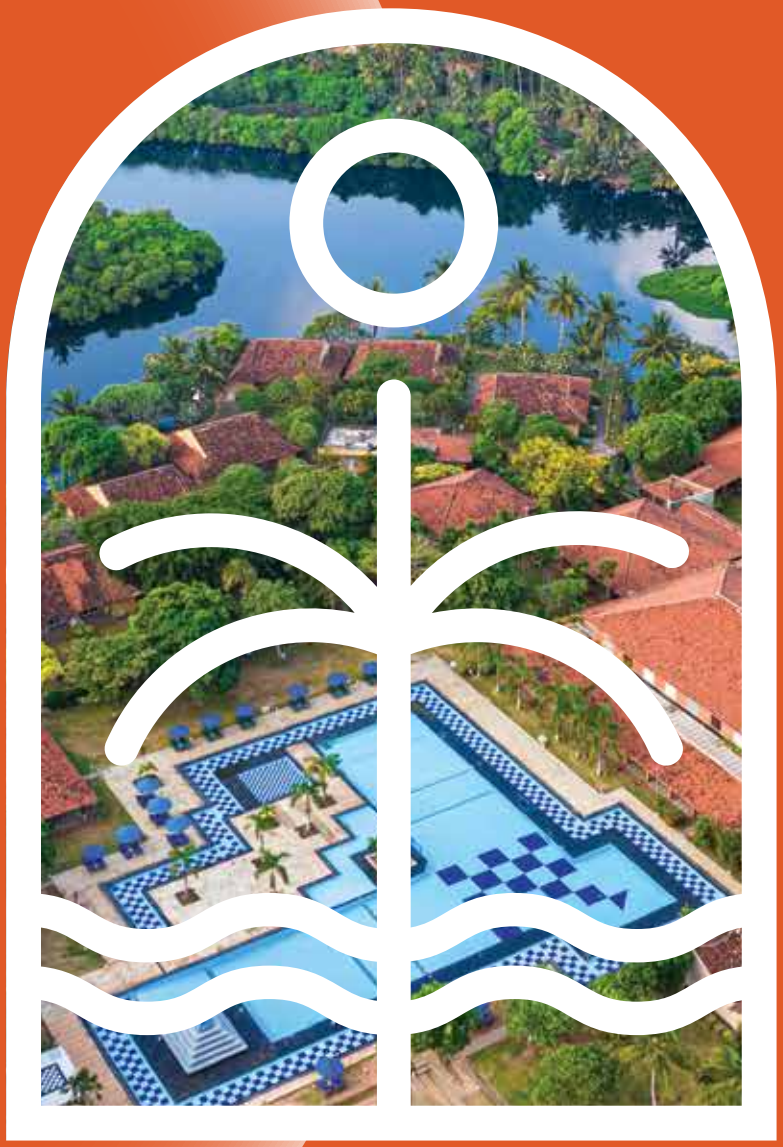
ANNUAL REPORT 2025 | 2026

MARAWILA RESORTS PLC



CLUB PALM BAY

FORT RESORTS

CONTENT

CORPORATE INFORMATION	***1***
NOTICE OF MEETING	***2***
CHAIRMAN'S REVIEW	***3***
BOARD OF DIRECTORS	***5***
COMPANY OVERVIEW	***7***
ANNUAL REPORT OF THE BOARD OF DIRECTORS	***8***
CORPORATE GOVERNANCE	***11***
AUDIT COMMITTEE REPORT	***31***
REPORT OF THE REMUNERATION COMMITTEE	***33***
REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE	***34***
REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE	***35***

FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT	***38***
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	***41***
STATEMENT OF FINANCIAL POSITION	***42***
STATEMENT OF CHANGES IN EQUITY	***43***
STATEMENT OF CASH FLOWS	***44***
NOTES TO THE FINANCIAL STATEMENTS	***45***
SHARE INFORMATION	***82***
FIVE YEAR SUMMARY	***84***
NOTES	***86***
FORM OF PROXY	***87***

CORPORATE INFORMATION

NAME OF COMPANY

Marawila Resorts PLC

STATUS & LEGAL FORM

A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 22nd January 1992 Under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 3rd September 2008.

COMPANY REGISTRATION NO.

PQ 198

REGISTERED OFFICE

8-5/2, Leyden Bastian Road,
York Arcade Building, Colombo 01.

STOCK EXCHANGE LISTING

The Issued Ordinary Shares of Marawila Resorts PLC are listed on the Diri Savi Board of the Colombo Stock Exchange of Sri Lanka.

BOARD OF DIRECTORS

S.D.R. Arudpragasam - (Chairman)
S. Rajaratnam
Amrit Rajaratnam
Anushman Rajaratnam
S. B. Perera
J. E. P. Kehelpannala
A.S.G.S. Pieries
(Appointed w.e.f. 05.08.2025)

SECRETARIES

Corporate Managers & Secretaries (Private) Ltd.
8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

AUDITORS

KPMG
Chartered Accountants,
32 A, Sir Mohamed Macan Markar Mawatha, Colombo 03.

LAWYERS

Julius & Creasy
371, R. A. De Mel Mawatha,
Colombo 03.

BANKERS

Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Bank of Ceylon
Muslim Commercial Bank Ltd

HOTEL

Club Palm Bay
Thalwilawella, Thoduwawa, Marawila, Sri Lanka.
Tel : +94 (0)32 -2255830, +94 (0)32 -2254956, +94 (0) 74 3936899
E-mail : marawilaresort@forthotels.lk
Web : www.clubpalmbay.lk

SALES & RESERVATION OFFICE

York Hotel Management Services Ltd.
8-5/2, Leyden Bastian Road,
York Arcade Building, Colombo 01.
Tel : +94 (0) 11 2326928, +94 (0) 70 3915798
E-mail : reservations@clubpalmbay.lk

NOTICE OF MEETING

Notice is hereby given that the Thirty Second Annual General Meeting of Marawila Resorts PLC will be held, on 21st August 2026 at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, for the following purposes :

1. To receive and consider the Annual Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. Sanjeev Rajaratnam who retires in accordance with Articles 84 & 85 of the Articles of Association of the Company.
3. To re-elect as a Director, Mr. Anushman Rajaratnam who retires in accordance with Articles 84 & 85 of the Articles of Association of the Company.
4. To re-elect as a Director, Mr. A.S.G.S. Pieries who was appointed during the year and retires in accordance with Article 91 of the Articles of Association of the Company.
5. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No.5)
6. To authorize the Directors to determine contributions to Charities.
7. To reappoint KPMG Chartered Accountants as Auditors and authorize the Directors to determine their remuneration.

By Order of the Board

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD



Secretaries

Colombo
24th July 2026

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed with this Report.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.

   Please refer the "Circular to Shareholders" dated 24th July 2026 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. The Company has received Special Notice from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting :

   Resolved

   "that Mr. S.D.R. Arudpragasam who would have attained the age of seventy five years as at the date of the Annual General Meeting be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam".

CHAIRMAN'S REVIEW

It is my privilege to welcome you to the 32nd Annual General Meeting of Marawila Resorts PLC, and to present the Annual Report and Audited Financial Statements for the financial year ended 31st March 2026. This has been a year of both achievement and adversity one that tested the resilience of our business while also affirming the underlying strength of Sri Lanka's tourism recovery.

THE NATIONAL ECONOMY

Sri Lanka's economic recovery continued through the 2025/26 financial year, building on the strong rebound achieved in the prior year. GDP growth reached approximately 5.0% in calendar year 2025, surpassing earlier projections, driven by robust performances in industry, tourism, and services. The International Monetary Fund's Extended Fund Facility continued to anchor the government's structural reform agenda, maintaining fiscal discipline and monetary stability. Inflation remained under control, and borrowing costs eased further, supporting business investment and consumer activity. The Sri Lankan Rupee remained broadly stable until the war in the Middle East in March 2026, which adversely impacted the fuel prices and exchange rates. However, foreign reserves strengthened relative to the crisis lows of 2022.

Looking into 2026, growth is expected to moderate towards its long-term trend of approximately 3.1%, as the exceptional rebound effects of 2024 and 2025 normalize. The World Bank and IMF both project continued but more measured expansion, contingent on sustained implementation of structural reforms. High public debt, a narrow tax base, and evolving global trade uncertainties including shifts in US tariff policy remains significant headwinds that require careful navigation.

SRI LANKA TOURISM: GROWTH IN ARRIVALS, PRESSURE ON EARNINGS

Tourism continued its impressive volume recovery in calendar year 2025. Sri Lanka welcomed 2,362,521 international tourists, a 15.1% increase over 2024's 2,053,465 arrivals, representing the highest visitor numbers since the pre-pandemic era. Monthly arrivals showed consistent growth across most of the year, with particularly strong performances in January (252,761, +21.4%), September (+30.2%), and October (+21.5%).

