate-related challenges. Despite these external pressures, the Company remained focused on its core purpose: delivering exceptional hospitality experiences while creating sustainable value for its shareholders and stakeholders.

The operating environment was not without challenges. International markets continued to navigate the effects of ongoing geopolitical developments, particularly the conflict in the Middle East, which created uncertainty within global aviation and travel sectors. At the same time, Sri Lanka and the hotel directly experienced severe weather events associated with Cyclone Ditwah and related climatic conditions, which affected communities and transportation networks across parts of the country.

While these events tested the resilience of many businesses, they also demonstrated the remarkable strength of our people and the adaptability of our organisation. Through their professionalism, dedication and commitment to our guests, our employees ensured that Mahaweli Reach continued to deliver the high standards of service for which the hotel is renowned even during the period when the hotel premises was flooded and supply chains were affected.

Throughout its history, Mahaweli Reach has weathered many challenges. The ability of the Company to remain resilient in a rapidly changing environment is a testament to the strength of its brand, the loyalty of its customers and the dedication of its employees.

During the year, the Board and management remained focused on strengthening the Company's financial position and preserving long-term sustainability.

Particular attention was given to capital management and balance sheet resilience. The reduction and prudent management of loan liabilities continued to be a strategic priority. Improvements in the Company's debt position have enhanced financial flexibility. Reducing financing risk and positioning the Company to pursue future opportunities from a position of greater strength remain a focus area.

The Board remains committed to maintaining a prudent balance between investment for growth, preserving liquidity and delivering sustainable value for Shareholders.

While the details of the Company's financial performance are discussed comprehensively within the Management Discussion and Analysis and Financial Statements, I am pleased to note that the business demonstrated continued recovery during the year and continued initiatives are underway to assure the long term sustainability of the Company.

Governance and Board Developments

Strong governance remains fundamental to sustainable business success.

The Board continued to discharge its responsibilities with diligence, ensuring that decision-making remained focused on long-term value creation, risk management and stakeholder interests. During the year, changes to the composition of the Board further strengthened the breadth of experience, expertise and perspectives available to support the Company's strategic direction.

On behalf of the Board, I extend a warm welcome to Ms. S. M. A. N. Ranaweera and Ms. E. W. M. R. S. Unamboowe who joined the Board during the year. Their expertise and guidance will no doubt strengthen the board’s capabilities. I also thank Mr. N. Weerakoon and Mr. C. N. S. Mendis who concluded their service for their commitment, wisdom and valuable contributions to the Company during their tenure.

The Board remains committed to maintaining the highest standards of governance, integrity and accountability.

Our People

The achievements of the Company are ultimately driven by our people.

Tourism and hospitality remain industries built on personal interaction, professionalism and service excellence. The resilience, dedication and adaptability demonstrated by our employees throughout the year were central to our ability to respond successfully to changing market conditions.

Whether serving guests, supporting operations or maintaining the hotel's facilities, our employees consistently demonstrated the values upon which Mahaweli Reach has built its reputation for nearly five decades.

To every member of our team, I extend my sincere gratitude and appreciation.

Appreciation

I wish to acknowledge and thank our guests, both local and international, for their continued trust in Mahaweli Reach.

I also extend our appreciation to our travel partners, destination management companies, corporate clients and suppliers whose ongoing support continues to contribute significantly to the success of the Company.

My thanks also go to our bankers and financial institutions for their partnership and continued confidence in the Company. Their support has been particularly valuable as the tourism sector continues its recovery and growth trajectory.

To my fellow Directors, I express my gratitude for their guidance, commitment and stewardship throughout the year. The strength of our Board continues to be one of the Company's greatest assets.

Finally, I thank our Shareholders for the trust and confidence you place in the Board and management. Your continued support allows us to pursue our vision with confidence and purpose.

Looking Ahead

While challenges remain, I am optimistic about the future.

Sri Lanka's tourism industry possesses strong long-term fundamentals supported by the country's unique cultural heritage, natural beauty and renowned hospitality. Kandy continues to hold a special place within Sri Lanka's tourism landscape as one of the country's most significant cultural destinations.

We recognise that global uncertainty, geopolitical developments and climate-related risks may continue to influence tourism demand in the near term. However, history has consistently demonstrated the resilience of both Sri Lanka's tourism industry and Mahaweli Reach Hotels PLC.

As we look ahead, the Company remains committed to strengthening its market position, investing in its people, enhancing guest experiences and preserving the unique heritage that has made Mahaweli Reach one of Sri Lanka's most respected hospitality brands.

With the support of our stakeholders and the dedication of our people, I am confident that the Company is well positioned to continue creating sustainable value in the years ahead.

U. M. Maniku
Chairman

31 August 2026

BOARD OF DIRECTORS...

Mr. U. M. Maniku

(Chairman)
Non-Executive Director

Mr. U. M. Maniku was appointed to the Board on 30th March 2023 and appointed as the Chairman of the Company on 24th June 2026. He holds a Bachelor's Degree in Marketing and Management from Edith Cowan University, Australia.

Mr. Maniku has over 20 years' experience in the hospitality industry and construction sector. He is currently an Executive Director of Universal Enterprises Pvt. Ltd, Managing Director of Universal Resorts Management Pvt Ltd, Managing Director of Coral Edge Pvt Ltd which are leading companies in Maldives in the hospitality industry. He also serves as a Director of International Education System Pvt Ltd and Mahaweli Hotel Management Services Pvt Ltd.

Mr. J. A. Panabokke

(Managing Director)
Executive Director

Mr. J. A. Panabokke has approximately five decades of management experience in the hospitality industry and has been a Member of the Board of Directors of Mahaweli Reach Hotels PLC since 1988. He has functioned as its Managing Director since 1992. He also serves as a Director of Mahaweli Hotel Management Services (Pvt) Limited, Sri Lanka Business Development Centre, Mowbray Hotels Ltd, Golden Isle Travels (Pvt) Ltd, Golden Isle Leisure (Pvt) Ltd and Pan Oriental Holdings (Pvt) Ltd.

He has represented Sri Lanka on the Board of the Pacific Asia Travel Association (PATA), and as International Councilor for the SKAL Asian Area. He has also been a former Member of the Board of the Sri Lanka Tourist Board and of the Sirimavo Bandaranaike Institute of Tourism & Hotel Management. He has functioned as Chairman of the PATA Sri Lanka Chapter and President of SKAL International - Colombo. In addition, he has in the past been appointed Vice President of the Tourist Hotels Association of Sri Lanka, President of the Kandy Hoteliers Association, Director of the Chamber of Commerce & Industry of the Central Province and a Member of the National Vocational Training Council for the Hotel, Travel & Tourism Trade of the Ministry of Labour.

Mr. A. U. Maniku

Non-Executive Director

Mr. A. U. Maniku was appointed to the Board on 27th February 2003. He is the Managing Director of Universal Enterprises Pvt Ltd of the Maldives.

Mr. A. M. Didi

Non-Executive Director

Mr. A. M. Didi was appointed to the Board on 27th February 2003. He functioned as the Director - Sales and Marketing of Universal Enterprises Pvt Ltd, Maldives. He has over 40 years' experience in Resort Management specializing in Marketing and the promotion of Maldives, Seychelles and the Universal Resorts portfolio around the world. He was also responsible for Universal Travel Services. He is a Director of Silhouette Island Resort and Rocher Marketing and Hospitality Supplies of Seychelles. Mr. Didi is the Honorary Consul for Russia in the Republic of Maldives.

Ms. D. L. Panabokke
Non-Executive Director

Holding a Master of Laws Degree from the University of London and a Bachelor of Laws Degree from the University of Colombo, Ms. Panabokke is an Attorney-at-Law admitted to the Supreme Court of Sri Lanka. She has been engaged in the practice of commercial & corporate law at law firms in Sri Lanka and in the Kingdom of Bahrain. She was also previously employed with the Securities & Exchange Commission of Sri Lanka and works in the policy and governance field in Australia. She has had extensive experience inter alia in the fields of company law, securities law, banking law, good governance practices and regulatory compliance. Ms. Panabokke is also a Director of Mahaweli Hotel Management Services Private Limited.

Mr. S. I. Maniku
Non-Executive Director

Mr. S. I. Maniku was appointed to the Board on 17th November 2022. He holds a Bachelor's Degree in Electrical & Electronic Engineering from Imperial College London and an MBA from INSEAD.

Mr. Maniku has over 20 years' experience in the hospitality industry and is a Director of Universal Enterprises Pvt. Ltd of the Maldives and the Managing Director of the Male' Aerated Water Company, the franchise bottler of Coca-Cola in the Maldives. He is also the Managing Director of Manta Aviation Pvt. Ltd, which operates aircraft in the Maldives and Pulse Hotels & Resorts Pvt. Ltd a luxury hotel management company. He also serves as a Director of Mahaweli Hotel Management Services Private Limited.

Ms. F. V. Mahir
Non-Executive Director

Ms. F. V. Mahir was appointed to the Board on 17th November 2022. She is currently serving as Executive Director of Universal Enterprises Pvt. Ltd of the Maldives and COO of Universal Resorts Management and has over 20 years' of experience in the tourism sector.

She is also a Board Member of MATI (The Maldives Association of Tourism Industry) and holds a Bachelors' Degree in English from the University of Exeter, UK. She also serves as the Director of Mahaweli Hotel Management Services Private Limited.

Mr. M. D. M. Gunatilleke
Independent Non-Executive Director

Mr. M. D. M. Gunatilleke is a Chartered Structural Engineer by profession, graduated from Imperial College London in 2012 with a Masters Degree in Civil Engineering with a First Class Honors classification.

Currently employed as the Executive Director of Sanken Overseas (Private) Limited, the overseas construction arm of Sanken Construction (Private) Limited, he overlooks the organizations ground operations and investments in Asia and Africa. His international exposure and strategic knowledge facilitate Sanken to undertake new ventures successfully.

He was instrumental in the growth of overseas construction projects by the Group which led to Sanken being the highest net foreign exchange earner in Sri Lanka for the year 2019/2020.

He is one of the Deputy Group CEO's and also serves as a Board Member on several subsidiaries and associate companies that are part of the Sanken Group.

He currently serves as the Director of Capitol Developers Limited, Capitol Hospitality (Pvt) Ltd, Code Consultants (Pvt) Ltd, DEK Studio (Pvt) Ltd, Green Art Solutions (Pvt) Ltd, Langdale Resort & Spa (Pvt) Ltd, Sanhill Engineering (Pvt)Ltd, Sanken Construction (Pvt) Ltd, Sunset Beach Resorts & Spa (Pvt) Ltd, Thamaravila Resort Pvt Ltd, D&B Hospitality Pvt Ltd, Bayswater Maldives Pvt Ltd, Capitol Hotel Galle (Pvt) Ltd, Ocean House Limited, Ocean Mass Limited, Sanken Overseas (Bangladesh) Ltd, Sanken Overseas (Myanmar) Ltd, Sanken Overseas (Seychells) Ltd, Sanken Overseas (Uganda) Ltd, Sanken Overseas Singapore (Pvt) Ltd, Tahara Foundation and Serves as the Managing Director of Sanken Overseas (Pvt) Ltd, Sanken Overseas Maldives (Pvt) Ltd and Sanken Precision Engineering India (Pvt) Ltd.

Mr. A. Maumoon

Independent Non-Executive Director

Mr. A. Maumoon currently serves as the Deputy Chief Executive Officer of Manta Air, one of the Maldives, leading domestic airlines. He brings a wealth of experience from his previous leadership roles at Dhiraagu, the country's largest telecommunication and digital service provider.

With a strong background in corporate leadership, Mr. Maumoon has successfully led the development and delivery of innovative products and services across various sectors. His expertise lies in strategic development, program management, and operational excellence.

He holds a Master of Business Administration from Anglia Ruskin University and graduated with First Class Honours in Telecommunication Systems Engineering from Coventry University, UK.

Ms. S. M. A. Nonis Ranaweera

Independent Non-Executive Director

Ms. Ranaweera is a Barrister-at-Law from the Honourable Society of Gray's Inn, U.K., and an Attorney-at-Law, Sri Lanka. She graduated with an LL.B. (Honours) degree from University College London, U.K. Ms. Ranaweera interned in the Chambers of the late Hon. Justice Mark Fernando P.C., and apprenticed in the Chambers of President's Counsel, Dr. K Kanag-Isvaran.

Ms. Ranaweera began her legal career at the World Bank Project on Legal and Judicial Reforms, and thereafter she worked as an Associate, and was a Partner at the Law Firm, Julius & Creasy, in the Corporate Law Department.

She has served on several Boards of the Mackwoods Group of Companies. Ms. Ranaweera also currently serves as an Independent Non-Executive Director on the Board of Renuka Hotels PLC and Mackwoods Tea (Private) Limited.

Ms. E. W. M. R. Samindhi Unamboowe

Independent Non-Executive Director

Ms. S. Unamboowe is a Chartered Management Accountant by profession, graduated from the University of Colombo, Faculty of Management and Finance in 2022 with a Masters in Business Administration with a merit pass.

Currently employed as Manager Strategy and Planning, at John Keells Consumer Foods sector, she overlooks the strategic planning and end-to-end S & OP process for the confectionery category.

REPORT OF THE DIRECTORS...

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY- FOR YEAR 2025/26

The Board of Directors of Mahaweli Reach Hotels PLC, have pleasure in presenting the Shareholders their report together with the Audited Financial Statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information in compliance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Annual Report was approved by the Board of Directors on 16th July 2026.

1. GENERAL

Mahaweli Reach Hotels PLC is a public limited liability Company incorporated in Sri Lanka in 1973.

2. THE PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the Company are that of a hotelier and related activities and this has remained unchanged. A review of business and the Company's performance during the year with comments on financial results is contained in the Chairman's Review and the Management Discussions and Analysis.

There are no other classes in which the Company has an interest, either as a Shareholder of another Company or otherwise.

The Directors are not aware of any other material information which requires inclusion for the Shareholders to have a further appreciation of the state of the Company's affairs outside the information disclosed in the Financial Statements.

3. FINANCIAL STATEMENTS

The Financial Statements of the Company for the accounting period ended 31st March 2026, prepared in compliance with the Sri Lanka Accounting Standards and completed and signed in accordance with the provisions of the Companies Act are given on page 60 to 98.