However, the year also exposed a widening divergence between arrival volumes and tourism earnings. Full-year revenue reached approximately USD 3.22 billion, a marginal 1.6% increase over 2024 – far below expectations, and well short of the government's ambitious USD 5 billion target. The earnings underperformance was driven primarily by a downward revision in average daily tourist spending from USD 171 to USD 148, based on SLTDA's comprehensive departing visitor survey. From August 2025 onwards, higher visitor volumes consistently failed to translate into proportionate revenue growth. The industry faces a strategic challenge: Sri Lanka must move beyond volume-led recovery and focus on attracting higher-value travelers. India remained the dominant source market with 531,511 arrivals, followed by the United Kingdom (212,277), Russia, Germany, and France. Regional diversity grew, with Bangladesh and Pakistan showing particularly high year-on-year growth.

THE DITWAH CYCLONE – NOVEMBER 2025 DISRUPTION

In late November 2025, Cyclone Ditwah struck Sri Lanka with devastating force, bringing heavy flooding and landslides that killed over 640 people and caused more than USD 1.6 billion in damage to infrastructure the deadliest natural disaster in the country since the 2004 Indian Ocean tsunami.

The cyclone severely disrupted the critical November-December peak tourism season. UNESCO World Heritage sites including the Knuckles Conservation Forest, Horton Plains, and Peak Wilderness faced trail closures and access restrictions.

Hotels and homestays across the hill country reported mass cancellations as access roads were damaged and landslide fears escalated. While our property in Marawila is located on the western coastal belt and avoided the most severe structural damage, the national disruption affected traveler sentiment, booking patterns, and overall arrival momentum during what is traditionally our strongest revenue period.

The tourism industry demonstrated remarkable recovery capacity, with coastal and cultural zones reopening rapidly and approximately three-quarters of registered hotels remaining operational.

However, the cyclone's timing during the peak season meant that lost revenue could not be fully recovered within the financial year.

THE MIDDLE EAST CONFLICT – MARCH 2026 CRISIS

As the industry was recovering from the cyclone impact, a second and equally severe shock arrived in early March 2026. The escalation of conflict in the Middle East triggered massive airspace closures across key Gulf transit hubs Dubai, Doha, and Abu Dhabi which historically channel approximately 33% of all tourist arrivals to Sri Lanka. The consequences were immediate and severe. March 2026 tourist arrivals plunged 19.7% year-on-year to 183,979, down from 229,298 in March 2025. The daily average arrivals plummeted 40.5% to 5,935 from 9,976 in February 2026.

The impact on our source markets was stark. Our traditionally strong Russian market which had accounted for 44% of our guests in the previous year suffered a near 50% decline in March arrivals as flight disruptions compounded existing sanctions-related restrictions. European markets including France, Germany, and the United Kingdom all recorded significant double-digit declines as Gulf carrier suspensions severed their primary transit routes.

Industry analysts estimated that a one-week closure of Middle East airspace would deny Sri Lanka USD 15 million in tourism revenue. For our Company, the March disruption directly impacted on occupancy, room rates, and revenue during what should have been a strong month leading into the traditional summer season.

CHAIRMAN'S REVIEW

Despite these challenges, the first quarter of 2026 still recorded a 2.5% rise in total arrivals to 740,634, demonstrating the underlying resilience of Sri Lanka's tourism appeal.

COMPANY PERFORMANCE

Against this backdrop, Marawila Resorts PLC delivered a creditable financial performance for the year ended 31st March 2026. Total revenue reached LKR 883 million, compared to LKR 960 million in the prior year a decline of approximately 8% reflecting the impact of the adverse March trading conditions described above, as well as broader pressure on average room rates in the resort segment as competitive supply increased across the market.

Profit before tax for the year was LKR 88.7 million, compared to LKR 153.3 million in the prior year. While this represents a reduction, it must be contextualized against the exceptional performance of 2024/25 and the specific headwinds encountered during this year. Operating profit at LKR 131.4 million demonstrated that our core operations remained sound. Profit for the year after tax was LKR 51.5 million, yielding basic earnings per share of LKR 0.15.

Our annual average occupancy was maintained at a healthy level, notwithstanding the disruptions in November and March. Russian tourists continued to form our most significant guest cohort, reflecting the enduring appeal of our all-inclusive resort offering to this market. French, German, Polish, and British guests contributed meaningfully to our guest mix, and domestic and expatriate guests provided important off-season support. Incremental investments made in prior years in room refurbishment and our renovated kitchen now HACCP certified continued to enhance guest experience and justify improved rate positioning where market conditions allowed.

Finance costs remain a significant expense of the business, totaling LKR 42.9 million for the year, driven primarily by our USD-denominated foreign currency loan and domestic term loan facilities. We made substantial progress in debt reduction during the year, with total interest-bearing borrowings declining from LKR 358 million to LKR 310 million through disciplined repayment.

LOOKING AHEAD

The outlook for Sri Lankan tourism in 2026 remains positive in terms of arrival volumes. The national target of 3 million visitors reflects continued momentum in destination marketing, expanded air connectivity, and growing brand recognition in key source markets. However, the industry's strategic imperatives must shift from volume to value attracting higher-spending visitors, extending average lengths of stay, and developing premium product offerings that can command stronger average daily rates.

For Marawila Resorts PLC, our focus in the year ahead will be on deepening our market relationships with European and high-value source markets, investing further in service quality and product differentiation, and strengthening our digital presence and direct booking channels to reduce dependence on third-party intermediaries. We remain committed to our sustainability agenda, with ongoing investment in energy efficiency and environmentally responsible operations.

The Going Concern note to these financial statements acknowledges that current liabilities exceeded current assets as at 31st March 2026. The Board has assessed this position comprehensively and is satisfied, based on cash flow forecasts, revenue and profitability projections, and our ability to meet obligations as they fall due, that the Company will continue as a going concern for the foreseeable future. Our strengthened banking relationships and progressive loan repayment trajectory support this assessment.

BOARD AND GOVERNANCE

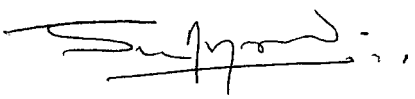
During the financial year, we continued to strengthen our governance framework. I am pleased to note that Mr. S. B. Perera and Mr. J. E. P. Kehelpannala, who joined the Board effective 1st January 2025, have made valuable contributions across our Audit, Risk, and Nominations functions, bringing their respective expertise in finance, operations, and governance to bear on the Company's strategic priorities.

Subsequently, with effect from 5th August 2025, Mr. A. S. G. S. Pieries was appointed as a Non-Executive Director to the Board of Marawila Resorts PLC and he brings with him a wealth of experience in various business segments. He currently also serves on the Boards of Union Commodities (Pvt) Limited and Lanka Electricity Company (Pvt) Limited as a Non-Executive Director.

ACKNOWLEDGMENTS

I extend my sincere appreciation to the members of the Board and our dedicated team at Club Palm Bay for their unwavering commitment and professionalism throughout the year – particularly during the disruptions in November 2025 and March 2026, when their resilience and guest-focused service were tested and proven. I also express my gratitude to our loyal guests and travel partners for their continued confidence in our property, to our shareholders for their enduring trust and patience, and to my fellow Board members for their guidance.

The path ahead requires continued focus, adaptability, and strategic investment. We are committed to navigating the challenges and seizing the opportunities that Sri Lanka's evolving tourism landscape presents. We move forward with confidence in our people, our property, and our purpose.



S.D.R. Arudpragasam
Chairman

Marawila Resorts PLC
24th July 2026

BOARD OF DIRECTORS

MR. S. D. R. ARUDPRAGASAM

FCMA (UK)
Chairman

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in 2013. He was appointed as the Chairman of The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. Mr. Arudpragasam has been associated with the CFLB Group since 1982 and prior to such appointment he held the position of Deputy Chairman on the Board of CFLB. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC, C M Holdings PLC, C.W. Mackie PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group. He also functions as a member on several Board subcommittees of the CFLB Group

Mr Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K)

MR. S. RAJARATNAM

B.Sc., CA
Director

Mr. S. Rajaratnam was appointed to the Board in 2011. He holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia. He currently holds the position of Joint Managing Director of E.B. Creasy & Company PLC amongst other Directorships including that of The Colombo Fort Land & Building PLC. He also functions as a member of several Board Subcommittees of the CFLB Group and in certain other Listed Entities.

MR. AMRIT RAJARATNAM

LLB (Notts.), Barrister - at - Law
Director

Mr. Amrit Rajaratnam was appointed to the Board in 2012. He holds a Bachelor's Degree in Law from the University of Nottingham and is a Barrister at Law (Lincoln's Inn). He began his career at the Law Firm of Julius & Creasy and later joined Lankem Ceylon PLC. He is also a Director of York Arcade Holdings PLC, Colombo Fort Investments PLC, Colombo Investments Trust PLC, The Colombo Fort Land & Building PLC amongst other Directorships in The Colombo Fort Land & Building Group.

MR. ANUSHMAN RAJARATNAM

B.Sc (Hons.), CPA, MBA
Director

Mr. Anushman Rajaratnam was appointed to the Board on 10th April 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the board of several subsidiary companies of the CFLB Group and also functions as a member on several Board Subcommittees. Prior to joining the CFLB group, he worked overseas for a leading global Accountancy Firm.

He holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from the Massachusetts Institute of Technology, USA.

MR. S. B. PERERA

FCMA/CGMA(UK), B.Sc. Mech.Eng. (Hons.)
Director

Mr. Shrihan B. Perera was appointed to the Board on 31st December 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. He was responsible for drawing up and implementing strategies across all business units in the intimate apparel SBUs in Sri Lanka and India. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from January 1991 to December 1995. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry (overseas).

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and its Subsidiaries and on the Boards of Fintrex Finance Limited, C.W. Mackie PLC and on the Boards of certain other listed entities of The Colombo Fort Land & Building Group.

Mr. Perera was appointed as the Chairman of the Board Subcommittees of the Company with effect from 1st January 2025. He is also a Member of the Board Subcommittees of several subsidiary companies of the CFLB Group.

He holds a Bachelor of Science Degree in Mechanical Engineering- 2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/ CGMA, UK.

BOARD OF DIRECTORS

MR. J. E. P. KEHELPANNALA

Director

Mr. Jayantissa Kehelpannala was appointed to the Board on 31st December 2024. He counts over 40 years of experience in the Leisure Sector in Destination Management Business and Hoteliering in the John Kells Group. He was the former Executive Vice President of John Keells Group and the former Senior Vice President of Cinnamon Hotels and Resorts, overseeing the entire operation of Cinnamon properties in Maldives and the Cinnamon Group expansion. He has served on many of the Boards of John Keells leisure sector in Sri Lanka and in Maldives. He was a Board member of John Keells Hotels PLC until his retirement in December 2022. He was responsible for expansion/refurbishment of John Keells Hotels in Sri Lanka and in Maldives. He is a past President of the Hotels Association of Sri Lanka, Past Chairman of the Hotel Sector Group of the Employers Federation and past Chairman of Sri Lanka Maldives Business Council of the Ceylon Chamber of Commerce. He also served on the Board of Rainforest Eco Lodge, Deniyaya, an industry driven project. He also represented the Hotel Sector in the Ceylon Chamber Committee.

He also functions as a member on several Board Subcommittees of the CFLB Group.

MR. A.S.G.S. PIERIES

Director

Mr. A.S.G.S. Pieries is a fellow member of the Institute of Chartered Accountants of Sri Lanka (CASL).

Mr. Pieries' career spans over 25 years in Finance & Commercial operations. He started his career at John Keells Holdings PLC and has served in numerous organizations in senior managerial positions namely at PricewaterhouseCoopers, Ceylon Shipping Lines, WNS Global Services, Unilever Sri Lanka, Delmege Group of Companies, Ceylon Leather Products PLC, Renuka Agri Foods PLC and Anverally & Sons. In addition, he has also worked overseas in Botswana.

Over the years he has accumulated a wealth of experience & knowledge in various business segments which include Audit, FMCG, Manufacturing, Shipping, Plantations, Agri Sector, Printing, Tea Exports, Power & Energy, Travel, Shared Services and Business Process Re-engineering.

He also serves on the Boards of Union Commodities (Private) Limited and Lanka Electricity Company (Private) Limited as a Non-Executive Director.

COMPANY OVERVIEW

OVERVIEW

The financial year 2025/2026 was marked by resilience and strategic advancement as we continued to navigate a dynamic and evolving market landscape. Despite challenges stemming from shifting consumer preferences and broader economic uncertainties, we achieved key milestones that reinforced our position as a premier destination within Sri Lanka's hospitality sector. Our unwavering commitment to service excellence, operational agility, and guest satisfaction remained central to our success.

FINANCIAL PERFORMANCE

Our financial performance during the year reflected resilience in the face of a challenging operating environment. Total revenue declined by approximately 8%, primarily attributable to the disruption caused by Ditwah Cyclone in November 2025 and the adverse impact of the Middle East conflict in March 2026, which affected travel demand during a critical trading period. These challenges were further compounded by increased competitive pressure on average room rates across the resort sector. Profit before tax for the year stood at LKR 88.7 million, compared to LKR 153.3 million in the previous year. While this represents a reduction from the exceptionally strong performance recorded in 2024/25, the Company maintained profitability through prudent cost management, disciplined operational execution, and a continued focus on preserving long-term value despite prevailing market headwinds.

REBRANDING STRATEGY

In May 2024, we embarked on a rebranding strategy, transitioning from Colombo Fort Hotels to Fort Resorts. The original brand name was inspired by our parent company, Colombo Fort Land and Building. However, as we operate three well-established resorts, Sigiriya Village, The Palms, Beruwala, and Club Palm Bay, Marawila, we felt that the term Colombo Fort Hotels conveyed an impression of city-based properties. In contrast, Fort Resorts more accurately reflects the character and positioning of our portfolio.

OPERATIONAL HIGHLIGHTS

This year was characterised by a strong focus on enhancing the guest experience and streamlining internal processes. Comprehensive staff training programs were implemented to elevate service quality and ensure consistency across all guest interactions. Strategic upgrades to our facilities further enriched the guest offering. These initiatives collectively resulted in improved satisfaction scores and increased operational productivity, strengthening our competitive position in the hospitality market.

MARKET TRENDS AND OUTLOOK

Looking ahead, we remain cautiously optimistic amid ongoing industry volatility and shifting market dynamics. Modern travellers are increasingly seeking personalised, experience-driven stays, with sustainability and wellness becoming key factors in their decision-making. We recognise the importance of staying agile and responsive to these trends. By closely monitoring consumer behaviour and broader industry developments, we are positioning the company for sustainable, long-term growth and continued market leadership.

RISKS AND CHALLENGES

While we are confident in our strategic direction, we remain vigilant about potential risks that could impact our operations. These include changes in consumer demand, evolving regulatory landscapes, and intensifying competition. In response, we have implemented a comprehensive risk management framework encompassing contingency planning, regulatory monitoring, and proactive performance tracking. These measures are designed to preserve operational continuity and safeguard financial stability under varying market conditions.

CONCLUSION

The 2025/26 financial year was one of resilience and adaptability, as we successfully navigated a challenging operating environment shaped by external disruptions and evolving market dynamics. Our ability to remain profitable reflects the dedication of our employees, the continued loyalty of our guests, and the unwavering confidence of our shareholders and other stakeholders. As we look ahead, we remain committed to strengthening our market position through service excellence, operational discipline, and continuous innovation, while creating sustainable long-term value for all our stakeholders.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Marawila Resorts PLC present their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

GENERAL

The Company was re-registered on 3rd September 2008 as required under the Companies Act No. 7 of 2007.

PRINCIPAL ACTIVITIES / BUSINESS REVIEW

The principal activity of the Company is to carry on the business of a Tourist Hotel. The Chairman's Review together with the Financial Statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations and further confirm that the Company does not have any material Non-Compliances pertaining to law or regulation imposed by the Government or any regulatory authority in the jurisdiction where the Entity operates.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 41 to 44.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 38 to 40.

ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 45 to 81.

INTEREST REGISTER

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. These have been entered in the Interest Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 27 'Related Party Transactions', on pages 70 to 73.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationship with other Directors.

Directors Interest In Shares

Directors of the Company who have an interest in the shares have disclosed their shareholding and any acquisition/ disposal to the Board in compliance with Section 200 of the Companies Act. The acquisitions/ disposals are routinely notified to the Colombo Stock Exchange.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares	
	As at 31.03.2026	As at 31.03.2025
Mr. Amrit Rajaratnam	172,016	172,016
Mr. Anushman Rajaratnam	2,505,448	4,402,760

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel Compensation in respect of the Company for the Financial Year 2025/2026 is given Note 27.1 to the Financial Statements on page 70.

CORPORATE DONATIONS

No Donations were made by the Company during the financial year 2025/2026.

DIRECTORATE

The names of the Directors who held office during the financial year are given below and brief profiles of the Directors currently in office appear on pages 5 and 6.

Mr. S.D.R. Arudpragasam - Chairman
Mr. S. Rajaratnam
Mr. Amrit Rajaratnam
Mr. Anushman Rajaratnam
Mr. S. B. Perera
Mr. J. E. P. Kehelpannala
Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)

In terms of Articles 84 & 85 of the Articles of Association Mr. Sanjeev Rajaratnam retires by rotation and being eligible offers himself for re-election.

In terms of Articles 84 & 85 of the Articles of Association Mr. Anushman Rajaratnam retires by rotation and being eligible offers himself for re- election.

Mr. A.S.G.S. Pieries who was appointed to the Board on 5th August 2025 retires in terms of Article 91 of the Articles of Association and being eligible offers himself for re-election.

Mr. S. D. R. Arudpragasam, being over seventy years of age, retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

CORPORATE GOVERNANCE

The Corporate Governance principles adhered by the Company are given on pages 11 to 30

AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG were paid Rs. 1,400,000 (2024/2025 - Rs.1,325,000) as audit fees & fees for audit related services. In addition, they were paid Rs. 200,000 (2024/2025 - Rs.200,000/-) by the Company for non - audit related work, which consisted mainly of tax related work.

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

REVENUE

The revenue of the Company for the year was Rs. 883 Mn. (2024/2025 - Rs. 960 Mn.)