(In Rupees Thousand) For the year ended 31st March	**2025**	**2026**
Profit / (Loss) for the year	(216,189,761)	(364,016,546)
Other comprehensive income / (expense) for the year, adjusted for revaluation of Property Plant and Equipment and related tax	349,520	2,392,860
Total comprehensive income / (expense) for the year	(215,840,241)	(361,623,686)
Retained earnings as at the beginning of the year	(913,496,507)	(1,129,336,748)
Retained earnings as at the end of the year	(1,129,336,748)	(1,490,960,434)

4. TURNOVER

The turnover for the year was Rs. 774,056,560/- 2025/26 and Rs. 1,007,410,811/- for the financial year 2024/25.

5. AUDITOR'S REPORT

The Auditor's Report on the Financial Statements of the Company is given on page 56 to 59.

6. ACCOUNTING POLICIES

The Notes to the Financial Statements contained herein describe the accounting policies adopted in the preparation of the Financial Statements.

Changes in accounting policies made during the accounting period are described under Note No. 01 to the Financial Statements. In the year under review there have been no significant changes to accounting policies of the Company.

7. RELATED PARTY TRANSACTIONS

The Company has ensured compliance with Section 9 of the Listing Rules concerning Related Party Transactions. These transactions, which are non recurrent and collectively do exceed 10% of the company's gross revenue, have been duly noted.

The Related Party Transactions Review Committee convened four times during the financial year 2025/26. Details of these transactions are provided in Note No. 32 of the Financial Statements. The Board of Directors confirms adherence to Section 9.14 of the Colombo Stock Exchange Listing Rules regarding Related Party Transactions.

The Company established its own Related Party Transactions Review Committee and the names of the Members of the Committee and their attendance at the Meetings are given on the Related Party Transactions Review Committee Report in page 52 to 53.

8. STATED CAPITAL

There were no changes in the company's stated capital during the year under review. In terms of the Companies Act No. 07 of 2007, the stated capital is the total of the amounts received by the company in respect of the issue of shares.

The stated capital of the Company as at 31st March 2026 consists of 47,066,447 Ordinary shares totalling to Rs. 585,445,870/= Refer Note No. 20.

9. PROPERTY, PLANT & EQUIPMENT

Information relating to movements of Property, Plant & Equipment is given in Note No. 12 to the Financial Statements.

10. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE). Details of compliance are provided in the Corporate Governance Report on page 22 to 32.

10.1 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on Page 36 to 38 of the Annual Report.

DIRECTORS	Executive/ Non-Executive/ Independent
Mr. Umar Mohamed Maniku	Non-Executive
Mr. Jayantha Atul Panabokke	Executive
Mr. Ahamed Umar Maniku	Non-Executive
Mr. Ahamed Mahir Didi	Non-Executive
Ms. Dayanthi Lakshmi Panabokke	Non-Executive
Mr. Sanjay Ibrahim Maniku	Non-Executive
Ms. Fathimath Visha Mahir	Non-Executive
Mr. Mestiyage Don Mevan Gunatilleke	Non-Executive / Independent
Mr. Ahmed Maumoon	Non-Executive / Independent
Ms. S. M. A. Nonis Ranaweera	Non-Executive / Independent
Ms. E. W. M. R. Samindhi Unamboowe	Non-Executive / Independent

Each of the Non-Executive Directors of the Company have submitted signed declarations on Independence/Non-Independence as per Rule 9.8.5 of the Listing rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a meeting of the Board of Directors of the Company held on 16 July 2026 in order to enable the Board of Directors to determine the Independence / Non-Independence of each Non-Executive Director.

10.2 Directors to retire by rotation

In terms of Articles 90, 91 and 92 of the Articles of Association of the Company, Mr. Ahmed Maumoon and Mr. Mestiyage Don Mevan Gunatilleke retire by rotation and being eligible offer themselves for re-election.

Ms. S. M. A. Nonis Ranaweera and Ms. E. W. M. R. Samindhi Unamboowe who were appointed to the Board since the last Annual General Meeting and retires in terms of Article 97 of the Articles of Association of the Company and being eligible to offer themselves for re-appointment and this is recommended by the Board.

10.3 Appointment of Directors who are over 70 years of age

It is recommended that Mr. J. A. Panabokke and Mr. A. U. Maniku, who are over 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to the said Directors.

10.4 Remuneration Committee

The Remuneration Committee of the Company comprises of the following members:

Remuneration Committee Members	Executive/Non-Executive/Independent
Ms. S. N. Ranaweera (Chairperson)	Non-Executive/Independent
Ms. D. L. Panabokke	Non-Executive
Ms. F. V. Mahir	Non-Executive
Mr. A. Maumoon	Non-Executive/Independent

10.5 Audit Committee

The Audit Committee of the Company comprises of the following members:

Audit Committee Members	Executive/Non-Executive/Independent
Ms. E. W. M. R. Samindhi Unamboowe (Chairperson)	Non-Executive/Independent
Mr. S. I. Maniku	Non-Executive
Mr. A. Maumoon	Non-Executive/Independent

10.6 Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the Company comprises of the following Members:

Related Party Transactions Review Committee Members	Executive/Non-Executive/Independent
Ms. E. W. M. R. Samindhi Unamboowe (Chairperson)	Non-Executive/Independent
Mr. A. Maumoon	Non-Executive/Independent
Mr. J. A. Panabokke	Executive

The details of the Related Party Transactions are given in Note No. 32 on page 96 to 98 of the Financial Statements.

- Non-Recurrent Related Party Transactions

There were Non-Recurrent Related Party Transactions entered into by the Company, where the aggregate value of Non-Recurrent Related Party Transactions exceeds 10% of the Shareholders' Equity or 5% of the total assets of the Company, whichever is lower, as at 31st March 2026.

- Recurrent Related Party Transactions

There were no Recurrent Related Party Transactions entered into by the Company, when the aggregate value of the Recurrent Related Party Transactions exceeds 10% of the Gross Revenue/Income of the Company as at 31st March 2026.

10.7 Nomination & Governance Committee

The Nomination & Governance Committee of the Company comprises of the following Members:

Nomination & Governance Committee Members	Executive/Non-Executive/Independent
Ms. S. N. Ranaweera (Chairperson)	Non-Executive/Independent
Ms. D. L. Panabokke	Non-Executive
Mr. S. I. Maniku	Non-Executive
Ms. F. V. Mahir	Non-Executive
Mr. A. Maumoon	Non-Executive/Independent

11. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events reported during the year under review.

12. POST BALANCE SHEET EVENTS

No circumstances of significance have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

13. DONATIONS

The total amount of Donations made by the Company during the financial year is Rs. 725,000/-.

14. AUDITORS

The Company's auditors during the year under review were Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants, and a sum of Rs. 615,000 /- was paid to them by the Company as audit fees for the year ended 31st March 2026.

As far as the Directors are aware, the Auditors do not have any other relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company.

Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants, are deemed re- appointed, in terms of Section 158 of the Companies Act No. 07 of 2007, as Auditors of the Company. A Resolution proposing the Directors be authorized to determine their remuneration will be submitted at the Annual General Meeting.

15. GOING CONCERN

The Directors have made an assessment and have a reasonable expectation of the Company's ability to continue as a going concern and do not intend either to liquidate or to cease operations of the Company in the foreseeable future. Accordingly, these Financial Statements are prepared on the Going Concern Concept.

16. HUMAN RESOURCES

The Company continues to invest in human capital development and implement effective human resource practices and policies to develop and build an efficient and effective workforce aligned around its business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Company.

17. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company endeavours at all times to ensure equitable treatments to all Shareholders.

18. EVENT AFTER THE REPORTING DATE

Events occurring after the reporting date of the Company are given in Note No. 31 to the Financial Statements.

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The contingent liabilities and commitments as at 31st March 2026 are given in Note No. 29.2 to the Financial Statements.

20. TWENTY MAJOR SHAREHOLDERS WITH COMPARATIVES

Name of Shareholder	31.03.2026		31.03.2025	
	No. of Shares	%	No. of Shares	%
Universal Enterprises Pvt. Ltd	32,683,550	69.44	32,683,550	69.44
Freudenberg Shipping Agencies Limited	2,827,883	6.01	3,000,000	6.37
Mr. J. A. Panabokke	1,905,858	4.05	1,905,858	4.05
Estate of Late Mr. B. D. Panabokke	1,502,843	3.19	1,502,843	3.19
Estate of Late Mr. K. M. Panabokke	826,637	1.76	826,637	1.76
Estate of Late Mrs. L. R. Panabokke	819,050	1.74	819,050	1.74
Mr. J. A. Panabokke & Mrs. K. D. Panabokke	791,418	1.68	791,418	1.69
Mr. M. U. Maniku	684,228	1.45	1,217,306	2.53
MR. U. M. Maniku	533,078	1.13	-	-
Mrs. K. D. Panabokke	412,587	0.88	412,587	0.88
Mr. A. N. Esufally	332,000	0.71	332,000	0.71
Ms. D. L. Panabokke	319,843	0.68	319,843	0.68
Mr. J. Asitha Panabokke	186,460	0.40	186,460	0.40
Mr. N. H. Talgaswatte	106,447	0.23	-	-
Mr. P. B. Panabokke	92,660	0.20	92,660	0.20
Mr. M. B. J. M. T. U. B. Jayasekara	61,130	0.13	-	-
Mr. P. H. Amarasinghe	58,670	0.12	58,670	0.13
Mr. R. Ratna Gopal	57,800	0.12	57,800	0.12
DR. W. K. D. J. Kumara	56,683	0.12	-	-
Senkadagala Finance Plc/H. A. S. Priyangani	50,000	0.11	-	-

21. DIRECTORS' SHAREHOLDINGS

Directors' Interest in Shares

Directors of the Company have disclosed their shareholdings and any acquisition / disposal to their Boards, in compliance of Section 200 of the Companies Act No. 07 of 2007.

	As at 31st March 2026	As at 31st March 2025
Mr. J. A. Panabokke	1,905,858	1,905,858
Mr. U. M. Maniku	533,078	NIL
Ms. D. L. Panabokke	309,843	309,843

22. DIRECTOR'S REMUNERATION AND OTHER BENEFITS

The Directors remuneration and other benefits from the Company during the financial year 2025/2026 is Rs. 24 Million.

23. INTERESTS REGISTER

The particulars of entries in the Interests Register and the Directors' Interests in the Contracts of the Company are disclosed under Note No 32.2.2 to the Financial Statements contained herein.

The Directors are not either directly or indirectly interested in any existing or proposed contracts with the Company other than what is disclosed in the Financial Statements.

A review of these contracts are undertaken by the Related Party Transactions Review Committee of the Company. The Committee's report is found on page 52 to 53.

24. ANNUAL REPORT

The information provided herein is pursuant to the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Audited Financial Statements of the Company together with the Reviews and other Reports which form part of the Annual Report. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board, the Registrar General of Companies, within applicable time frames.

25. ANNUAL GENERAL MEETING

The 52nd Annual General Meeting of the Company will be held on 28 September, 2026 at 11.00 a. m. at the Registered Office of the Company, No. 35, P. B. A. Weerakoon Mawatha, Kandy, Sri Lanka.

The Notice of the Annual General Meeting, setting out the business which will be transacted there is on Page 3 to 4 of the Annual Report.

Signed on behalf of the Board

....	Samindhi ....
J. A. Panabokke Director	E. W. M. R. S. Unamboowe Director

....
Businessmate (Private) Limited
Company Secretaries

31 August 2026

INFORMATION TO SHAREHOLDERS AND INVESTORS...

(All figures in Sri Lankan Rupees thousands)

1. Stock Exchange Listing

Mahaweli Reach Hotels PLC is a public quoted Company, the Ordinary Shares of which are listed on the Diri Savi Board of the Colombo Stock Exchange of Sri Lanka.

The Stock Exchange code for Mahaweli Reach Hotels PLC shares is “MRH”.

2. Ordinary Shareholders

Number of Shareholders

As at 31st March	2026	2025
Number of Shareholders	2,354	2,220

2.2 - Distribution and Composition of Shareholders

No. of Shareholders		Distribution of Shares		31.03.2025 Holding	%	31.03.2026 Holding	%
31.03.2026	31.03.2025						
1,911	1,820	1	1,000	352,224	0.75	391,208	0.84
362	329	1,001	10,000	1,001,106	2.13	1,141,689	2.43
66	59	10,001	100,000	1,715,564	3.64	1,601,668	3.40
11	7	100,001	1,000,000	3,687,995	7.84	5,434,808	11.54
4	5	Above	1,000,000	40,309,558	85.64	38,497,074	81.79
2,354	**2,220**			**47,066,447**	**100.00**	**47,066,447**	**100.00**

Categories of Shareholders	As at 31st March 2026		
	No. of Shareholders	No. of Shares	%
Institutions	66	36,419,354	77.40
Individuals	2,288	10,647,093	22.60
Total	**2,354**	**47,066,447**	**100.00**

3. Market performance - Ordinary shares

For the year ended 31st March	2026	2025
As at 31st March (Rs.)	16.00	20.00
Highest (Rs.)	20.00	24.50
Lowest (Rs.)	15.00	18.00
Value of shares traded (Rs.)	5,811,080.90	9,065,454.90
No. of shares traded	326,439	409,798
Volume of transactions	665	548

4. Market Capitalization

The market capitalization of the Company which is the number of ordinary shares in issue multiplied by the market value of an ordinary share was Rs. 753,063,152/= as of 31st March 2026 (2025 - Rs. 941,328,940/=)

5. Public Holding

The Company is in compliance with the minimum public holding requirements set out in Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange

Float Adjusted Market Capitalisation	Public Holding Percentage	No. of Non-Public Shareholders	No. of Public Shareholders	Option
Rs. 165,239,248	21.94%	07	2347	2

Shareholdings	No. of Shares held as at 31.03.2026	Holding %	No. of Shares held as at 31.03.2025	Holding %
Others	36,738,994	78.06%	37,423,222	79.51
Public	10,327,453	21.94%	9,643,225	20.49
Total	**47,066,447**	**100.00**	**47,066,447**	**100.00**

FIVE YEAR HIGHLIGHTS...