RESULTS

The Company made a Profit Before Tax of Rs 88.7 Mn against a Profit Before Tax of Rs. 153.3 Mn in the previous year. The detailed results are given in the Statement of Comprehensive Income on page 41.

PROPERTY, PLANT & EQUIPMENT

The capital expenditure during the year amounted to Rs. 18.9 Mn. (2024/2025 - Rs. 83.3 Mn). Information relating to movements in Property, Plant & Equipment is given in Note 12 to the Financial Statements on pages 58 to 60.

The Directors are of the opinion that the net amount of the Property, Plant & Equipment other than land appearing in the balance sheet is not greater than their market values as at 31st March 2026. Market value of freehold land is given in note 12 on pages 58 to 60.

STATED CAPITAL

In compliance with the Companies Act No. 7 of 2007, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares.

The Stated Capital of the Company as at 31.03.2026 was Rs.550,000,000 represented by 351,923,389 issued and Fully paid Ordinary Shares.

RETAINED EARNINGS

Retained Earnings of the Company as at 31st March 2026 amounted to Rs. 223 Mn (31.03.2025 - Rs. 203.9 Mn). The movements are shown in the Statement of Changes in Equity in the Financial Statements on page 43.

TAXATION

The Company's tax holiday ended as at 31st March 2011 and currently the Company is liable for income tax at the rate of 30% on profit from business and other income.

RELATED PARTY TRANSACTIONS

During the financial year, there were no recurrent or non-recurrent related party transactions which exceeded the disclosure thresholds mentioned in Section 9.14 of The Colombo Stock Exchange Listing Rules and the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 27 to the financial statements on pages 70 to 73.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 82 to 84.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital expenditure commitments and contingent liabilities as at the date of the Statement of Financial Position, are disclosed in Notes 28 and 29 on page 73.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the Reporting date that would require adjustments to or disclosures in the Financial Statements other than those disclosed in Note 31 to the financial statements on page 73.

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non - discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year-end was 200 (2024/ 2025 - 213).

There are no material issues pertaining to staff or industrial relations arising from the year under review.

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all Statutory payments of the Company due in relation to the employees and the Government are paid or where relevant, provided for.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effects its activities have on the environment and promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's internal control system, risk management, and the compliance with applicable laws, rules and regulations and have obtained reasonable assurance of their effectiveness and successful adherence. The Internal Control system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable period of time.

The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

The Company does not have any material litigations that are pending other than those disclosed in Note 30 to the Financial Statements in this Annual Report.

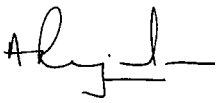
GOING CONCERN OF THE COMPANY

The Directors after making necessary inquiries and reviews of the company's budget for the subsequent year, capital expenditure requirements future business prospects and risks, cash flow and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the financial statements.

For and on behalf of the Board



Amrit Rajaratnam
Director



Anushman Rajaratnam
Director

By Order of the Board
Corporate Managers & Secretaries (Pvt) Ltd



Secretaries

Colombo
24th July 2026

CORPORATE GOVERNANCE

Corporate Governance is the mechanism by which Companies are managed and directed with the objective of balancing and attaining the corporate objectives, the alignment of corporate behavior within the expectations of the law and society and the accountability to shareholders and the responsibility to other recognized stakeholders.

We present below the Corporate Governance practices adopted and practiced by Marawila Resorts PLC in accordance with the rules on Corporate Governance set out in the Colombo Stock Exchange Listing Rules.

THE BOARD OF DIRECTORS

The Board, Composition & Meetings

The Board currently comprises of seven Directors. The Directors including the Chairman are all Non-Executive Directors of whom two are Independent. The Directors are professionals who have a wealth of experience and knowledge to offer in the fields of Hospitality Management, Marketing, Finance, and Legal.

This enables individual Directors to make a significant contribution towards the Board's decision making process more effective which ultimately facilitates sustainable value creation for shareholders and the stakeholders of the Company.

Mr. S.D.R. Arudpragasam - Chairman - Non Executive
Mr. S. Rajaratnam - Non Executive
Mr. Amrit Rajaratnam - Non Executive
Mr. Anushman Rajaratnam - Non Executive
Mr. S. B. Perera - Independent Non Executive
Mr. J. E. P. Kehelpannala - Independent Non Executive
Mr. A.S.G.S. Pieries - non Executive (Appointed w.e.f. 05.08.2025)

Independent Non Executive Directors

Independent Directors on the Board have declared that they are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgements. All Independent Non Executive Directors have submitted signed and dated declarations of their independence or non independence to the Board.

The Board makes a determination annually as to the Independence or Non-Independence of each Independent Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "Independent" are set out in the Annual Report.

Decision Making of the Board

The Board met six times during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing. Further York Hotels Management Services Limited the Managing Agents of the Company meet regularly to review progress, discuss operational issues and also focus on the achievement of the medium- and long-term objectives of the Company.

The number of Meetings of the Board and the individual attendance by members is shown below.

Total number of Meetings held : 6

Name of Director	Directorship Status	Board Meetings Attended
Mr. S.D.R. Arudpragasam	Chairman - Non-Executive	6/6
Mr. S. Rajaratnam	Non Executive	5/6
Mr. Amrit Rajaratnam	Non Executive	4/6
Mr. Anushman Rajaratnam	Non Executive	3/6
Mr. S. B. Perera	Independent Non Executive	6/6
Mr. J.E.P. Kehelpannala	Independent Non Executive	6/6
Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)	Non Executive	4/4

The Board is responsible for:

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and monitoring of business strategy of the Company.
- Ensuring of an effective internal control system and a proactive risk management system.
- Ensuring compliance with ethical, legal, health, environment and safety standards.
- Approval of Interim and Annual Financial Statements.
- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.
- Approval of any issue of equity and debt securities of the Company.
- Any other matter which is important to ensure that the Company conducts its business in the best interest of all stakeholders.
- Ensuring compliance with the company policies.

CORPORATE GOVERNANCE

- The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes, particularly to the Listing Rules and applicable Capital Market Provisions.

CHAIRMAN'S ROLE

The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:

- The effective participation of Directors.
- Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company.
- Ascertains the views of Directors on issues under consideration.

The Board is in complete control of the Company's affairs and is alert to its obligation to all shareholders and other stakeholders.

FINANCIAL ACUMEN

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgment and their views carry substantial weight in decision making. The Board includes five finance Professionals who possess the necessary knowledge to offer guidance on matters of finance.

DIRECTORS OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or key management personnel is present on pages 26 to 30.

COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Directors may seek advice from Corporate Managers and Secretaries (Pvt) Ltd., who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

SUPPLY OF INFORMATION

The Directors are provided with an Agenda, Minutes and relevant Board Papers prior to Board Meetings. Minutes of all the Meetings are properly recorded and circulated amongst the Directors.

NOMINATION AND GOVERNANCE COMMITTEE AND APPOINTMENTS TO THE BOARD

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nomination and Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the policies adopted by the Company and the Rules on Corporate Governance.

The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.

The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election. Upon the appointment of a new Director to the Board, the Company makes the required disclosures of such Director to the shareholders by making announcements to the Colombo Stock Exchange.

The Nomination and Governance Committee Report is set out on pages 35 to 37 of this Report.

RE-ELECTION OF DIRECTORS/ RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the Shareholders. The Articles require that one –third of the Directors in office (excluding the office of Chairman, Chief Executives, Managing Director or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

FIT AND PROPER ASSESSMENT

The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and the Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

DIRECTORS REMUNERATION

Remuneration Committee

All the members of the Board are Non-Executives to whom Directors' fees are paid.

The Remuneration Committee Report is set out on page 33 of this Report.

RELATIONSHIP WITH SHAREHOLDERS

Constructive use of the Annual General Meetings / General Meetings

The Board considers the Annual General Meeting / General Meetings an opportunity to communicate with Shareholders and encourages their participation. Questions raised by the Shareholders over the content of the Annual Report as well as other matters pertaining to the Company, are answered and an appropriate dialogue is maintained with them.

The policy on relations with Shareholders and Investors is available on the Company's website https://theclubpalmbay.com/ where the contact persons are also provided. Major issues and concerns are informed to the board by the senior management and the corporate secretaries.

Major Transactions

There have been no transactions during the year under review which falls within the definition of 'Major Transactions' as set out in the Companies Act.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board of Directors considers the timely publication of its Annual and Quarterly Financial Statements as a high priority. These publications include financial and non-financial information in order to facilitate the requirements of the existing and potential shareholders. The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards.

Disclosures

The Annual Report of the Board of Directors is given on pages 08 to 10 in this Report. The Auditors' Report on the Financial statements is given on pages 38 to 40 of the Report.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company complies with the laws and regulations of the Country.

Internal Control

The Board of Directors is responsible for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure proper records are maintained.

It includes all controls including financial, operational and compliance controls and risk management. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable timeframe.

The Board of Directors have ensured that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes which have been carried in accordance with Sri Lanka Accounting Standards and Regulatory requirements.

Compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 14 to 25.