Operating Results		**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Occupancy	%	15	16	50	64	40
Gross Revenue	(Rs.000)	423,434	503,948	810,337	1,007,410	774,056
Interest Charges	(Rs.000)	(53,201)	(43,637)	(118,405)	(73,144)	(89,070)
Depreciation	(Rs.000)	(69,031)	(62,986)	(199,868)	(190,982)	(189,680)
Profit & (Loss) - before Interest	(Rs.000)	(108,129)	(155,453)	(275,561)	(199,945)	(245,040)
- after Interest	(Rs.000)	(160,103)	(196,972)	(370,827)	(273,089)	(334,110)
Assets Employed						
Non-Current Assets	(Rs.000)	1,601,741	3,676,771	3,514,514	3,364,505	3,243,219
Current Liabilities	(Rs.000)	(346,571)	634,105	479,669	519,483	482,826
Stated Capital						
Ordinary Shares	(Rs.000)	585,446	585,446	585,446	585,446	585,446
Net Reserves	(Rs.000)	238,353	1,702,350	1,428,648	1,758,155	1,396,531
Non-Current Liabilities	(Rs.000)	432,218	634,105	479,669	1,383,758	1,588,616
Market Value per share	Rs. Cts.	12.00	12.90	13	18	20
Net Assets per share	Rs. Cts.	18.38	48.63	42.80	37.35	29.67
Dividend per share	Rs. Cts.	-	-	-	-	-
Earnings per share	Rs. Cts.	(3.75)	(0.26)	(5.84)	(4.59)	(7.73)
Year on Year Growth						
- In Earnings per share	%	1	(3.50)	(21.46)	(0.21)	0.68
- In Dividend per share	%	-	-	-	-	-
Price Earning Ratio	-	(3.38)	(49.62.)	(2.22)	(3.92)	(2.59)
"Borrowing as a of Total Assets"	%	21.24	12.22	21.04%	23.58%	31.59%
Interest Cover	Times	(2.98)	(2.56)	(2.32)	(3.73)	(4.24)

REMUNERATION COMMITTEE REPORT...

Composition & Meetings

The Remuneration Committee of the Board in keeping with the requirements of the Listing Rules of the Colombo Stock Exchange, comprises of two Independent Non -Executive Directors and two Non-Executive directors.

The two Independent Non – Executive Directors are independent of management and free from any business or other relationship which would otherwise impede the exercise of their independent judgement.

The following Directors served on the Committee:

Ms. S. N. Ranaweera (Chairperson) - Independent Non-Executive Director (Appointed on 24/06/2026)

Mr. N. Weerakoon (Chairman) - Independent Non-Executive Director (Resigned on 31/03/2026)

Ms. F. V. Mahir - Non-Executive Director

Ms. D. L. Panabokke - Non-Executive Director

Mr. A. Maumoon - Independent Non-Executive Director (Appointed on 28.02.2026)

Mr. J. R. P. M. Paiva - Independent Non-Executive Director (Retired on 1/5/2025)

Mr. C. N. S. Mendis - Independent Non-Executive Director (Resigned on 28/02/2026)

Brief profiles of the Directors are given on page 36 to 38 of the Annual Report.

Meetings

During the year under review the directors met and reviewed the remuneration policy followed by the company and changes were made as necessary in keeping with the situation prevalent in the country.

Invitees of the Board

The Managing Director who is responsible for the overall management of the Company, attends meetings and participates by invitation.

The Company Secretaries also attend meetings and participate in the Committee meetings by invitation.

Policy

The Company's remuneration policy aims to attract, motivate and retain talent with the appropriate professional, managerial and operational expertise, necessary to achieve the objectives of the Company in a competitive environment.

All statutory increases are taken account to ensure that the company is compliant with any regulatory changes which are mandated.

It is the focus of the Committee to ensure that the total remuneration package takes into consideration increases in cost of living and industry norms.

The remuneration of the Executive Directors is designed to create and enhance value for all stakeholders of the Company and to ensure alignment between the short and long term interests of the Company and its management. The recent economic conditions in the country will necessitate the review of applicable policies.

The Remuneration policy of the organization has remained unchanged for the year and Mahaweli Reach Hotels PLC has complied with the policies and procedures set out by the Remuneration Committee.

Scope

The Committee is vested with power to examine, evaluate and recommend to the Board of Directors in respect of any matter that may affect the management of human resources within its Terms of Reference (TOR) and any other matters as may be referred to it by the Board.

It reviews all significant policies and initiatives relating to human resources, salary structures and terms and conditions relating to employees.

Reports of meetings of the Committee with its recommendations are referred to the Board for discussion, to be ratified or otherwise acted upon by the Board of Directors.

The Remuneration Committee members interacted among themselves as well as with the Executive Board Members when the necessity arose.

S. M. A. N. Ranaweera
Chairperson – Remuneration Committee

31 August 2026

AUDIT COMMITTEE REPORT...

Composition and Meetings

The Board's Audit Committee, comprises of one Non-Executive Director and two Independent Non-Executive Directors. The Chairperson is an Independent Non-Executive Director.

The following Directors serve on the Audit and Risk Committee.

Ms. E. W. M. R. S. Unamboowe - Independent Non-Executive Director (Chairperson – Appointed on 24.06.2026)

Mr. S. I. Maniku - Non - Executive Director

Mr. Ahmed Maumoon - Independent Non-Executive Director (Appointed on 28.02.2026)

Mr. N. Weerakoon - Independent Non-Executive Director (Resigned on 31.03.2026)

Mr. J. R. P. M. Paiva - Independent Non-Executive Director (Retired on 1/5/2025)

Mr. C. N. S. Mendis - Independent Non-Executive Director (Resigned on 25/02/2026)

The Members of the Committee have a depth of financial expertise and collectively, the Committee has considerable financial experience on which to rely on.

For more information on the experience of and brief profiles of the members please refer page 36 to 38 of the Annual Report.

The Committee is accountable and reports to the Board of Directors.

Regular Attendees by Invitation

The Managing Director, and The Finance Controller attend the meetings by invitation. During the year under review, other directors also sometimes participated by invitation when necessary.

Secretary to the Committee

The Board Secretary functions as the Stecretary to the Board's Audit and Risk Committee.

Charter of the Committee

The Terms of Reference (TOR) mainly cover the purpose of and the responsibilities entrusted to the Board's Audit and Risk Committee. It also spells out the constitution and the composition of the Committee. The Meetings are to be held at least once in every quarter. The Committee members have direct access to the required data and information in order to discharge their duties; it also authorizes the Committee to obtain appropriate opinions when in doubt; the Committee also has the investigative authority conferred upon it under the TOR.

Key Responsibilities of the Committee

Key responsibilities include;

1. Assisting the Board in discharging its responsibilities by satisfying the Board oversight responsibilities in relation to quality and integrity of the Financial Statements of the Company. This includes preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.
2. Taking overall responsibility in ensuring that the internal controls systems and risk management systems of the Company are adequate and comply with legal and regulatory requirements.
3. Oversight to ensure compliance in relation to financial reporting requirements and the information requirement as required by the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.
4. Assessing the independence, qualifications and performance of External Auditors.
5. Making recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and approval of the remuneration and terms of engagement of the external auditors.
6. Discussing the audit plan, key audit issues and their resolution and management responses.
7. Discussing the Company's Annual Audited Financial Statements and Interim Financial Statements with management and the auditors.

8. Reviewing quarterly and year-end financial statements with special reference to changes in significant accounting policies, significant and unusual events or transactions, and any related party transactions or instances in which there is a potential for conflict of interest.

Meetings

For the purpose of discharging the above duties the Board's Audit Committee met on four occasions during the financial year and have had regular consultations with the Management and amongst each other.

Attendance of the Committee members at each of these meetings are given on page 19 of the Annual Report.

The proceedings of the Committee meetings are regularly reported to the Board of Directors.

The Committee is conscious of the need to keep its knowledge up to date.

Authority of the Committee

The Committee, as part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, has reviewed and discussed with the management the annual and the quarterly financial statements prior to their release.

The review included the extent of compliance with the Sri Lanka Accounting Standards and the Companies Act No. 7 of 2007. The Committee also reviews the effectiveness of the Financial Reporting Systems in place to ensure reliability of the information provided and the accounting policies to determine the most appropriate accounting policies. The Managing Director and Finance Manager provide assurance to the Committee on the company's operations and finances.

The Committee recommended the financial statements to the Board for its approval.

The Committee also reviewed the budgets and forecasts of the company.

Messrs. Bakertilly Edirisinghe & Co; Chartered Accountants were re-appointed as the External Auditors.

Messrs. Ernst and Young are being appointed to carry out the Internal Audit assurance function on behalf of the company. The remit will include assurance on internal processes and approach to risk management.

The Committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process.

The Committee had discussions with the external auditors, to review the nature, approach and scope of the audit and have discussed any recommendations with the Auditors as well. The Committee also ascertained whether any non-audit services are provided by the Auditor.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an Auditor) with the Company. The Auditors also do not have any interest in the Company. For the said reasons the Committee has determined that the Auditors are independent.

The Committee have received written assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Having evaluated the independence and objectivity of the external auditors, the Committee decided to recommend to the Board of Mahaweli Reach Hotels PLC, the re-appointment of Messrs. Bakertilly Edirisinghe & Co., as external auditors of the Company for the current financial year subject to the approval of the shareholders at the Annual General Meeting. While Messrs. Bakertilly Edirisinghe & Co have functioned as the auditors of the company for over 30 years, the audit partners are rotated. The current audit partner has been associated with the audit of the company for 5 years.

The Committee is satisfied that the controls instituted by the organization provides reasonable, but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimize the impact of identifiable risks. The Committee is also satisfied that all possible measures are in place to ensure compliance with relevant legislation and regulations.

E. W. M. R. S. Unamboowe
Chairperson – Audit Committee

31 August 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT...

Composition & Meetings

The Board's Related Party Transactions Review Committee, comprises of three Directors of whom two are Independent Non – Executive Directors and an Executive Director. The Chairperson of the Committee is an Independent Director.

Ms. E. W. M. R. S. Unamboowe -
Independent Non-Executive Director
(Chairperson – Appointed on 24.06.2026)

Mr. N. Weerakoon -
Independent No-Executive Director
(Resigned on 31/03/2026)

Mr. J. A. Panabokke -
Executive Director

Mr. A. Maumoon -
Independent Non-Executive Director
(Appointed on 28.02.2026)

Mr. J. R. P. M. Paiva -
Independent Non-Executive Director
(Retired on 1/5/2025)

Mr. C. N. S. Mendis -
Independent Non-Executive Director
(Resigned on 28/2/2026)

Brief profiles of the Directors representing the Committee are given on page 36 to 38 of the Annual Report.

Committee Meetings

The Company Secretaries attend meetings and participate in the Committee meetings by invitation.

Meetings are to be held at least once a quarter. During the year under review, the Committee met on three occasions.

Attendance at these meetings are given on page 20 of the Annual Report.

Relevant documents are reviewed by the committee members regularly and discussed when necessary.

Reports of meetings of the Committee with its recommendations are referred to the Board for discussion and ratified or otherwise acted upon by the Board of Directors.

Policies and Procedures adopted by the Committee

The Company has in place a Related Party Transaction identification and disclosure procedure whereby the categories of persons who shall be considered as related parties has been identified. In accordance with the above procedures, self-declarations are obtained from each Director/ Key Management Personnel of the Company for the purpose of identifying parties related to them. The nature of the transactions, the quantum, parties and terms and conditions relating to the transactions are reviewed to ensure transparency. The Committee endeavours to meet at least quarterly, review and report to the Board on matters involving related party transactions falling under its scope.

The Committee is of the view that the related party transactions as disclosed have been carried out on an arms' length basis in the ordinary course of business and in the manner disclosed to shareholders and regulatory authorities. These recurrent and non-recurrent transactions are not prejudicial to the interests of the company or its shareholders.

The Related Party Transactions Review Committee members interacted among themselves and consulted each other as and when the necessity arose. The Executive Directors did not participate in deliberations connected to transactions with the Management company or connected parties other than providing necessary information.

Related Party Transactions during the year

Recurrent related party transactions which are carried out on an arms' length basis, in the ordinary course of business have been carried out in the year under review and are reported on elsewhere in the report.

A single non-recurrent transaction took place during the year under review, on 10th November 2025, when Universal Enterprises Private Limited, the company's largest shareholder holding 69.44% of the shares provided a loan of USD 400,000 to the company to be utilized for the purposes of the settlement of outstanding liabilities. The transaction attracted an interest rate on 6.5% + 1 month SOFR with a grace period of 18 months and a tenure of 60 months.

The Board of Directors approved this transaction and the decision was based on the need of the company to obtain additional funding to assure business continuity and value preservation and in order to facilitate the company in restructuring its financial obligations and to assist in the strategic objectives of the company.

The Committee was of the view that the transaction is on normal commercial terms, and is not prejudicial to the interests of the company and its minority shareholders and the Related Party Transactions Review Committee did not obtain an opinion from an independent expert prior to forming its view on the transaction.

The aggregate value of the Related Party Transactions for the financial year with related party and the aggregate value of all Related Party Transactions for this financial year with this party is USD 1.9 million.

Based on the exchange rate for the United States Dollar published by the Central Bank of Sri Lanka on 10th November 2025, this transaction did not amount to 1/3 of the Total Assets of the company. An announcement was made to the Colombo Stock Exchange at the time.

The Company has entered into two non-recurrent transactions in previous years as reported before, when a director and a spouse of a director of the company provided loans to the company for working capital needs. These loans were given without any interest being charged and only the capital is repayable to the said parties. As reported in the previous year, the repayments to the financial institution are being carried out for the sum provided to the company by the spouse of a director which was obtained by way of providing a personal asset to secure funding for the company. This transaction was done by way of an arms-length transaction with a financial institution with the funds being provided to the company. The repayment directly to the relevant institution includes the cost of funding.

Details are provided in Note No. 32.2.2 to the financial statements. Details of recurrent Related Party Transactions entered into by the company during the year 2025/2026 are provided in Note No. 32 to the financial statements. The Recurrent Related Party Transactions and Non-Recurrent Related Party Transactions other than the transaction entered into this year, do not meet the thresholds specified by the Listing Rules in order for such transactions to be reported in the format provided therein and are therefore included in the financial statements.