Company Policies

The Company has established a comprehensive suite of Corporate Policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency and sustainable business practices. These policies encompass key areas such as:

- Matters relating to the Board of Directors.
- Board Committees.
- Corporate Governance, Nominations and Re-election.
- Remuneration.
- Internal Code of Business Conduct and Ethics.
- Risk Management and Internal Controls.
- Relations with shareholders and investors.
- Environmental, Social and Governance (ESG) sustainability.
- Control and Management of Company Assets and Shareholder Investments.
- Corporate Disclosures.
- Whistleblowing.
- Anti-Bribery and Corruption.

These policies are publicly accessible on the Company's website at https://theclubpalmbay.com

CORPORATE GOVERNANCE

Audit Committee

The Audit Committee Report is set out on page 31 of this Report.

Related Party Transactions Review Committee

The Related Party Transactions are disclosed in Note 27 on pages 70 to 73.

The Related Party Transactions Review Committee Report is set out on page 34 of this Report.

Material Foreseeable Risk Factors

The Board of Directors has the overall responsibility for establishing and overseeing of the Company's risk management framework. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and responsibilities.

The Audit Committee oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Adherence to the Corporate Governance Rules of the Colombo Stock Exchange

Rule		Adherence
9.2	**Policies**	
9.2.1	Establish and maintain the following policies	
	a) Matters relating to the Board of Directors	Complied
	b) Board Committees	
	c) Corporate Governance, Nominations and Re-election	
	d) Remuneration	
	e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities	
	f) Risk management and Internal controls	
	g) Relations with Shareholders and Investors	
	h) Environmental, Social and Governance Sustainability	
	i) Control and Management of Company Assets and Shareholder Investments	
	j) Corporate Disclosures	
	k) Whistleblowing	
	l) Anti-Bribery and Corruption	
9.2.2.	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable
9.2.3.	Listed entities shall disclose in its Annual Report.	Complied
	(i) The list of policies that are in place in conformity rule 9.2.1. above with reference to its website.	
	(ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	

Rule		Adherence
9.2.4.	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
9.2.5.	i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance. ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	Not Applicable
9.3	**Board Committees**	
9.3.1.	Establishment of Committee	
	(a) Nominations and Governance Committee	Complied
	(b) Remuneration Committee	Complied
	(c) Audit Committee	Complied
	(d) Related Party Transactions Review Committee.	Complied
9.3.2.	Compliance with composition, responsibilities and disclosures required in respect of the above Board committees	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied
9.4	**ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS**	
9.4.1	Maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied
9.4.2	Communication and relations with shareholders and investors	
	(a) Have a policy on effective communication and relations with shareholders and investors (b) Disclose the contact person for such communication. (c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders (d) When conducting any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied

CORPORATE GOVERNANCE

Rule		Adherence
9.5	**POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS**	
9.5.1	Establish and maintain formal policy governing matters relating to the Board	
	(a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO (b) Where Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID (c) Board diversity – experience, skills, competencies, age, gender, industry requirements (d) Maximum number of Directors and rationale (e) Frequency of Board meetings (f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance (g) Specify the minimum number of meetings, in numbers and percentage, that a director must attend, (h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements (i) Specify the maximum number of directorships in Listed Entities that may be held by Directors. (j) Participation at meetings of the Board and Board committees by audio visuals means and participation to be taken into account when deciding the quorum.	(a) Complied (b) Not Applicable (c) - (j) Complied
9.5.2	Confirm compliance of 9.5.1. in Annual Report – If non-compliant provide explanations with reasons and proposed remedial action.	
9.6	**CHAIRPERSON AND CEO**	
9.6.1	Chairperson shall be a Non-Executive Director	Complied
	Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Not Applicable
9.6.2	Market Announcement in the event Chairperson is an Executive Director and / or the positions of Chairman and CEO are held by the same individual.	Not Applicable
9.6.3	The Requirement for a SID	
	(a) Appointing of an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties (b)-(e) Responsibilities and duties of SID	Not Applicable
9.6.4	Set out the rationale for appointment of SID in the Annual Report	Not Applicable
9.7	**FITNESS OF DIRECTORS AND CEOS**	
9.7.1	(a) Listed Entities shall ensure that the Directors and CEO are at all times fit and proper persons as required in terms of these Rules. (b) In evaluating fitness and propriety of the persons referred in these Rules. Listed Entities shall utilize the Fit and Proper Assessment Criteria set out in Rule 9.7.3 below.	Complied
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper prior to such nominations are placed before Shareholders' meeting or appointments.	Complied

Rule		Adherence
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 (a) Honesty, Integrity and Reputation – (i)-(vii) (b) Competence and Capability –(i)-(ii) (c) Financial Soundness –(i)-(iii)	Complied
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
9.7.5	Disclosures in the Annual Report	
	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria	Complied
	(b) Any non-compliance/s and remedial action taken to rectify non compliance	Not Applicable
9.8	**BOARD COMPOSITION**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2	Minimum Number of Independent Directors: (a) At least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors at any given time, whichever is higher. (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied
9.8.3	Criteria for determining independence:	
	A Director shall not be considered independent if he/she:	
	(i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director (ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) Currently has/had during the preceding financial year a close Family Member who is a director and/ or CEO in the Listed Entity. (iv) Has a Significant Shareholding in the Listed Entity. (v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) Is employed in another Company or business; a) In which a majority of the other directors of the Listed Entity are employed or are directors; or b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) Is a director of another Company; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or b) That has a Business Connection in the Listed Entity or a Significant Shareholding.	Complied.

CORPORATE GOVERNANCE

Rule		Adherence
	(viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or b) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) Is above the age of seventy (70) years. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and the requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	
9.8.5	The Board of Directors of Listed Entities shall require:	
	(a) Each Independent Director to submit a signed and dated declaration annually	Complied
	(b) Make an annual determination as to the "independence" of Independent Director and set out the names of Directors determined to be 'independent' in the Annual Report.	Complied
	(c) If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate Market Announcement is required	Not applicable
9.8.6	Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2	
	(a) In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules	Complied with Rule
	(b) Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed such noncompliance to the Exchange or the market	9.8.1 and 9.8.2 9.8.6 A and B Not Applicable
9.9	**ALTERNATE DIRECTORS**	
	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association	
	a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. b) If an Alternate Director is appointed as a Non-Executive Director such alternate should not be an executive Director. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) Immediate Market Announcement regarding the appointment of an Alternate Director e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	Complied
9.10	**DISCLOSURES RELATING TO DIRECTORS**	
9.10.1	Disclose its policy on the maximum number of directorships in Listed Entities Board members shall be permitted to hold directorships as per Rule 9.5.1. Non compliance to be reported in the Annual Report. (maximum number of Listed Company Directorships – 25)	Complied

Rule		Adherence
9.10.2	Market announcement on appointment of new Director (i - iii)	Complied
9.10.3	Immediate Market Announcement regarding any changes to the composition of the Board Committees (i - ii)	Complied
9.10.4	Disclosure in Annual Report - Directors details	Complied
	- Name, qualifications and brief profile - Nature of his/her expertise in relevant functional areas - Whether the Director or Close Family Members has any material business relationships with other Directors - Whether Executive, Non-Executive and/or independent Director - 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) - Number of Board meetings attended - Names of Board Committees in which the Director serves as Chairperson or a member - Attendance of committee meetings	
	TOR and powers of SID	Not Applicable
9.10.5	Non-Disclosure of Changes to Board and Committees	Not Applicable
	a) Failure to disclose new appointments or changes to the Board of Directors b) Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**	
9.11.1	Establishment of Nominations and Governance Committee	Complied
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied
9.11.3	Written Terms of Reference	Complied
9.11.4	Composition	
	(1) The members of the Nominations and Governance Committee shall;	Complied
	(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.	Complied
	(b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) An Independent Director shall be appointed as the Chairperson	
	(3) Identify Members in the Annual Report	
9.11.5	Functions	Complied
	(i) Evaluate the appointment of Directors to the Board of Directors and Board Committees (ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/ re- appoint Directors (iv) Establish and maintain a set of criteria for selection of Directors (v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.	