This single transaction is reported in the tabular format as required by Rule 9.14.8 of the Listing Rules.

E. W. M. R. S. Unamboowe
Chairperson - Related Party Transactions Review Committee

31 August 2026

NOMINATIONS & GOVERNANCE COMMITTEE REPORT...

The Nominations and Governance Committee of Mahaweli Reach Hotels PLC is appointed by the Board of Directors of the Company and reports directly to the Board.

Policy Framework

The policy framework for the functioning of the Nominations and Governance Committee of the Company is set out in the Company's policies.

Composition and Meetings

The Nominations and Governance Committee of the Board in keeping with the requirements of the Listing Rules of the Colombo Stock Exchange, comprises of two Independent Non-Executive Directors and three Non-Executive Directors.

The two Independent Non-Executive Directors are independent of management and free from any business or other relationship which would otherwise impede the exercising of their independent judgement.

The following Directors served on the Committee:

Ms. S. N. Ranaweera (Chairperson) -
Independent Non-Executive Director
(Appointed on 24.06.2026)

Mr. S. I. Maniku -
Non-Executive Director

Ms. F. V. Mahir -
Non-Executive Director

Ms. D. L. Panabokke -
Non-Executive Director

Mr. A. Maumoon -
Independent Non-Executive Director
(Appointed on 28/02/2026)

Mr. N. Weerakoon -
Independent Non-Executive Director
(Resigned on 31/03/2026)

Mr. J. R. P. M. Paiva -
Independent Non-Executive Director
(Retired on 1/5/2025)

Mr. C. N. S. Mendis -
Independent Non-Executive Director
(Resigned on 28/02/2026)

Scope

The purpose of the Nominations and Governance Committee is to review the qualifications of and recommend to the Board of Directors proposed nominees for election to the board, and to exercise general oversight with respect to the governance carried out by the Board.

In reviewing and proposing candidates for Directorships, the committee aims to bring to the board the required business acumen, knowledge and skills as well as experience across different industries and sectors, academic qualifications and diversity with respect to gender.

The committee will also decide if potential candidates are fit and proper persons as measured against the fit & proper criteria for directors as mandated by the Colombo Stock Exchange.

Duties of the committee may include:

a) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.

b) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account: i. ii. The 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 principal commitments.

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

d) 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 consideration the nature of the business of the Company and industry specific requirements.

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

f) Establish and maintain a process to evaluate size, composition and adequate functioning of the Board sub-committees.

g) Develop succession plans for the Board of Directors and Key Management Personnel of the Company.

h) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.

i) Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.

j) Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

k) Receive regular updates from the Management on compliance with 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, together with any deviations/non-compliances and the rationale for the same.

New appointments were made to the Board of Directors, as Independent Directors during the year under review.

Directors' appointments were recommended by the incumbent Chairman / Chairperson of the Board and, based on which, such appointments were formally approved by the Board and ratified at a meeting of the shareholders.

Meetings

The Directors met and reviewed the policies followed by the Company and changes were made as necessary.

Invitees of the Board

The Managing Director, who is responsible for the overall management of the Company, attends meetings and participates by invitation.

The Company Secretaries also attend meetings and participate in the Committee meetings by invitation

S. M. A. N. Ranaweera
Chairperson - Nominations and Governance Committee

31 August 2026

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAHAWELI REACH HOTELS PLC

Opinion

We have audited the financial statements of Mahaweli Reach Hotels PLC ("the Company"), which comprise the Statement of financial position as at March 31, 2026, and the Statement of profit or loss and comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2026, and of their financial performance and its cash flows for the year ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Other Information

Management is responsible for the other information. The other information comprises the supplementary information included in annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Continuous losses and net assets position of the company

Risk description	How our audit procedures addressed the key audit matter
The Company incurred net loss of Rs. 364 Mn for the year ended 31 March 2026 and losses accumulated to Rs. 1,490 Mn as at year end. Further, the current liabilities of the Company exceeded its current assets by Rs 258 Mn as at the reporting date. However, these financial statements have been prepared on a going concern basis. When adopting the going concern basis in preparation of the financial statements, the directors have reviewed the Company's cash flow projections, prepared by the management. The cash flow projections were based on management's assumptions and estimation of future cash inflows and outflows.	**Our procedures included the following:** • Obtained the Company's cash flow projections and verified key assumptions used in preparing the projections. • Verified the facility agreements for the Company's long-term loans to identify any financial covenants or similar terms and assessing the implication of these on the Company's liquidity. EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We are 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 controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- 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' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements (Continued)

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, action taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3534.

Edirisinghe & Co.

Edirisinghe & Co.,
Chartered Accountants
Colombo
16th July 2026

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME...

For the year ended 31 March	Notes	2026 Rs.	2025 Rs.
Revenue	**06**	745,276,276	990,456,057
Cost of sales		(411,674,080)	(563,665,062)
Gross profit		333,602,196	426,790,995
Other operating income	**07**	28,780,284	16,954,754
Administration expenses		(402,729,152)	(441,794,240)
Marketing and promotional expenses		(19,421,261)	(22,293,406)
Profit / (Loss) before depreciation and amortization		(59,767,933)	(20,341,897)
Depreciation and amortization		(189,680,144)	(191,103,547)
Profit / (loss) from operations	**08**	(249,448,077)	(211,445,444)
Finance income	**09.1**	4,408,037	5,805,061
Finance cost	**09.2**	(89,070,083)	(73,144,430)
Exchange gain (Loss)		(43,921,645)	5,695,202
Profit / (loss) before income taxation		(378,031,768)	(273,089,611)
Income tax credits / (expenses)	**10**	14,015,221	56,899,850
Profit / (loss) for the year		**(364,016,547)**	**(216,189,761)**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss;			
Re-measurement of retirement benefit obligation		3,418,372	499,314
Deferred tax impact on re-measurement of retirement benefit obligation		(1,025,512)	(149,794)
Other comprehensive income / (expense) for the year, net of tax		2,392,860	349,520
Total comprehensive income / (expense) for the year		**(361,623,687)**	**(215,840,241)**
Basic earnings / (loss) per share (Rs.Cts)	**11**	(7.73)	(4.59)

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.
The accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION...

As at 31st March	Notes	2026 Rs.	2025 Rs.
Assets			
Non current assets			
Property, plant and equipment	**12**	2,459,388,298	2,549,243,610
Right of use asset (Land and Building)	**13**	783,410,502	814,660,502
Intangible Assets	**14**	421,106	601,731
		3,243,219,906	3,364,505,843
Current assets			
Inventories	**15**	36,064,275	35,798,884
Trade and other receivables	**16**	69,670,046	115,968,993
Other financial assets	**17**	41,156,588	38,696,824
Income tax refund	**18**	310,676	2,477,488
Cash and cash equivalents	**19**	77,552,702	103,949,873
Total assets		**3,467,974,193**	**3,661,397,905**
Equity and liabilities			
Equity			
Stated capital	**20**	585,445,870	585,445,870
Revaluation reserve	**21**	2,302,046,051	2,302,046,051
Accumulated profit/(loss)		(1,490,960,435)	(1,129,336,748)
		1,396,531,486	1,758,155,173
Non current liabilities			
Deferred tax liabilities	**22**	480,566,707	493,556,415
Retirement benefit obligation	**23**	76,785,578	92,030,197
Borrowings	**24**	1,010,860,978	777,074,063
Deferred income	**25**	20,403,026	21,098,185
		1,588,616,289	1,383,758,860
Current liabilities			
Trade and other payables	**26**	222,099,326	286,127,389
Due to related parties	**27**	175,338,909	144,488,784
Borrowings	**24**	84,501,285	86,230,802
Deferred income	**25**	886,899	2,636,898
		482,826,418	519,483,873
Total equity and liabilities		**3,467,974,193**	**3,661,397,905**

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

....
Mrs. Nirosha Gunawardane - Finance Controller

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board by:

....
Mr. J. A. Panabokka - Director *Ms. E. W. M. R. Samindhi Unamboowe - Director*

The accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY...

For the year ended 31st March 2026	Stated Capital Rs.	Accumulated loss Rs.	Revaluation Reserve Rs.	Total Rs.
Balance as at 01 April 2024	585,445,870	(913,496,507)	2,302,046,051	1,973,995,414
Profit / (loss) for the year	-	(216,189,761)	-	(216,189,761)
Other comprehensive income	-	349,520	-	349,520
Balance as at 31 March 2025	**585,445,870**	**(1,129,336,748)**	**2,302,046,051**	**1,758,155,173**
Balance as at 01 April 2025	585,445,870	(1,129,336,748)	2,302,046,051	1,758,155,173
Profit / (loss) for the year	-	(364,016,547)	-	(364,016,547)
Other comprehensive income	-	2,392,860	-	2,392,860
Balance as at 31 March 2026	**585,445,870**	**(1,490,960,435)**	**2,302,046,051**	**1,396,531,486**

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.

The accounting policies and notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS...

For the year ended 31st March	Note	2026 Rs.	2025 Rs.
Cash flows from operating activities			
Profit / (loss) before taxation		(378,031,768)	(273,089,611)
Adjustment for :			
Depreciation	**12**	158,249,521	160,813,030
Amortization	**13**	31,250,000	30,169,749
Amortization-Intangible Assets		180,625	120,769
Finance income	**09.1**	(4,408,037)	(5,805,061)
Lease interest	**24**	4,310,949	3,427,890
Lease Interest-ROU		181,755	183,682
Bank overdraft and loan interest	**09.2**	29,559,793	32,382,012
Related party loan interest	**09.2**	54,570,497	37,114,332
Provision for gratuity	**23**	12,167,455	13,797,008
Impairment loss on/ write off of trade and other receivables	**16**	5,404,052	2,423,006
WHT written off		77,488	-
Disposal gain on sales and lease back transaction		(9,445,159)	(5,929,161)
Operating profit / (loss) before working capital changes		(95,932,829)	(4,392,356)
(Increase) / decrease in inventories	**15**	(265,391)	(514,651)
(Increase) / decrease in trade and other receivables	**16**	40,894,895	(21,759,821)
(Increase) / decrease in other financial assets	**17**	(2,459,764)	(4,500,430)
Increase / (decrease) in trade and other payables	**26**	(61,628,063)	(44,425,590)
Increase / (decrease) in related party balances	**27**	30,850,125	33,669,592
Cash generated from / (used in) operations		(88,541,027)	(41,923,256)
Gratuity paid	**23**	(23,993,700)	(3,391,940)
Tax paid	**18**	(310,676)	-
Net cash flow from / (used in) operating activities		**(112,845,403)**	**(45,315,196)**
Cash flows from investing activities			
Finance income	**09.1**	4,408,037	5,805,061
Acquisition of property, plant and equipment	**12**	(55,631,777)	(14,960,873)
Investment in work in progress assets	**12**	(810,000)	(14,863,846)

Statement of Cash Flows (Continued)

For the year ended 31st March	Note	2026 Rs.	2025 Rs.
Additions to the Intangible Assets	14	-	(722,500)
Net cash flow from / (used in) investing activities		**(52,033,740)**	**(24,742,157)**
Cash flows from financing activities			
Proceeds from bank borrowings	24	38,639,993	-
Repayment of bank borrowings	24	(20,213,896)	(15,487,692)
Proceeds from related party borrowings	24.3	225,141,633	**188,173,503**
Repayment of related party borrowings	24.3	(6,712,767)	(9,485,173)
Bank overdraft and loan Interest	09.2	(84,130,290)	(69,496,344)
Disposal proceeds from PPE		7,000,000	12,390,000
Repayment of finance lease liability	24.1	(17,310,792)	(24,557,228)
Repayment of finance lease liability (right of use asset)	24.2	(207,765)	(415,530)
Net cash flow from / (used in) financing activities		**142,206,116**	**81,121,536**
Net increase/(decrease) in cash and cash equivalents		(22,673,027)	11,064,183
Cash and cash equivalents at the beginning of the year		66,128,473	55,064,290
Cash and cash equivalents at the end of the year	19.1	**43,455,446**	**66,128,473**

All values are in Sri Lanka Rupees, unless otherwise stated. Figures in brackets indicate deductions.
The accounting policies and notes form an integral part of these Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2026

Note 01 - Corporate information

1.1 - Reporting entity

The Company is a quoted public limited liability Company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 35, P. B. A Weerakoon Mawatha, Kandy. The principal place of business is at the same place.

As at 31 March 2026 the number of employees of the Company is 200 (31 March 2025 - 253).

1.2 - Principal activities and nature of operations

During the year, the principal activity of the Company is that of a hotelier.

1.3 - Parent enterprise

The Company's parent undertaking is Universal Enterprises Private Ltd., which holds 69.44% of shares of Mahaweli Reach Hotels PLC.

1.4 - Date of authorization for issue

The Financial Statements of the Company for the year ended 31st March 2026 were authorized for issue in accordance with a resolution of the Directors on 16th July 2026.

1.5 - Management contract

The Company is managed by Mahaweli Hotels Management Services Private Ltd., under an agreement.

Note 02 - Basis of preparation

2.1 - Statement of compliance

The Financial Statements of the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 07 of 2007. Further, in compliance with Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

2.2 - Basis of Measurement

The Financial Statements have been prepared on an accrual basis and under the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following material items in the Statement of Financial Position

- Land and buildings measured at revalued amounts – Note 12
- Defined benefit obligations measured at its present value based on an actuarial valuation - Note 23

2.3 - Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.4 - Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees which is the currency of the primary economic environment in which Company operates (the functional currency).

2.5 - Use of accounting judgements, estimates and assumptions

The preparation of the Financial Statements in conformity with LKAS/SLFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. Although the judgements and estimates are based on management’s best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher

For the year ended 31 March 2026

degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note No. 05.

2.5.1 - Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of LKAS/SLFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data. (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Further information about the assumption made in measuring fair value is included in Note No. 12.2.

2.6 - New or amended standards and interpretations effective for the year.

The following amendments and improvements do not expect to have a significant impact on the Company's Financial Statements.

-Amendments to LKAS 21: Lack of Exchangeability

2.7 - Changes in accounting standards and interpretations issued but not yet effective

• SLFRS 18: Presentation and Disclosure in Financial Statements

The Company is currently assessing the potential impact of SLFRS 18 on its Financial Statements and related disclosures. A comprehensive evaluation, including transition planning and implementation activities, is expected to be completed prior to the adoption of the standard.

2.8 - Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the current period’s Financial Statements and to enhance the interpretation comparability. Where necessary, comparative figures have been reclassified to conform to the current year’s presentation in order to provide a better presentation.

Note 03 - Summary of material accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these Financial Statements, unless otherwise indicated.

3.1 - Foreign currency

Transactions in foreign currencies are initially recorded by the Company 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 retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Statement of Profit or Loss.

For the year ended 31 March 2026

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

3.2 - Property plant and equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, plant and equipment is recognized if it is probable that future economic benefits associated with the assets will flow to the entity and the cost of the assets can be measured in reliably in accordance with LKAS 16 - Property, Plant and Equipment.

3.2.1 - Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

3.2.2 - 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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss.

3.2.3 - Depreciation

Provision for depreciation is calculated based on their estimated useful lives of each part of an item of property, plant and equipment other than land. Depreciation is calculated using reducing balance method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The principal annual rates used are as follows.

Item	**Rate %**
Buildings	2.5% to 5.0%
Office equipment	10% to 20%
Linen items	33.33%
Furniture and fittings	20%
Motor vehicles	25%
Plant & Machinery	10%

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted as appropriate at each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss.

3.2.4 - 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 benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss.

3.2.5 - Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing 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 in the year the asset is derecognized.

3.3 - Intangible assets

3.3.1 - Software

3.3.1.1 - Recognition and Measurement

All computer software costs incurred, licensed for use by the Company, that are not integrally related to the associated hardware, which can be clearly identified, reliably measured, and it's probable that they will lead to future economic benefits, are recorded under the intangible assets category and carried at cost less accumulated amortization and any accumulated impairment losses.

For the year ended 31 March 2026

3.3.1.2 - Subsequent Expenditure
Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset they relate to. All other spending, including expenditures on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3.3.1.3 - Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill is not amortized. The estimated useful lives for the current and comparative years are as follows:

Asset Category	No of Years
Software license	4

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

3.3.1.4 - Impairment
Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.3.1.5 - Derecognition
Gains or losses arising from the 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 profit or loss when the asset is derecognized.

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

3.4.1 Right of use asset
The entity recognizes a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are measured at cost/ valuation, 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.

The estimated useful lives of right of use assets are as follows;

Asset Category	Useful Life (Years)
Right of use asset (land)	30
Building on right of use of asset	30

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

3.4.2 Lease Liabilities
At the commencement date of the lease the entity recognizes lease liability measured at the present value of the 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 Institute and payments of penalties for terminating the lease, if the lease term reflects the Institute exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses

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(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 entity uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The entity uses its incremental borrowing rate as the discount rate. The entity determines its incremental borrowing rate by obtaining interest rates from the Institute's internal records. 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.

3.5 - 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.

3.5.1 Financial Assets

3.5.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company 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 amortized 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. 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 recognized on the date of trade, i.e., the date that the Company.

3.5.1.2 - Subsequent measurement

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

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

a) Financial assets at amortized cost (Debt instruments)

The Company measures financial assets at amortized 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

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- 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is de-recognized, modified or impaired.
- The Company's financial assets at amortized cost includes trade receivables.

b) Financial assets at fair value through OCI (Debt instruments)

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

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

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

c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments:

Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

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

d) Financial assets at fair value through profit or loss

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

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

3.5.2 - De-recognition

A financial asset is de-recognized when:

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

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

3.5.3 - Impairment of financial assets

The Company assesses at each reporting date whether the credit risk on a financial assets have increased significantly since initial recognition. When making the assessment, Company consider the change in the risk of default occurring over the expected life of the financial assets.

The Company recognizes a loss allowance since its initial recognition for expected credit loss on financial assets that are measured at amortized cost. For the financial assets, which the credit risk on that has increased significantly since initial recognition, the company measures and recognizes the loss allowance at an amount equal to the life time expected credit loss.

Credit risk on financial assets has not increased significantly since its initial recognition, the Company measure the loss allowance for that assets at an amount equal to 12 months expected credit loss.

Trade receivables arising form contracts within the scope of SLFRS 15 are measured at an amount equal to life time expected credit losses.

3.5.3.1 - Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI, and finance lease receivables are credit impaired (referred to as ‘Stage 3 financial assets’). A financial asset is ‘credit- impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or another financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

3.5.3.2 - Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

3.5.4 - Financial liabilities
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains

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and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

b) Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

De-recognition

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

Offsetting of financial instruments

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

3.6 - Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The cost of inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of each category of inventory is determined on the following basis:

Beverages	Actual cost on a First In First Out - (FIFO) basis
Room Supplies	Actual cost on a First In First Out - (FIFO) basis
Stationery	Actual cost on a First In First Out - (FIFO) basis
Provisions	At weighted average basis
Maintenance	Actual cost on a First In First Out - (FIFO) basis

3.7 - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the Statement of Financial Position, bank overdrafts are included in borrowings in current liabilities.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash in hand, deposits held at banks net of outstanding bank overdrafts.

3.8 - Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in Equity from the proceeds.

3.9 - Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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3.10 - Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company 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 Statement of Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

3.10.1 - Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

The current income tax is recognized on the basis of tax rates and laws that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred tax is determined using tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred tax is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

With the introduction of the new Inland Revenue Act, No. 24 of 2017, the Company has recorded the deferred tax liability on the cumulative revaluation gains on freehold land in accordance with the LKAS 12, Income Taxes.

The Company has not recognized deferred tax assets on unused carried forward tax losses due to uncertainty of claiming tax losses on a taxable income.

3.11 - Employee benefits

3.11.1 - Defined benefit plans

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. 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. Actuarial gains or losses are recognized in full in the Other Comprehensive Income. Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, for entities of the Company operating in Sri Lanka, 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. Liability is not externally funded. The settlement of the liability is based on legal liability method or the following basis as applied by the respective entities.

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3.11.2 - 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. Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively and is recognized as an expense in profit or loss in the periods during which services are rendered by employees.

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

3.12 - Statement of Profit or Loss and Other Comprehensive Income

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

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

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

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

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

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

3.12.1.1 - Revenue recognition
Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over the goods or services to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including payment terms and related revenue recognition policies:

Type of Service	Nature and timing of the satisfaction of performance obligation
Provision of accommodation	The primary obligation in the customer contract is to provide rooms for guests’ accommodation. This is represented in the room revenue reported in the Financial Statements. Revenue under this segment is recognized on the rooms occupied daily over the period of the stay. An invoice is issued to the customer on completion of the duration of the stay.
Provision of food and beverages	The following services are rendered under this performance obligation: I. Provision of meals for guests occupying the hotels, which is part and parcel of the contract entered into. Revenue is recognized on completion of the guest’s stay duration. II. Provision of food and beverages - Revenue is recognized when invoiced to customers upon their consumption.
Provision of laundry, telephone, sports, etc.	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognized upon the provision of services and an invoice raised.

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3.12.1.2 - Other Income
Other income is recognized on an accrual basis.

3.12.1.3- Interest Income
For all financial instruments measured at amortized cost and interest bearing financial assets classified as fair value through profit and loss, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through 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.

3.12.2 - Expenses
Expenses are recognized in the 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. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted

3.12.2.1 - Operating expenses
All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit for the year. Provision has also been made for impairment of financial assets, slow moving stocks, all known liabilities and depreciation on property, plant and equipment.

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

3.12.3 - Net finance income / (expenses)
Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.12.4 - Taxation
Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity, or other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

3.12.4.1 - Current taxes
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 Company operates and generates taxable income. Current tax relating to items recognized directly in Other Comprehensive Income is recognized 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.

The relevant details are disclosed in the respective notes to the Financial Statements.

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future

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taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses / credits can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside the Statement of Profit or Loss is recognized outside the Statement of Profit or Loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

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 assets to be utilized.

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

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

3.13 - Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.14 - Cash flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the ‘Indirect Method’.

3.15 - Earnings per share

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

3.16 - Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

Note 04 - Risk management

4.1 - Financial risk factors

The Company’s activities may expose it to a variety of financial risks such as market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company’s financial performance. Risk management is carried out under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign currency risk

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

(ii) Interest rate risk

The Company adopts a policy of ensuring borrowings are maintained at manageable

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levels while optimizing returns. Interest rates are negotiated leveraging on the strength of the Company thereby ensuring the availability of cost-effective funding at all times, while minimizing the negative effect of market fluctuations. In addition, Company has considered banking facilities with several reputed banks which has enabled the Company to negotiate competitive rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Company's profit before tax as affected through an impact on floating rate borrowings.

	Assumed Impact due to Increase/(Decrease) in Basis Points	Effect on Profit Before Tax (Rs.)
Bank Loans (Rs.)	(+) 50 Basis Points	91,953,443
Bank Loans (Rs.)	(-) 50 Basis Points	(91,953,443)

(iii) Price risk

The Company is not exposed to price risks such as commodity price risk, equity price risk and residual value risk.

(b) Credit risk

Financial assets of the Company, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks and credit customers, cash and cash equivalents are placed with banks / financial institutions of national repute and rating. The management assess the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Sales to customers are settled mainly in cheques or bank transfers.

The credit quality of financial assets is disclosed in Note No 16.2 to the Financial Statements.

(c) Liquidity risk

Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans and covenant compliance.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31st March, 2026	**Less than 1 Year Rs.**	**Between 1 and 5 Years Rs.**
Borrowings	84,501,285	1,010,860,978
Trade and other payables (excluding statutory liabilities)	84,794,278	-
Total	**169,295,563**	**1,010,860,978**
As at 31st March 2025		
Borrowings	86,230,803	777,074,063
Trade and other payables (excluding statutory liabilities)	130,287,206	-
Total	**216,518,009**	**777,074,063**

4.2 - Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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The gearing ratios as follows:

	31 March 2026 Rs.	31 March 2025 Rs.
Total Borrowings (Note No. 24)	1,095,362,262	863,304,865
Less		
Cash and Cash Equivalents (Note No.19)	(77,552,702)	(103,949,873)
Net Borrowings	1,017,809,560	759,354,992
Total Equity	1,396,531,486	1,758,155,173
Total Capital	2,414,341,046	2,517,510,165
Gearing Ratio	42%	30%

Note 05 - Significant Accounting Judgements, Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below:

(a) Allowance for doubtful debts

The Company reviews its debtors to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the Profit or Loss, the Company makes judgements as to whether there is any observable data indicating that there is measurable decrease in estimated cash flows from debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Income taxes

The Company is subject to income tax under the Income Tax Act in Sri Lanka. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Residual value and useful lives of property, plant and equipment

The Company determines the estimated useful lives and related depreciation charges for its plant and equipment. This estimate is based on projections about the continued existence of a market for its products and the ability of the Company to penetrate a sufficient portion of that market in order to operate profitably. The Company increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair, technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

(d) Retirement benefits obligation

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid.

Other key assumptions for gratuity obligations are based in part on current market conditions, additional information is disclosed in Note No. 23

For the year ended 31 March

		2026 Rs.	2025 Rs.
NOTE 06 - REVENUE			
Front office and apartment		296,913,498	366,421,613
Food & Beverage Revenue		392,900,284	567,969,017
Other operating department		55,462,494	56,065,427
		745,276,276	**990,456,057**
NOTE 07 - OTHER OPERATING INCOME			
Boating, swimming and tennis		1,886,452	2,445,619
Floral income		734,422	125,780
SPA Commission		6,135	3,329,395
Minor operating income		16,708,116	5,124,799
Disposal gain on sale and lease back transaction		9,445,159	5,929,161
		28,780,284	**16,954,754**
NOTE 08 - PROFIT / (LOSS) FROM OPERATIONS IS STATED AFTER CHARGING ALL EXPENSES INCLUDING FOLLOWING:			
Employee benefit expenses	**Note 08.1**	253,205,561	224,671,396
Directors remuneration		24,000,000	22,500,000
Auditors remuneration fees		627,000	569,500
Non assurance fees and expenses		116,400	101,100
Depreciation		158,249,521	160,813,029
Impairment provision / (reversal) on trade and other receivables		4,088,963	976,712
Advertising and sales promotion cost		1,051,879	207,925
Other costs		392,485,169	617,913,046
Total cost of sales, distribution costs and administration expenses		**833,824,493**	**1,027,752,708**
Note 08.1 - Employee benefit expenses			
Salaries, wages and allowances		183,802,195	171,732,814
EPF and ETF		24,903,127	19,593,426
Post employment benefit - Gratuity		12,167,455	13,797,008
Other staff cost		32,332,784	19,548,148
		253,205,561	**224,671,396**

For the year ended 31 March

		2026 Rs.	2025 Rs.
Note 09 - Finance income / (cost)			
Note 09.1 - Finance income			
Interest income on fixed deposits	**Note 09.3**	4,408,037	5,805,061
Unrealized exchange gain on USD loan		4,408,037	5,805,061
Note 09.2 - Finance cost			
Bank overdraft and loan interest		29,559,793	32,382,012
Related party loan interest		54,570,497	37,114,332
Realized exchange loss		447,089	36,514
Interest on property leases		4,310,949	3,427,890
Lease Interest - ROU		181,755	183,682
	Note 09.4	89,070,083	73,144,430
Unrealized exchange loss on USD loan		43,921,645	(5,695,202)
Net finance income / (cost)		**(128,583,691)**	**(61,644,167)**

Note 09.3 - Finance income
Finance income comprises interest income derived on funds invested. Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Note 09.4 - Finance cost
Borrowing costs (loan interest, lease interest and other financial charges) are recognized as an expense in the period in which they are incurred, except to the extent the borrowing costs that are directly attributable to the acquisition or construction of an asset that takes a substantial period of time to get ready for its intended use, and are capitalized as part of that asset.