CORPORATE GOVERNANCE

Rule		Adherence
	(vi) Develop a succession plan for the Board of Directors and Key Management Personnel (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities (viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices. (ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	
9.11.6	Disclosures in Annual Report	Complied
	Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	
9.12	**REMUNERATION COMMITTEE**	
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received.	Refer pages 11 to 14 of the Corporate Governance Report and the Remuneration Committee Report on Page 33.
9.12.2	Establishment of Remuneration Committee	
9.12.3	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.	
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.	
9.12.5	Written terms of reference	Refer pages 11 to 14 of the Corporate Governance Report and the Remuneration Committee Report on Page 33.
9.12.6	Composition	
	(1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (c) An Independent Director shall be appointed as the Chairperson.	
9.12.7	Functions	
	(1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. (2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	
9.12.8	Disclosure in Annual Report	
	(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (b) A statement regarding the remuneration policy; and, (C) The aggregate remuneration of the Executive and Non-Executive Directors	Refer the Remuneration Committee Report on page 33 and Note 27.1 to the Financial Statements

Rule		Adherence
9.13	**AUDIT COMMITTEE**	Refer Audit Committee Report
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions	Complied
9.13.2	Written terms of reference	Complied
9.13.3	Composition	
	(1) The members of the Audit Committee shall;	Complied
	(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.	
	(b) Not comprise of Executive Directors of the Listed Entity	
	(2) Quorum - requires that the majority of those in attendance to be independent directors.	Complied
	(3) Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however, that the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Other Directors together with senior Officers of the Managing Agent, York Hotel Management Services Ltd attend by invitation
	(6) The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
9.13.4	Functions	
	Detailed in Rule (1) (i) –(xiii) and (2)	Complied
9.13.5	Disclosures in Annual Report	
	Audit Committee Report	
	(a) Names of chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work internal audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Refer Audit Committee Report

CORPORATE GOVERNANCE

Rule		Adherence
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	Refer Related Party Transactions Review Committee Report
9.14.1	Establishment of Committee	
	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied
9.14.2	Composition	
	(1) The Related Party Transactions Review Committee shall comprise of; - Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors - May comprise of Executive Directors - An Independent Director shall be appointed as the Chairperson	Complied
9.14.3	Functions	
	(1) Committee shall be responsible for reviewing the Related Party Transactions (2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. (3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. (4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations	Complied
9.14.4	General Requirements	Complied
	(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) Should ensure having access to, enough knowledge or expertise to assess or aspects of proposed Related Party Transactions, and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary.	
	(3) Board of Directors to approve RPT when required by the committee	
	(4) If a Director 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:	Not Applicable
	(a) Be present while the matter is being considered at the meeting; and,	
	(b) Vote on the matter.	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied
9.14.6	Shareholder Approval	
	1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. a) Non-recurrent transaction i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates	Not Applicable

Rule		Adherence
	b) Recurrent transaction (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.	
9.14.7	Disclosures	
	(1) Immediate Disclosures	
	A Listed Entity shall make an immediate Market Announcement to the Exchange	
	(a) Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or (b) Of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same Financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.	Not Applicable
9.14.8	Disclosures in the Annual Report	Not Applicable
9.14.9	Acquisition and Disposal of Assets From/to Related Parties	
	1) Shareholder approval is required by Special Resolution for the acquisition from or disposal of substantial assets to Related Companies. [Subject to exemptions as per Rule 9.14.9 (3)] 2) Substantial value of the asset or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets. (3) Rule 9.14.9(1) does not apply to: a) Transactions between the Listed entity and a wholly owned subsidiary. b) Transaction between wholly owned subsidiaries of the Listed Entity. c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended). d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business. (4) a) The Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under consideration. b) Person who is in the same group of the Listed Entity or significant interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.	Not Applicable

CORPORATE GOVERNANCE

Rule		Adherence
9.14.9	(5) Independent advice obtained should be circulated with the notice of meeting to obtain shareholder approval	Not Applicable
	(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:	
	a) Key assumptions, conditions or restrictions that impact the estimate value.	
	b) The different valuation methodologies considered in valuing the subject asset/s and justification for adopting one or more of them in the valuation.	
	c) Sources of information relied upon the valuation.	
	d) Identity of individuals participating in the valuation assignment and their qualifications.	
	e) Confirmation of the independence of the parties participating in the advice.	
	f) A statement as to whether the transaction is on usual commercial terms, in ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders.	
9.14.10	Exempted Related Party Transactions	
	(a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public.	Complied
	(b) The payment of dividend, issue of Securities by the Listed Entity by way of capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares.	
	(c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules).	
	(d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction.	
	(e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka.	
	(f) Directors' fees and remuneration, and employment remuneration	
9.15	**PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS**	
	A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2	Not Applicable
	B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed such non-compliance to the Exchange or the market:	
	If non-compliance is rectified: (a) - (b)	
	If non-compliance is not rectified: (c) - (e)	
9.17	**ADDITIONAL DISCLOSURES BY BOARD OF DIRECTORS**	
	(i) Declared all material interest in contracts involving the entity and that they have refrained from voting on matters in which they were materially interested	Complied Refer Annual Report of the Board of Directors and Corporate Governance Report
	(ii) Conducted a review 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;	

Rule		Adherence
	(iii) Made arrangement to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; (iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	
9.18	**ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**	
	a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of non-compliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored, whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: - The remedial action proposed within six (06) months. - The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii) If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting. g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC."	Not Applicable

CORPORATE GOVERNANCE

DETAILS IN RESPECT OF DIRECTORS

The following table illustrates the total number of Board seats held by each Director of the Company.

Abbreviations:

C - Chairman	GMD - Group Managing Director
DC - Deputy Chairman	MD - Managing Director
EC - Executive Chairman	JMD - Joint Managing Director
EX - Executive Director	CEO - Chief Executive Officer
NE - Non-Executive Director	D - Director
INE - Independent Non-Executive Director	Alt - Alternate Director

Companies	Mr. S.D.R. Arudpragasam		Mr. Anushman Rajaratnam		Mr. Sanjeev Rajaratnam		Mr. Amrit Rajaratnam		Mr. S.B. Perera		Mr. J.E.P. Kehelpannala		Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)	
Marawila Resorts PLC*	√	C/NE	√	NE	√	NE	√	NE	√	INE	√	INE	√	NE
The Colombo Fort Land and Building PLC	√	C/NE	√	GMD/EX	√	NE	√	NE	√	INE				
Agarapatana Plantations PLC*	√	C/NE	√	NE					√	INE				
C M Holdings PLC*	√	C/NE	√	NE	√	NE	√	NE						
E.B. Creasy & Company PLC*	√	C/MD/EX			√	JMD/EX			√	INE				
Kotagala Plantations PLC*	√	C/NE	√	NE					√	INE				
Lankem Ceylon PLC*	√	C/NE	√	EX					√	INE				
Lankem Developments PLC*	√	C/NE	√	NE					√	INE				
Laxapana PLC*	√	C/NE			√	NE			√	INE				
Beruwala Resorts PLC*	√	C/NE	√	NE	√	NE	√	NE	√	INE	√	INE	√	NE
Muller & Phipps (Ceylon) PLC*	√	C/NE			√	NE			√	INE				
Sigiriya Village Hotels PLC*	√	C/NE	√	NE	√	NE	√	NE	√	INE	√	INE	√	NE
York Arcade Holdings PLC *	√	C/NE	√	NE	√	NE	√	NE						
J.F. Packaging PLC * (Consequent to the Initial Public Offering, the Company changed its name from J.F. Packaging Limited to J.F. Packaging PLC with effect from 09.01.2026)	√	C/NE	√	NE					√	INE				
C W Mackie PLC*	√	C/NE	√	NE	√	NE			√	INE				
ACME Printing & Packaging PLC*	√	NE	√	NE										
Colombo Fort Investments PLC*	√	C/NE	√	NE	√	NE	√	NE						
Colombo Investment Trust PLC*	√	C/NE	√	NE	√	NE	√	NE						
ACME Packaging Solutions (Pvt) Limited*	√	D	√	D										
Alliance Five (Private) Limited*	√	C	√	D										

Companies	Mr. S.D.R. Arudpragasam		Mr. Anushman Rajaratnam		Mr. Sanjeev Rajaratnam		Mr. Amrit Rajaratnam		Mr. S.B. Perera		Mr. J.E.P. Kehelpannala	Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)
American Lloyd Travels Limited*	√	D	√	D	√	D	√	D				
Associated Farms (Private) Limited*	√	C										
B.O.T. Hotel Services (Private) Limited*	√	C			√	D	√	D				
C. F. Travels Limited*					√	D	√	D				
C. W. M. Hotels Holdings Limited	√	D	√	D								
Candy Delights Limited*	√	C/MD			√	JMD						
Capital Finance Limited			√	D	√	D						
Capital Investments Limited*	√	D										
Capital Leasing Company Limited*	√	C	√	D								
Century Equity Trust Limited	√	D										
Ceyflex Rubber Limited*	√	C			√	D						
Ceylon Tapes (Private) Limited*	√	C	√	D					√	D		
Ceytape (Private) Limited*	√	C	√	D								
Colombo Fort Group Services (Pvt) Limited*	√	D	√	D								
Colombo Fort Holdings Limited*	√	D			√	D						
Colombo Fort Hotels Limited*	√	C	√	D	√	D	√	D				
Colombo Fort Properties (Private) Limited*			√	D								
Colombo Fort Travels Limited*	√	D			√	D	√	D				
Colombo Residencies (Private) Limited	√	D										
Colonial Motors (Ceylon) Limited*	√	C/NE	√	D	√	D						
Company Holdings (Private) Limited	√	D			√	D						
Consolidated Commercial Investments (Private) Limited			√	D	√	D	√	D				
Consolidated Holdings (Private) Limited	√	D	√	D								
Consolidated Tea Plantations Limited*	√	D	√	D					√	D		
Consolidated Trust (Private) Limited			√	D								
Corporate Systems Limited*	√	C			√	D						
Creasy Plantation Management Limited*	√	D										
Darley Butler & Company Limited*	√	C/MD			√	JMD						
E B Creasy Ceylon (Private) Limited*	√	C			√	D						
E. B. Creasy Logistics Limited*	√	C			√	D						
E.B. Creasy Milk Food Limited * (Striking off in progress)	√	C			√	D						
Far Eastern Exports (Colombo) Limited*	√	D	√	D			√	D				
Financial Trust Limited			√	D	√	D	√	D				

CORPORATE GOVERNANCE

Companies	Mr. S.D.R. Arudpragasam		Mr. Anushman Rajaratnam		Mr. Sanjeev Rajaratnam		Mr. Amrit Rajaratnam		Mr. S.B. Perera		Mr. J.E.P. Kehelpannala		Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)	
Fortland Finance Limited	√	C			√	D								
Galle Fort Hotel (Private) Limited*	√	D	√	D	√	D	√	MD						
Guardian Asset Management Limited*	√	D			√	D								
Great Eastern Resorts Ltd			√	D	√	D	√	D						
Group Three Associates (Private) Limited*	√	C			√	D								
Horton Plains Resorts and Spa Limited			√	D			√	D						
Imperial Hotels Limited*	√	C	√	D	√	D	√	D						
JF Ventures Limited*	√	C	√	D										
Kiffs (Private) Limited*	√	C	√	D										
Lake Investments (Private) Limited							√	D						
Lanka Special Steels Limited*	√	C			√	D								
Lankem Agrochemicals Limited*	√	C	√	D										
Lankem Cargo Storage Limited*	√	D	√	D										
Lankem Chemicals Limited* (Striking off in progress)	√	C	√	D										
Lankem Consumer Products Limited* (Striking off in progress)	√	C	√	D										
Lankem Exports (Private) Limited*	√	C												
Lankem Minerals Limited*	√	D	√	D										
Lankem Paints Limited*	√	C	√	D										
Lankem Plantation Services Limited*	√	D												
Lankem Research Limited* (Striking off in progress)	√	C	√	D										
Lankem Tea & Rubber Plantations (Pvt) Limited*	√	C	√	D										
Lankem Technology Services Limited* (Striking off in progress)	√	C												
Maitland & Knox (Private) Limited	√	D	√	D	√	D	√	D						
Mayfield Investments (Private) Limited			√	D										
Motor Mart Ceylon (Private) Limited* (Striking off in progress)	√	D	√	D	√	D								
Muller & Phipps (Health Care) Limited*	√	C			√	D								
Nature's Link Limited*	√	C												
Nutriklim (Ceylon) Limited	√	D			√	D								
Oakley Investments (Private) Limited	√	D	√	D	√	D	√	D						
Property and Investment Holdings (Private) Limited	√	D	√	D	√	D	√	D						

Companies	Mr. S.D.R. Arudpragasam		Mr. Anushman Rajaratnam		Mr. Sanjeev Rajaratnam		Mr. Amrit Rajaratnam		Mr. S.B. Perera		Mr. J.E.P. Kehelpannala		Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)	
Rubber & Allied Products (Colombo) Limited*	√	C	√	D										
Sherwood Holidays Limited*	√	C			√	D	√	D						
Sigiriya Resorts Limited			√	D	√	D	√	D						
SunAgro Farms Limited*	√	C	√	D										
SunAgro LifeScience Limited*	√	C	√	D										
Sunrise Resorts Limited			√	D	√	D	√	D						
Teacom (Private) Limited*	√	C	√	D			√	D						
Transways (Private) Limited*			√	D	√	D	√	D						
Tropical Beach Resorts Limited			√	D	√	D	√	D						
Tulsi Investments (Private) Limited	√	D												
Udaveriya Plantations Limited	√	D	√	D										
Unicom Clearing and Forwarding (Private) Limited*	√	C	√	D			√	D						
Union Commodities (Private) Limited*	√	C	√	MD			√	D					√	D
Union Commodities Exports (Pvt) Limited*	√	C	√	D			√	D						
Union Commodities Teas (Pvt) Limited*	√	C	√	D			√	D						
Union Group (Private) Limited*	√	D	√	D										
Union Investments (Private) Limited*	√	D	√	D	√	D								
Vanya Safaris (Private) Limited							√	D						
Villa Investments (Private) Limited					√	D								
Voyages Ceylan (Private) Limited*			√	D	√	D	√	D						
Waverly Power (Private) Limited*	√	C	√	D	√	D	√	D						
Weligama Hills Limited	√	D	√	D										
York Conventions (Private) Limited			√	D	√	D	√	D						
York Hotel Management Services Limited*	√	C	√	D	√	D	√	MD					√	D
York Tours Limited*			√	D	√	D	√	D						
Sterling Steels (Pvt) Limited*	√	C			√	D								
Kelani Valley Canneries Limited*			√	D										
Sunquick Lanka (Pvt) Limited*			√	D										
Sunquick Lanka Properties (Pvt) Limited*			√	D										
Cambodian Rubber Plantation Industries PTE Ltd			√	D			√	D						
Consolidated Rubber Plantations PTE Ltd			√	D			√	D						
Lanka Agro Plantations PTE Limited			√	D			√	D						
Fintrex Finance PLC									√	NE				
Teejay Lanka PLC									√	INE				

CORPORATE GOVERNANCE

Companies	Mr. S.D.R. Arudpragasam	Mr. Anushman Rajaratnam	Mr. Sanjeev Rajaratnam	Mr. Amrit Rajaratnam	Mr. S.B. Perera	Mr. J.E.P. Kehelpannala	Mr. A.S.G.S. Pieries (Appointed w.e.f. 05.08.2025)
Teejay Lanka Prints (Private) Limited					√ D		
Nubian Threads Private Limited					√ C		

Notes:

The companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group

Mr. S.B. Perera resigned from the Boards of J F Ventures Ltd, Ceytape Ltd, Alliance Five (Pvt) Ltd, Kiffs (Pvt) Ltd and Teejay India Private Ltd with effect from 10.05.2025 and also from the Board of Teejay Mauritius Private Ltd with effect from 31.05.2025

Mr. A.S.G.S. Pieries was appointed to the Board of Union Commodities (Private) Limited on 16th May 2025 and to the Boards of Beruwala Resorts PLC, Marawila Resorts PLC, Sigiriya Village Hotels PLC and York Hotel Management Services Limited on 5th August 2025.

Mr. Amrit Rajaratnam resigned from the Board of Union Commodities (Private) Limited on 16th January 2026. He also resigned from the Boards of Union Commodities Exports (Private) Limited, Union Commodities Teas (Private) Limited, Unicom Clearing & Forwarding (Private) Limited & Teacom (Private) Limited on 30th April 2026.

Mr. Anushman Rajaratnam was appointed as a Managing Director to the Board of Union Commodities (Private) Limited with effect from 16th May 2025. He was appointed to the Board of Capital Finance Limited on 30th January 2026 and to the Board of Consolidated Trust (Private) Limited on 23rd March 2026.

Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of C.W. Mackie PLC with effect from 01.04.2026 and to the board of Colonial Motors (Ceylon) Limited with effect from 02.04.2026.

AUDIT COMMITTEE REPORT

FOCUS OF AUDIT COMMITTEE

The Audit Committee has the responsibility of assisting the Board in fulfilling its overall responsibility to the shareholders in relation to the integrity of the Company's financial reporting process in accordance with the Companies Act and other legislative reporting requirements including the adequacy of disclosures in the financial statements in accordance with the Sri Lanka Accounting Standards. The Terms of References of the Audit Committee defines the authority of the Committee and is periodically reviewed and revised with the concurrence of the Board.

COMPOSITION

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

Mr. S. B. Perera - Chairman - Independent Non Executive Director

Mr. J. E. P. Kehelpannala - Member - Independent Non Executive Director

Mr. S. Rajaratnam - Member - Non Executive Director (Resigned as a Member w.e.f. 15.08.2025)

Mr. A.S.G.S. Pieries - Member - Non Executive Director (Appointed as a Member w.e.f. 16.08.2025)

The Committee has a blend of experience in the commercial sector with financial expertise and hospitality management, high standing of integrity and business acumen in order to carry out their role efficiently and effectively.

The composition of the Audit Committee of the Company Complies with rule 9.13.3 of the Colombo Stock Exchange Listing Rules.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee has met in total on six occasions during the financial year ended 31st March, 2026 is as follows:

Mr. S.B. Perera – Chairman	6/6
Mr. J.E.P. Kehelpannala – Member	6/6
Mr. S. Rajaratnam – Member (Resigned as a Member w.e.f. 15.08.2025)	2/3
Mr. A.S.G.S. Pieries – Member (Appointed as a Member w.e.f. 16.08.2025)	3/3

Meetings of the Audit Committee have been held in each quarter of the financial year.

In addition to these meetings the Committee has also adopted resolutions in writing in relation to matters under the purview of the Audit Committee.

Other Directors together with senior officers of York Hotel Management Services Ltd, Managing Agent attend by invitation as and when required, The proceedings of the Audit Committee are regularly reported to the Board.