		2026 Rs.	2025 Rs.
NOTE 10 - Income tax (credit) / expenses			
Income tax provision for the year	**Note 10.1**	-	-
Income tax under provision of previous years		-	-
Deferred tax charge / (credits)	**Note 10.3**	(14,015,221)	(56,899,850)
Income tax (Credit) / Expenses		**(14,015,221)**	**(56,899,850)**
Note 10.1 - Reconciliation income tax expense between accounting profit / (loss) and tax profit / (loss) as follows :			
Accounting profit/(loss) before tax		(378,031,768)	(273,089,611)
Non deductible expenses		300,693,703	295,282,902
Deductible expenses		(51,011,242)	(19,166,080)

For the year ended 31 March 2026

		2026 Rs.	2025 Rs.
Other sources of income		(13,853,196)	(17,429,424)
Taxable business profit / (loss)	**Note 10.2**	**(142,202,504)**	**(14,402,213)**
Interest income		4,408,037	5,805,061
Total assessable income		**4,408,037**	**5,805,061**
Set off against tax losses		(4,408,037)	(5,805,061)
Total taxable income		**-**	-
Income tax at 30%		**-**	-

The Company is liable for taxation at the rate of 14% as per the first schedule of the Inland Revenue Act, No. 24 of 2017, on its profits derived from “promotion of tourism”. Income Tax for any other income is computed at 24%. All incomes are taxed at 30% with effect from 01.10.2022.

Note 10.2 - Carried forwarded tax losses		
Balance brought forward	654,839,301	1,080,220,551
Less: Losses written off	(176,296,343)	(433,978,403)
Tax loss during the year	142,202,504	14,402,213
Tax loss claimed during the year	(4,408,037)	(5,805,061)
Balance carried forward	616,337,425	654,839,301

	2026 Rs.	2025 Rs.
Note 10.3 - Deferred tax expense / (credit)		
The following table shows deferred tax expense / (credit) recorded in the Statement of Comprehensive Income due to changes in the deferred tax assets and liabilities:		
Deferred tax liabilities		
Accelerated depreciation charge / (reversed)	(17,885,121)	(56,855,469)
	(17,885,121)	(56,855,469)
Deferred tax assets		
Defined benefit obligation	(3,869,900)	44,381
Carried forward unused tax losses charged / (reversed)	-	-
	(3,869,900)	44,381
Deferred tax charge / (credit) for the year	(14,015,221)	(56,899,850)

Deferred taxation is provided using the Statement of Financial Position liability method providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

For the year ended 31 March 2026

Deferred tax assets including those related to tax effects of retirement benefit obligation. Deferred tax assets for income tax losses and credits available to be carried forward, are not recognized as at 31 March 2026 due the uncertainty of utilizing against future taxable profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

A detailed note for 'Composition of deferred tax assets and liabilities' presented in Note 22 to the Financial Statements.

NOTE 11 - BASIC EARNINGS / (LOSS) PER SHARE

For the year ended 31 March	2026 Rs.	2025 Rs.
Amount used as the numerator		
Profit / (loss) for the year	(364,016,547)	(216,189,761)
Amount used as the denominator		
Number of ordinary shares	47,066,447	47,066,447
Earnings / (loss) per share - Rs. Cts.	**(7.73)**	**(4.59)**

Basic earnings/(loss) per share amounts are 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.

Note 12 - Property, plant and equipment

	Balance as at 01.04.2025 Rs.	Additions Rs.	Transfers Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
Cost / valuation					
Freehold assets					
Freehold lands - (at valuation)	626,715,000	-	-	-	626,715,000
Buildings - (at valuation)	1,991,872,786	16,360,478	5,023,846	-	2,013,257,110
Motor vehicles	7,773,160	-	-	(7,000,000)	773,160
Office equipment	446,611,546	13,112,558	-	-	459,724,104
Furniture and fittings	159,698,014	506,516	-	-	160,204,530
Linen	17,170,387	8,804,169	-	-	25,974,556
Plant & Machinery	-	16,848,056	-	-	16,848,056
	3,249,840,893	**55,631,777**	**5,023,846**	**(7,000,000)**	**3,303,496,516**
Leasehold assets					
Motor vehicles	43,040,000	7,000,000	-	-	50,040,000
Office equipment	4,387,500	-	-	-	4,387,500
Laundry machine	13,377,639	-	-	-	13,377,639
Kitchen equipment	5,620,417	-	-	-	5,620,417
Plant & Machinery	-	4,952,433	-	-	4,952,433
	66,425,556	11,952,433	-	-	78,377,989
Total	**3,316,266,449**	**67,584,210**	**5,023,846**	**(7,000,000)**	**3,381,874,505**

For the year ended 31 March 2026

Note 12 Property, Plant and Equipment (Contd...)	Balance as at 01.04.2025 Rs.	Additions Rs.	Transfers Rs.	Disposals Rs.	Balance as at 31.03.2026 Rs.
Accumulated depreciation					
Freehold assets					
Freehold lands - (at valuation)	-	-	-	-	-
Buildings - (at valuation)	280,020,862	129,836,411	-	-	409,857,273
Motor vehicles	7,773,160	-	-	(7,000,000)	773,160
Office equipment	306,106,634	16,479,129	-	-	322,585,763
Furniture and fittings	153,144,289	1,331,882	-	-	154,476,171
Linen	16,679,666	288,764	-	-	16,968,430
Plant & Machinery	-	523,751	-	-	523,751
	763,724,611	**148,459,936**	**-**	**(7,000,000)**	**905,184,548**
Accumulated depreciation					
Leasehold assets					
Motor vehicles	15,218,164	8,267,960	-	-	23,486,124
Office equipment	1,700,508	268,699	-	-	1,969,207
Laundry machine	10,187,245	638,079	-	-	10,825,324
Kitchen equipment	3,990,640	325,955	-	-	4,316,595
Plant & Machinery	-	288,892	-	-	288,892
	31,096,557	9,789,585	-	-	40,886,142
Total	**794,821,168**	**158,249,521**	**-**	**(7,000,000)**	**946,070,690**
Written down value					
Freehold asset					
Freehold lands - (at valuation)	626,715,000				626,715,000
Buildings - (at valuation)	1,711,851,924				1,603,399,837
Motor vehicles	-				-
Office equipment	140,504,912				137,138,341
Furniture and fittings	6,553,725				5,728,359
Linen	490,722				9,006,127
Plant & Machinery	-				16,324,305
	2,486,116,283				**2,398,311,969**

For the year ended 31 March 2026

Note 12 Property, Plant and Equipment (Contd...)

	Balance as at 01.04.2025 Rs.	Additions Rs.	Transfers Rs.		Balance as at 31.03.2026 Rs.
Leasehold assets					
Motor vehicles	27,821,836				26,553,876
Office equipment	2,686,992				2,418,293
Laundry machine	3,190,394				2,552,315
Kitchen equipment	1,629,777				1,303,822
Plant & Machinery	-				4,663,541
	35,328,999				37,491,846
Total written down value	**2,521,445,281**				**2,435,803,815**
Work in progress assets					
Rooms renovation	12,934,483		9,840,000		22,774,483
SPA renovations	5,023,846	-	(5,023,846)		-
Kitchen renovation	9,840,000	810,000	(9,840,000)		810,000
	27,798,329	810,000	(5,023,846)	-	23,584,483
Total assets	**2,549,243,610**				**2,459,388,298**

Note 12.1 - The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows:

	As at 01.04.2025	Additions	As at 31.03.2026
Cost			
Land	98,116,927		98,116,927
Buildings	915,542,200	-	915,542,200
	1,013,659,127		**1,013,659,127**
Accumulated depreciation			
Land	-	-	-
Buildings	220,350,732	50,354,821	270,705,553
	220,350,732	**50,354,821**	**270,705,553**
Written down value			
Land	98,116,927		98,116,927
Buildings	695,191,468		644,836,647
	793,308,395		**742,953,574**

Note 12.2 - Reconciliation of carrying amounts of revalued assets

	Lands Rs.	Buildings Rs.	Total Rs.
Carrying value as at 01 April 2025	626,715,000	1,711,851,924	2,338,566,924
Additions	-	21,384,324	21,384,324
Disposals	-	-	-
Fair value gain	-	-	-
Transfer to right use asset (building)	-	-	-
Depreciation for the year	-	(129,836,411)	(129,836,411)
Carrying value as at 31 March 2026	**626,715,000**	**1,603,399,837**	**2,230,114,837**

For the year ended 31 March 2026

Note 12.2.1 - Measurement of fair value

The freehold land and buildings and buildings on leased land were revalued on 31st March 2023 in an open market value for existing use basis by Mr. T. B. Balasuriya, (Bsc.) EMV Spl (Hons), SJP, an Independent Qualified Valuer. The result of such revaluation was incorporated in these Financial Statements. The surplus arising from the revaluation was transferred to the revaluation reserve.

Lands comprise of Walawwewatta and Siyambalagahakotuwa (02A-2R-08.15P), Talawattemullehena (00A-1R-03.87P) which are situated within Municipal Council limits of Kandy.

Note 12.2.2 - Level 03 fair value

Opening to closing reconciliation is shown in above Note 12.2.

Note 12.2.3 - Valuation techniques and significant unobservable inputs

The property is valued in an open market value for existing use basis.

Note 13 - Right-of-use asset

	As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2026 Rs.
Cost / valuation				
Land	2,318,325	-	-	2,318,325
Building	872,681,675	-	-	872,681,675
	875,000,000	**-**	**-**	**875,000,000**
Accumulated Depreciation				
Land	154,555	82,797	-	237,352
Building	60,184,943	31,167,203	-	91,352,146
	60,339,498	**31,250,000**	**-**	**91,589,498**
Net Book Value				
Land	2,163,770			2,080,973
Building	812,496,732			781,329,529
	814,660,502			**783,410,502**

Note 14 - Intangible assets

	As at 01.04.2025 Rs.	Additions Rs.	Disposals Rs.	As at 31.03.2026 Rs.
Cost				
Computer software	722,500	-		722,500
	722,500	**-**	**-**	**722,500**
Amortization				
Computer software	120,769	180,625		301,394
	120,769	**180,625**	**-**	**301,394**
Net Book Value	601,731			
	601,731			**421,106**

For the year ended 31 March 2026

Note 15 - Inventories

	2026 Rs.	2025 Rs.
Food stock	7,315,500	6,456,968
Beverage stock	4,991,659	8,172,820
House keeping	8,455,947	6,405,219
Maintenance stock	2,539,787	2,204,358
Printing and stationery stock	2,134,695	1,790,521
Packing materials	3,808,299	3,451,168
Cutlery	6,492,838	5,393,478
SPA supplies	325,550	1,924,352
	36,064,275	**35,798,884**

Note 16 - Trade and other receivables

Trade debtors		45,696,493	79,992,128
Less: Provision for impairment	**Note 16.1**	(7,949,448)	(3,860,484)
Trade receivables - net		37,747,045	76,131,644
Refundable deposits		858,600	2,731,000
Prepayments		13,918,893	13,871,615
Other receivables		17,145,508	23,234,734
Total		**69,670,046**	**115,968,993**

Note 16.1 - Provision for impairment

Balance at the beginning of the year	3,860,484	2,883,772
Reversal for the year	-	-
Provision for the year	4,088,963	976,712
Balance at the end of the year	7,949,448	3,860,484

As of 31st March 2026, Trade Receivables of Rs. 34,154,386/- (as of 31st March 2025 was Rs. 72,086,274/-) were fully performing.

As of 31st March 2026, Trade Receivables of Rs. 3,592,658/- (as of 31st March 2025 was Rs. 4,045,370/-) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	31.03.2026 Rs.	31.03.2025 Rs.
Up to 90 days	34,154,386	72,086,274
90 to 180 days	3,445,725	2,636,587
Over 180 days	146,934	1,408,783
Over 180 days (Impaired)	7,949,448	3,860,484
	45,696,493	**79,992,128**

As of 31st March 2026, trade receivables of Rs. 7,949,448/- (31.03.2025 Rs. 3,860,484/-) were impaired and provided for. The individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations. It was assessed that no portion of the impairment provision for receivables is expected to be recovered.

For the year ended 31 March 2026

Note 16 - Trade and other receivables (Continued)

The creation and release of provision for impaired receivables have been included in 'Administration expenses' in the Statement of Profit or Loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above and is further analyzed in Note 16.2. The Company does not hold any collateral as security.

As at 31 March 2026	2026	2025
Note 16.2 - Exposure to credit risk The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:		
Trade and other receivables	56,251,153	102,097,378
Banks with credit ratings	77,552,702	103,949,873
	133,803,855	**206,047,251**

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of counterparty is as follows:

Trade receivables - others	37,747,045	76,131,644
Loans to company officers	597,000	860,838
Other receivables	17,907,108	25,104,896
	56,251,153	**102,097,378**

Loans are given to permanent confirmed employees and are deducted from the salaries as per the terms of granting the loan.

Note 17 - Other financial assets		
Fixed deposits		
HNB fixed deposit No. 018300102841	5,871,588	5,503,053
SEYLAN fixed deposit No. 7mn - KTURRSKTU22/1179929	9,744,294	9,238,034
SEYLAN fixed deposit No. 9mn - KTURRSKTU23/1180009	12,341,195	11,539,201
HNB fixed deposit No. 018300134938	13,199,511	12,416,536
	41,156,588	**38,696,824**

Note 18 - Income tax (refund)/liability		
Balance at the beginning of the year	(2,477,488)	(2,477,488)
Refund set off for VAT	2,400,000	-
WHT written off	77,488	-
	-	**(2,477,488)**
Income tax provision for the year	-	-
Payment made during the year (WHT)	(310,676)	-
Balance at the end of the year	**(310,676)**	**(2,477,488)**

Note 19 - Cash and cash equivalents		
Cash at bank	76,361,757	100,307,260
Cash in hand	1,190,945	3,642,613
	77,552,702	**103,949,873**

For the year ended 31 March 2026

Note 19.1 - For the purpose of Statement of cash flows, cash and cash equivalents includes following:		
Cash in hand and at bank	77,552,702	103,949,873
Bank overdrafts	(34,097,256)	(37,821,400)
	43,455,446	**66,128,473**

Note 20 - Stated capital		
	2026 Rs.	**2025 Rs.**
47,066,447 No. of Ordinary shares issued and fully paid	585,445,870	585,445,870
	585,445,870	**585,445,870**

Note 21 - Revaluation reserve		
Balance at the beginning of the year	2,302,046,051	2,302,046,051
Revaluation gain on land and buildings	-	-
Transferred to retained earnings	-	-
Balance at the end of the year	2,302,046,051	2,302,046,051

Revaluation reserve related to the surplus on revaluation of land and building

Note 22 - Deferred tax assets and liabilities		
Note 22.1 - Deferred tax liabilities		
Balance at the beginning of the year	529,178,131	586,033,600
Provision / (reversal) for the year	(17,885,121)	(56,855,469)
Deferred tax impact to OCI on revalued land and buildings	-	-
Balance at the end of the year	511,293,010	529,178,131
Note 22.2 - Deferred tax assets		
Balance at the beginning of the year	35,621,716	35,727,129
Provision / (reversal) for the year	(3,869,900)	44,381
Deferred tax impact to OCI on actuarial gain on gratuity	(1,025,512)	(149,794)
Balance at the end of the year	30,726,304	35,621,716
Net deferred tax liability	**480,566,707**	**493,556,415**

For the year ended 31 March 2026

Note 22.3 - Composition of deferred tax assets and liabilities				
	31.03.2026		31.03.2025	
	Temporary difference	Tax effect	Temporary difference	Tax effect
Deferred tax liability				
Property, plant and equipment	1,704,310,033	511,293,010	1,763,927,104	529,178,131
Deferred tax assets				
Defined benefit obligation	(76,785,578)	(23,035,673)	(92,030,197)	(27,609,059)
Lease liability	(25,635,436)	(7,690,630)	(26,708,855)	(8,012,658)
	(102,421,014)	(30,726,303)	(118,739,052)	(35,621,717)
Net balance	**1,601,889,019**	**480,566,707**	**1,645,188,053**	**493,556,415**

Note 23 - Retirement benefit obligation			
As at 31 March		**2026 Rs.**	**2025 Rs.**
Balance at the beginning of the year		92,030,197	82,124,443
Provision / (reversal) made during the year	**Note 23.1**	12,167,455	13,797,008
Actuarial (gain)/ loss	**Note 23.1**	(3,418,372)	(499,314)
Payments / payables of the year		(23,993,700)	(3,391,940)
Balance at the end of the year		**76,785,578**	**92,030,197**

Note 23.1 - Provision / (reversal) made during the year		
Interest charged for the year	8,282,718	9,705,533
Current service cost	3,884,737	4,091,475
	12,167,455	13,797,008
Actuarial (gain)/ loss	(3,418,372)	(499,314)
	8,749,083	13,297,694

Note 23.2 - The principle assumptions used are as follows:		
	2026	**2025**
Long term interest rate	9.5%	9%
Future salary increment rate	6%	6%
Staff turnover ratio	25%	24%
Retirement age	60 Years	60 Years

For the year ended 31 March 2026

Note 23.3 - Sensitivity analysis of present value of defined benefit obligation

Assumption changed (While all other assumptions remain unchanged)

	Amount Rs.
Deferred tax liability	
1% increase in discount rate	75,780,317
1% decrease in discount rate	77,847,518
1% increase in Salary Escalation rate	78,268,159
1% decrease in Salary Escalation rate	75,351,329

Note 23.4 - Distribution of present value of defined benefit obligation in future years

	Amount Rs.
Within the next 12 months	54,892,093
Between 1-2 years	6,153,425
Between 2-5 years	9,491,564
Between 5-10 years	5,359,581
Beyond 10 years	888,914
	76,785,578

Weighted Average Duration of Defined Benefit Obligation 1.4 (Years).

Note 24 - Borrowings

As at 31 March		**2026 Rs.**	**2025 Rs.**
Non current maturity portion			
Lease creditor	**Note 24.1**	17,029,050	17,727,323
Lease creditor- Land	**Note 24.2**	2,217,843	2,245,933
Bank loans	**Note 24.3**	264,988,642	250,537,610
Borrowings from related parties	**Note 24.4**	726,625,443	506,563,197
		1,010,860,978	777,074,063
Current maturity portion			
Lease creditor	**Note 24.1**	8,514,525	8,863,661
Lease creditor- Land	**Note 24.2**	28,090	26,010
Bank loans	**Note 24.3**	32,702,067	28,727,001
Bank overdrafts		34,097,256	37,821,400
Borrowings from related parties	**Note 24.4**	9,159,346	10,792,730
		84,501,285	86,230,803
		1,095,362,262	**863,304,865**

Note 24.1 - Lease creditor

Balance at the beginning of the year		32,518,900	41,705,233
Addition during the year		14,747,418	15,370,896
Settlements during the year		(17,310,792)	(24,557,229)
		29,955,527	32,518,900
Interest in suspense	**Note 24.1.1**	(4,411,952)	(5,927,916)
		25,543,574	26,590,984
Current maturity portion		8,514,525	8,863,661
Non current maturity portion		17,029,050	17,727,323
		25,543,574	26,590,984

For the year ended 31 March 2026

Note 24.1.1 - Interest in suspense		
Balance at the beginning of the year	5,927,916	6,305,146
Addition during the year	2,794,985	2,980,896
Lease interest charge during the year	(4,310,949)	(3,427,890)
Current maturity portion	882,390	1,185,583
Non current maturity portion	3,529,562	4,742,333
	4,411,952	5,927,916

Note 24.2 - Lease Creditor (Right of use asset - land)		
Balance at the beginning of the year	5,609,655	6,025,185
Addition during the year	-	-
Settlements during the year	(207,765)	(415,530)
	5,401,890	5,609,655
Interest in suspense	(3,155,957)	(3,337,712)
	2,245,933	2,271,943
Current maturity portion	28,090	26,010
Non current maturity portion	2,217,843	2,245,933
	2,245,933	2,271,943

Note 24.2.1 - Interest in suspense		
As at 31 March	**2026 Rs.**	**2025 Rs.**
Balance at the beginning of the year	3,337,712	3,521,394
Addition during the year	-	-
Lease interest charge during the year	(181,755)	(183,682)
	3,155,957	3,337,712
Current maturity portion	-	-
Non current maturity portion	3,155,957	3,337,712
	3,155,957	3,337,712

Note 24.3 - Loan creditor		
Balance at the beginning of the year	279,264,611	294,586,479
Loans obtained during the year	38,639,993	-
Repayment during the year	(20,213,896)	(15,321,868)
Balance at the end of the year	297,690,708	279,264,611
Current maturity portion	32,702,067	28,727,001
Non current maturity portion	264,988,642	250,537,610
	297,690,709	279,264,611

NOTES TO THE FINANCIAL STATEMENTS...

For the year ended 31 March 2026

Note 24.4 - Borrowings from related parties		
As at 31 March	**2026 Rs.**	**2025 Rs.**
Balance at the beginning of the year	517,355,927	338,667,597
Loans obtained during the year	120,316,735	188,173,503
Repayment during the year	(6,712,767)	(9,485,173)
Accrued interest on loan	54,570,497	-
Exchange loss on foreign currency	50,254,398	-
	735,784,790	**517,355,927**
Balance at the end of the year	735,784,790	517,355,927
Current maturity portion	9,159,346	10,792,730
Non current maturity portion (USD)	726,625,443	506,563,197
	735,784,789	517,355,927

Note 25 - Deferred income		
Disposal gain on sale and lease back arrangement under finance lease		
Opening balance	23,735,084	19,116,652
Additions during the year	7,000,000	10,547,593
Charged to income statement	(9,445,159)	(5,929,161)
	21,289,925	**23,735,084**
Non current portion	20,403,026	21,098,185
Current portion	886,899	2,636,898
	21,289,925	**23,735,084**

Note 26 - Trade and other payables		
Trade creditors	69,715,254	101,854,184
Other payables	1,645,148	6,560,131
Expense creditors	150,738,924	177,713,074
	222,099,326	**286,127,389**

Note 27 - Amounts due to related parties		
Mahaweli Hotel Management Services (Pvt) Ltd.	175,338,909	144,488,784
	175,338,909	**144,488,784**

Note 28 - Analysis of financial instruments by category		
Financial asset at amortized cost		
Trade and other receivables excluding prepayments, statutory payments and advances	56,251,153	102,097,378
Cash and cash equivalents **(Note 19)**	77,552,702	103,949,873
	133,803,855	206,047,251

For the year ended 31 March 2026

Financial liabilities at amortized cost		
Trade and other payables (Excluding statutory liabilities) (Note 26)	84,794,277	130,287,205
Amounts due to related companies (Note 27)	175,338,909	144,488,784
	260,133,186	274,775,989

Note 29 - Commitments and contingencies

Note 29.1 - Commitments

There were no commitment as at the end of the reporting date.

Note 29.2 - Contingent liabilities

There may be probable penalties and default charges applicable for the tax arrears for the period 2022 /23. However, the final determination and quantification of such charges are pending confirmation by the Department of Inland Revenue as of the reporting date.

The Company will recognize any additional liabilities arising from these charges once the assessment is finalized and communicated by the relevant tax authorities.

For the year ended 31 March 2026

NOTE 30 - Assets Pledge

Lending Institution	Nature of Facility	Interest Rate	Repayment Term	Outstanding Balance		Security
				31.3.2026 Rs.	31.3.2025 Rs.	
Commercial Bank - Loan 1871440	Term Loan Rs. 50 million	AWPLR + 2% p.a.	Capital to be repaid in 49 instalments under staggered basis and interest to be serviced monthly	22,707,106	24,291,322	Concurrent primary mortgage bond No. 624/2548 dated 09th November 2015 for Rs. 50 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, P. B. A. Weerakoon Mawatha, Kandy.
Commercial Bank - Loan 3443696	Term Loan Rs.18,260,337.97	Interest Free	Capital to be repaid in 21 equal monthly instalments of Rs. 197,465 and a final instalment of Rs. 9,967,470 will be granted a rebate at a tail end subject to satisfactory payment of term loan	14,113,570	15,693,290	Concurrent primary mortgage bond No. 721/3274 dated 19th & 22nd December 2006 and 1st of January 2007 for Rs. 30 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, P. B. A. Weerakoon Mawatha, Kandy.
Commercial Bank - Loan 4445443	Term Loan Rs. 30,000,000.00	First 2 Years- 9% p.a. (Fixed Rate) Balance 3 Years - AWPLR + 2.0% p.a	Repayable in 53 equal monthly installments of LKR 555,000/- and a final installment of LKR 585,000/-	30,000,000	-	Concurrent primary mortgage bond No. 624/2548 dated 09th November 2015 for Rs. 50 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, P. B. A. Weerakoon Mawatha, Kandy.
Commercial Bank - To Absorb the interest component of term loan No. 1871440 incurred during the debt relief period	Term Loan Rs. 1,177,679.47	Interest Free	Repayable in 11 equal monthly installments of LKR 98,139/- and a final installment of LKR 98,150.47/-	794,609	-	
Commercial Bank of Ceylon PLC	Overdraft Rs. 35 million	AWPLR + 1.5 % p.a.	On demand	6,917,388	21,158,144	Concurrent primary mortgage bond No. 721/3274 dated 19th & 22nd December 2006 and 1st of January 2007 for Rs. 30 million executed over freehold property of Mahaweli Reach Hotels PLC at No. 35, P. B. A. Weerakoon Mawatha, Kandy.
Hatton National Bank PLC	Term Loan Rs. 167,170,000/-	13% p.a. for 1st 12 months and thereafter AWPLR + 1.5%	84 monthly instalment. 06 months capital grace period and balance payment on staggered basis with in 78 Instalments	154,520,000	162,170,000	Primary Mortgage No. 388 for Rs. 62.5 Mn. Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Executed over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th ,6th, March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS).

For the year ended 31 March 2026

Lending Institution	Nature of Facility	Interest Rate	Repayment Term	Outstanding Balance		Security
				31.3.2026 Rs.	31.3.2025 Rs.	
Hatton National Bank PLC Loan-018040144742	Term Loan Rs. 23,000,000	6.18% p.a. till 30.06.24 and Thereafter 10% p.a.	60 monthly instalments. 06 months capital grace period and balance payment on staggered basis within 54 Instalment	20,750,000	22,100,000	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Executed over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th ,6th, March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS).
Hatton National Bank PLC Loan - 018040144759	Term Loan Rs. 30,000,000	10% p.a.	60 monthly instalment. 06 months capital grace period and balance payment on staggered basis within 54 Instalments	26,350,000	28,600,000	Primary Mortgage No. 388 for Rs. 62.5 Mn. Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Executed over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th, 6th, March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS).
Hatton National Bank PLC	Differed Loan Rs.17,500,000	NIL	To be write off in full at the time of settlement of original loan (84 Months) Rs. 167,700,000 and other facilities	17,500,000	17,500,000	Primary Mortgage No. 388 for Rs. 62.5 Mn. Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Executed over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th ,6th, March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS).
Hatton National Bank PLC Loan - 0180401444766 (To Absorb the interest component of term loan no 018040144735)	Term Loan Rs. 6,845,383.91	Interest Free	36 monthly instalments	6,845,384	-	Primary Mortgage No. 388 for Rs. 62.5 Mn . Registered secondary mortgage No. 427 for Rs. 15 Mn. Existing registered primary concurrent mortgage bond No. 3996/2/2121 for Rs. 75 Mn mortgage bonds totaling Rs. 208 Mn Executed over immovable property situated at Kandy depicted as Lot No. 1 survey plan 268 B dated 4th, 6th, March 1989 and 21st December 1990 land in extend A: 02R:02:-P11.20 made by CAO Dirckze (LS) and Resurvey of Depicted in Lot 1&2 in plan No. 5099 dated 27.07.1993 by C Palamacumbure (LS).

For the year ended 31 March 2026

Lending Institution	Nature of Facility	Interest Rate	Repayment Term	Outstanding Balance 31.3.2026 Rs.	Outstanding Balance 31.3.2025 Rs.	Security
Hatton National Bank PLC A/C No. - 01801030006	Overdraft Rs.13.8 million	FD Rate + 3.5%	-	9,317,062	-	Hatton national bank fixed deposits 018300102841/ 018300134938
Bank of Ceylon	Term Loan Rs. 13.8 million	13.75% p.a.	01st to 05th month only the interest and on 06th month capital + interest.	3,360,000	8,910,000	Loan agreement for short term loan amount to Rs. 15 million.
Seylan	Term Loan Rs. 1 million	13% p.a.	Repayable in 47 equal monthly installments of LKR 20,830/- and a final installment of LKR 20,990/-	770,870	-	Seylan Bank fixed deposit **RRS-KTU22/1179929, RRS-KTU23/1180009**
Seylan	Bank Overdraft Rs.18 million	-	-	16,047,517	16,663,256	Seylan Bank fixed deposit **RRS-KTU22/1179929, RRS-KTU23/1180009**

Note 31 - Events after the end of the reporting date

No circumstances of significance have arisen since the end of the reporting date, which would require adjustments to or disclosure in the Financial Statements.

Subsequent to the damage caused by the recent Dithwah cyclone, the Company lodged an insurance claim amounting to Rs. 76 million with Allianz Insurance Lanka Limited to recover incurred losses. As at 31 March 2026, the claim was under assessment by the insurer, and no final settlement had been reached. Accordingly, no adjustment has been made in these Financial Statements in respect of the claim proceeds. Any receivable reimbursement will be recognized when its receipt becomes virtually certain in accordance with the applicable Sri Lanka Accounting Standards.

Note 32 - Related party disclosures

Details of significant related party disclosures are as follows:

Name of the Related Party	Relationship	Value of the Related Party transactions entered in to during the financial year	Value of the Related Party Transaction as % to the Equity and as a % to Total Assets	Terms and conditions of the Related Party Transactions	The rationale for entering in to the transaction
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital.	USD Dollars 1 million	18% of the Equity and 10% of the Total Assets.	Loan Repayment within five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one-month SOFR on the loan.	To meet urgent accumulated working capital requirements.
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital.	USD Dollars 500,000	9% of the Equity and 4% of the Total Assets.	Loan Repayment with in five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one-month SOFR on the loan.	Funded for refurbishment project and to meet working capital requirements.
Universal Enterprises (Pvt) Limited	Majority Share Holder of the Borrower which constitute 69.44% of the issued share capital.	USD Dollars 400,000	8% of the Equity and 3% of the Total Assets.	Loan Repayment with in five years with an interest grace period of 18 months and capital grace period of 36 months. Interest is 6.5% plus one-month SOFR on the loan.	Funded for refurbishment project and to meet working capital requirements.

For the year ended 31 March 2026

Note 32.1 - Key Management Personnel of the Company

The Key Management personnel (KMP) comprise the members of its Board of Directors.

Mr. J. A.Panabokke - *Executive Director*
Ms. D. L. Panabokke - *Non Executive Director*
Mr. J. N. Weerakoon - *Independent Non Executive Director*
Mr. M. D. M. Gunatilleke - *Independent Non Executive Director*
Mr. A. U. Maniku - *Non Executive Director*
Mr. A. M. Didi - *Non Executive Director*
Mr. S. I. Maniku - *Non Executive Director*
Ms. F. V. Mahir - *Non Executive Director*
Mr. U. M. Maniku - *Non Executive Director*
Mr. A. Maumoon - *Independent Non Executive Director*
Ms. S. N. Ranaweera - *Independent Non Executive Director*

Note 32.1.1 - The Directors of the Company are also the Directors of the following companies;

Name of Company	Names of Directors	Relationship
Mahaweli Hotel Management Services (Pvt.) Ltd.	Mr. J. A. Panabokke	Managing Agents
Mahaweli Hotel Management Services (Pvt.) Ltd.	Ms. D. L. Panabokke	Managing Agents
Mahaweli Hotel Management /Universal Enterprise (Pvt) Ltd.	Mr. S. I. Maniku	Managing Agents / Parent Company
Mahaweli Hotel Management /Universal Enterprise (Pvt) Ltd.	Mr. U. M. Maniku	Managing Agents / Parent Company
Mahaweli Hotel Management /Universal Enterprise (Pvt) Ltd.	Ms. F. V. Mahir	Managing Agents / Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. A. U. Maniku	Parent Company
Universal Enterprise (Pvt) Ltd.	Mr. A. M. Didi	Parent Company

Note 32.2 - Transactions with related parties

The Company has entered into transactions during the year with the following companies;

Note 32.2.1 - Management fee payments/Loan

Name of the related party	Nature of Transaction	2025/26 Rs.	2024/25 Rs.
Mahaweli Hotel Management Services (Pvt.) Ltd.	Management Fees	**45,686,686**	**60,035,732**

Basis of Management Fees calculation
Gross Revenue * 6% + (7% on Net Profit after Depreciation & Finance Charges)

Note 32.2.2 - Borrowings from related parties

During the financial year 2020/21, Ms. K. D Panabokke, the Spouse of Mr. Jayantha Panabokke who is a Director of the Company granted a Rs. 10,000,000 loan to the Company by engaging in a sales and lease back transaction for the personal vehicle with Bank of Ceylon - Super Grade Branch Kandy.

During the financial year 2022/23, Mr. Priyanjith Panabokke who is a Director of the Company granted a loan of Rs. 5,400,000/- to the Company.

During the financial year 2022/23, Mahaweli Hotel Management Services (Pvt) Ltd which is the managing agent of the company granted a loan of Rs. 18,264,773/- to the Company.

During the financial year 2023/24, Universal Enterprises (PVT) Ltd which is the Major share holder of the company granted a loan of USD 1 Mn (Rs. 324,000,000) - to the Company.

For the year ended 31 March 2026

During the financial year 2024/25, Universal Enterprises (PVT) Ltd which is the Major share holder of the company granted a loan of USD 500,000/- (Rs. 146,625,000) - to the Company.

During the financial year 2025/26, Universal Enterprises (PVT) Ltd which is the Major share holder of the company granted a loan of USD 400,000/- (Rs. 120,140,000) - to the Company.

Year	Amount granted Rs.	Amount outstanding as at 01.04.2025 Rs.	Rental paid during 2025/26 Rs.	Interest Accrued during 2025/26 Rs.	Exchange gain/loss adjustment Rs.	Amount outstanding as at 31.03.2026 Rs.
Ms. K.D.Panabokke	10,000,000	2,373,258	(2,373,258)	-	-	-
Mr. Priyanjith Panabokke	5,400,000	5,400,000	-	-	-	5,400,000
Mahaweli Hotel Management Services (Pvt) Ltd	18,264,773	7,914,612	(4,339,509)	-	-	3,575,103
Universal Enterprises (Pvt) Ltd.	324,000,000	351,039,830	-	32,593,597	29,608,838	413,242,265
Universal Enterprises (Pvt) Ltd.	146,625,000	150,628,227	-	16,296,800	12,835,773	179,760,800
Universal Enterprises (Pvt) Ltd.	120,140,000	-	-	5,680,100	7,802,278	133,622,378
Universal Enterprises (Pvt) Ltd.	176,735	-	-	-	7,508	184,243

For the purposes of these Financial Statements, parties are considered to be related to the Company, if the Company has the ability, directly of indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence.

Note 32.3 - Transaction with key management personnel of the companyv

The key management personnel of the Company are the members of it's Board of Directors. Key management personnel compensation:

	2025/26 Rs.	2024 /25 Rs.
(a) Short term employee benefits	24,000,000	22,500,000
(b) Post employment benefits	nil	nil
(c) Long term benefits	nil	nil
(d) Termination benefits	nil	nil
(e) Share based payments	nil	nil

There were no any related party transactions other than those disclosed in Note No. 32 to the Financial Statements.

PROXY FORM...

*I/We .... of

.... being *a Shareholder/Shareholders of

MAHAWELI REACH HOTELS PLC hereby appoint.. of ....

.... bearing NIC No./ Passport No.. or failing him/her*

Mr. Umar Mohamed Maniku	or failing him,
Mr. Jayantha Atul Panabokke	or failing him,
Mr. Ahamed Mahir Didi	or failing him,
Mr. Ahamed Umar Maniku	or failing him,
Ms. Dayanthi Lakshmi Panabokke	or failing her,
Mr. Sanjay Ibrahim Maniku	or failing him,
Ms. Fathimath Visha Mahir	or failing her,
Mr. Mestiyage Don Mevan Gunathileke	or failing him,
Mr. Ahmed Maumoon	or failing him,
Ms. S. M. A. Nonis Ranaweera	or failing her,
Ms. E. W. M. R. Samindhi Unamboowe	or failing her,

as *my/our proxy to attend and vote at the 52nd Annual General Meeting of the Company to be held on Monday the 28 day of September 2026 at 11.00 a.m., by way of audio and audio-visual means in view of the social distancing measures required. All information in this respect will be provided for the following purposes and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
01.	To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2026 together with the report of the Independent Auditors thereon.		
02.	To re-elect Mr. Ahmed Maumoon who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company.		
03.	To re-elect Mr. Mestiyage Don Mevan Gunathileke who retires by rotation in terms of Articles 90, 91 & 92 of the Articles of Association of the Company		
04.	To re-appoint Ms. S. M. A. Nonis Ranaweera, who was appointed to the board since the last Annual General Meeting and retires in terms of Article 97 of the Articles of Association of the Company, as a director.		
05.	To re-appoint Ms. E. W. M. R. Samindhi Unamboowe, who was appointed to the board since the last Annual General Meeting and retires in terms of Article 97 of the Articles of Association of the Company, as a director.		
06.	To re-appoint Mr. J. A. Panabokke who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment		
07.	To re-appoint Mr. A. U. Maniku who is over Seventy years of age as a Director of the Company. Special Notice has been received of the intention to pass a resolution which is set out below in compliance with law, relating to his re-appointment		
08.	To authorize the Board of Directors to determine contributions to charities and other donations.		
09.	To re-appoint Messrs. Bakertilly Edirisinghe & Co., Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No.07 of 2007 and to authorize the Directors to determine their remuneration.		

Signed this ....day of..Two Thousand and Twenty Six (2026).

....
Signature /s

Note:
(a) *Please delete the inappropriate words.
(b) A shareholder entitled to attend and vote at a General Meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/ her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.
(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
(d) Instructions are noted below.

Note: Instructions as to completion are noted below

INSTRUCTIONS AS TO COMPLETION...

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.

2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In term of Article 72 of the Articles of Association of the Company:

   1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.

   2) An instrument appointing a proxy shall be in writing and:
      (a) in the case of an individual shall be signed by the appointer or by his attorney; and
      (b) in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.

   3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.

4. Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.

5. To be valid the completed Form of Proxy should be deposited at the Registered Office of th Company situated at No. 35, P. B. A. Weerakoon Mawatha, Kandy, Sri Lanka not later than 11.00 a.m., on 26 September 2026.

Please fill in the following:

Name : ....

Address : ....

Jointly : ....

Folio No. : ....

Corporate Information

Name of the Company
Mahaweli Reach Hotels PLC

Legal Form
A Quoted Public Limited Liability Company
Incorporated on 21st September 1973

Company Registration No. PQ 127

Directors
Mr. U. M. Maniku - Chairman
(Appointed Chairman w.e.f. 24.06.2026)
Mr. J. A. Panabokke - Managing Director
Mr. A. U. Maniku
Mr. A. M. Didi
Ms. D. L. Panabokke
Mr. S. I. Maniku
Ms. F. V. Mahir
Mr. M. D. M. Gunatilleke
Mr. A. Maumoon
Ms. S. M. A. Nonis Ranaweera
(Appointed w.e.f. 28.02.2026)
Ms. E. W. M. R. Samindhi Unamboowe
(Appointed w.e.f. 24.06.2026)
Mr. M. U. Maniku (Deceased on 30.08.2025)
Mr. C. N. S. Mendis (Resigned w.e.f. 28.02.2026)
Mr. J. R. P. M. Paiva (Retired w.e.f. 01.05.2025)
Mr. N. Weerakoon (Resigned w.e.f. 31.03.2026)

Audit Committee
Ms. E. W. M. R. Samindhi Unamboowe
(Chairperson - Appointed w.e.f. 24.06.2026)
Mr. S. I. Maniku
Mr. A. Maumoon
Mr. J. R. P. M. Paiva (Retired w.e.f. 01.05.2025)
Mr. C. N. S. Mendis (Resigned w.e.f. 28.02.2026)
Mr. N. Weerakoon (Resigned w.e.f. 31.03.2026)

Remuneration Committee
Ms. S. N. Ranaweera
(Chairperson - Appointed w.e.f. 24.06.2026)
Ms. F. V. Mahir
Ms. D. L. Panabokke
Mr. A. Maumoon
Mr. J. R. P. M. Paiva (Retired w.e.f. 01.05.2025)
Mr. C. N. S. Mendis (Resigned w.e.f. 28.02.2026)
Mr. N. Weerakoon (Resigned w.e.f. 31.03.2026)

Related Party Transaction Review Committee
Ms. E. W. M. R. Samindhi Unamboowe
(Chairperson - Appointed w.e.f. 24.06.2026)
Mr. J. A. Panabokke
Mr. A. Maumoon
Mr. J. R. P. M. Paiva (Retired w.e.f. 01.05.2025)
Mr. N. Weerakoon (Resigned w.e.f. 31.03.2026)
Mr. C. N. S. Mendis (Resigned w.e.f. 28.02.2026)

Nomination & Governance Committee
Ms. S. N. Ranaweera
(Chairperson - Appointed w.e.f. 24.06.2026)
Ms. D. L. Panabokke
Mr. S. I. Maniku
Ms. F. V. Mahir
Mr. A. Maumoon
Mr. J. R. P. M. Paiva (Retired 01.05.2025)
Mr. N. Weerakoon (Resigned w.e.f. 31.03.2026)
Mr. C. N. S. Mendis (Resigned w.e.f. 28.02.2026)

Secretaries
Businessmate (Private) Limited
45, Braybrooke Street, Colombo 2.
Tel: +94 117 374400

Lawyers
A & N Partners
Attorney at Law
No. 519/3, Baudhaloka Mawatha
Colombo 8.
Tel: +94 112 665518

Auditors
Messrs. Bakertilly Edirisinghe & Co.,
Chartered Accountants
45, Braybrooke Street, Colombo 2.

Bankers
Hatton National Bank - Kandy
Bank of Ceylon - Kandy
Commercial Bank of Ceylon - Kandy
Sampath Bank, Katugastota
Seylan Bank - Katugastota
Nations Trust Bank - Katugastota

Registered office
35, P. B. A. Weerakoon Mawatha, Kandy.

MAHAWELI REACH

SRI LANKA