TERMS OF REFERENCE

The Committee is governed by specific terms of reference set out in the Audit Committee Charter. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

a. Risk Management.

b. Efficiency of the system of internal controls.

c. Independence and objectivity of the External (Statutory) Auditors.

d. Appropriateness of the principal accounting policies used.

e. Financial Statement integrity.

The Terms of Reference are reviewed and revised with the concurrence of the Board of Directors, incorporating additional responsibilities assigned to the Audit Committee in relation to sustainability reporting and assurance in respect of SLFRS S1 and S2.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee principally performs an advisory role to the Board and its main objective is to assist the Board of Directors by advising the management in ensuring that the Company follows best practices of sound financial reporting and adhering to relevant accounting standards and principles, adequacy of internal controls and risk control measures, efficient management reporting systems and adherence to other statutory requirements. In fulfilling this role, the Audit Committee is empowered to examine the financial records of the Company and other communications as necessary in order to ensure that the Company adheres to accepted norms of ethical guidelines, rules and regulations.

AUDIT COMMITTEE REPORT

RISK MANAGEMENT, INTERNAL CONTROL AND FINANCIAL REPORTING

The committee obtained and reviewed the statements from management confirming that adequate internal control measures are in place and implemented in the Company, including the Company's operations and finances.

The Audit Committee reviewed the financial reporting system adopted to prepare Financial Statements to ensure that the reliability of the process and consistency of the accounting policies and methods adopted are in compliance with financial reporting requirements, information requirements under the CSE Listing Rules, the Companies Act, the SEC Act, Sri Lanka Accounting Standards (SLFRS/LKAS) and other relevant financial reporting related regulations and requirements.

The Committee satisfied itself that adequate internal controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded.

The Committee effectively discharged its apex function of reviewing and recommending the quarterly unaudited financials and the annual audited financials for approval of the Board.

The Audit Committee facilitates and monitors Enterprise Risk Management (ERM) process. The Committee reviewed the key risks in Risks Models including Climate Related Risks and Opportunities (CRRO).

The Company obtained services of an external consultant to review and strengthen the ESG Management Framework and to align with SLFRS S1 and S2 compliance. The Committee also reviews the developments in sustainability and ESG reporting frameworks to ensure alignment with emerging disclosure requirements.

The Committee also exercises oversight over the governance initiatives undertaken by the Company ensuring alignment with the requirements of Personal Data Protection Act No. 09 of 2022 and the Anti-Corruption Act No. 09 of 2023.

INTERNAL AUDITS

M/S Deloitte Partners have been appointed to function as the Internal Auditors of the Company based on the scope approved by the Audit Committee.

The Internal Audit Team will conduct audits on quarterly basis across key operational and financial functions including compliance reviews, process assessments and control testing.

EXTERNAL AUDIT

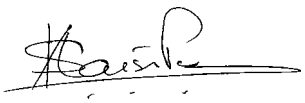
The Company has appointed KPMG as its External Auditors and the services provided by them are segregated between audit/ assurance services and other advisory services such as tax consultancy.

KPMG has also issued a declaration as required by the Company's Act No. 07 of 2007 that they do not have any relationship or interest in any of the companies in the Group, which may have a bearing on the independence of their role as Auditors.

The Audit Committee has evaluated the auditor's independence and determined that they are in fact independent and objective in their role. No non-audit work was performed by them or affiliated parties in the year under review. Audit Partner rotation is under review by the committee as is auditor rotation and appropriate recommendations will be made to the Board.

The Committee after evaluating the independence and performance of the External Auditors has recommended to the Board the reappointment of KPMG for the financial year ending 31st March, 2026 subject to the approval of the Shareholders at the Annual General Meeting of the Company.

The Audit Committee recommends to the Board the appointment or re-appointment of external Auditors ensuring independence and maintains a close professional relationship with them. The Committee also recommends to the Board the fees payable to external Auditors.



S. B. Perera
Chairman

24th July 2026

REPORT OF THE REMUNERATION COMMITTEE

The main function of the Remuneration Committee is to assist the Board in developing and administering an equitable and transparent method for setting policy on the overall human resources strategy of the Company and the remuneration of Executive Directors, if any and senior management of the Company. There is a Board approved non-discriminatory remuneration policy for all Non-Executive Directors to ensure that their Independence is not impaired.

COMPOSITION

The Remuneration Committee of Marawila Resorts PLC comprised of the following members:

Mr. S.B. Perera - Chairman - Independent Non Executive Director

Mr. J.E.P. Kehelpannala - Member - Independent Non Executive Director

Mr. S. Rajaratnam - Member - Non Executive Director

Brief Profiles of the Members are given on pages 5 and 6 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Remuneration Committee.

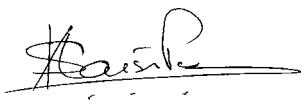
MEETINGS AND ATTENDANCE

The Committee met on one occasion during the financial year.

Mr. S.B. Perera – Chairman	1/1
Mr. J.E.P. Kehelpannala – Member	1/1
Mr. S. Rajaratnam – Member	1/1

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Remuneration Committee are reported to the Board.

The aggregate value of the Directors' Fees paid for the financial year ended 31st March 2026 is given in the Note 27.1 to the Financial Statements.



S. B. Perera
Chairman

24th July 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interest of the Shareholders are taken into consideration when entering into transactions with a Related Party.

COMPOSITION

The Related Party Transactions Review Committee of the Company comprised of the following members:

Mr. S. B. Perera - Chairman - Independent Non Executive Director

Mr. J. E. P. Kehelpannala - Member - Independent Non Executive Director

Mr. S. Rajaratnam - Member - Non Executive Director (Resigned as a Member w.e.f. 15.08.2025)

Mr. A.S.G.S. Pieries - Member - Non Executive Director (Appointed as a Member w.e.f. 16.08.2025)

The Committee has extensive experience in financial oversight, regulatory compliance and business acumen in order to carry out their role efficiently and effectively.

Brief profiles of the Committee members are given on pages 5 and 6.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee has met in total on Five occasions during the financial year ended 31st March 2026 and the attendance of the committee is as follows:

Mr. S.B. Perera – Chairman	5/5
Mr. J.E.P. Kehelpannala – Member	5/5
Mr. S. Rajaratnam – Member (Resigned as a Member w.e.f. 15.08.2025)	2/3
Mr. A.S.G.S. Pieries – Member (Appointed as a Member w.e.f. 16.08.2025)	2/2

Meetings of the RPTRC have been held in each quarter of the Financial year.

The RPTRC has reviewed and recommended to the Board for approval, Related Party Transactions during the financial year under reviews in a manner consistent with the Listing Rules and the activities views comments and observations of the

Committee are communicated on a regular basis to the Board of Directors.

The Committee is free to seek external professional advice on matters within their purview when necessary.

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The policies and procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

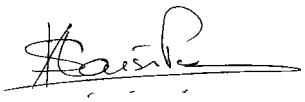
Functions of the Committee

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. (Except for transactions which are exempt)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval/ Shareholder approval as deemed appropriate.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with Related Parties.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations.

CONCLUSION

The Board declared that all Related Party Transactions during the financial year ended 31st March 2026 are disclosed in Note 27.2 to the Financial Statements.

The Company has complied with the requirements of Section 9.14 of the CSE Listing Rules on Related Party Transactions.



S. B. Perera
Chairman

24th July 2026

REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE

The Nomination & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC)

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and selection/ appointment of new Directors and re-election and re- appointment of current Directors to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee which will be periodically reviewed and revised with the concurrence of the Board.

COMPOSITION

The Nomination & Governance Committee of the Company comprised of the following members:

Mr. S. B. Perera - Chairman - Independent Non Executive Director (Appointed on 01/01/2025)

Mr. J. E. P. Kehelpannala - Member- Independent Non Executive Director (Appointed on 01/01/2025)

Mr. S. Rajaratnam - Member- Non Executive Director (Appointed on 01/01/2025)

Brief profiles of the Members are given on pages 5 and 6 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, functions as the Secretaries to the Nominations & Governance Committee.

MEETING ATTENDANCE

The Nominations and Governance Committee has met on three occasions during the financial year ended 31st March 2026 and the attendance was as follows:

Mr. S.B. Perera - Chairman	3/3
Mr. J.E.P. Kehelpannala - Member	3/3
Mr. S. Rajaratnam - Member	3/3

Other members of the Board and senior management from York Hotel Management Services Ltd, Managing Agents are invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are regularly reported to the Board.

PURPOSE OF THE COMMITTEE

The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.

The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.

Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, taking into account the additional/new expertise required. The Committee regularly reviewed the structure, size, composition including gender representation and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.

REPORT OF THE NOMINATIONS & GOVERNANCE COMMITTEE

The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

Performance evaluations of the Board were conducted, reviewed of by the committee and discussed at Board meeting.

The policies have been documented and recommendations have been made to the Board of Directors by the committee when nominating Directors for re-election/re-appointment at the forthcoming Annual General Meeting.

The newly appointed Directors were briefed on the structure, processes and resources of the Company and the applicable corporate governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations. Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Directors and special meetings of the Board are held when the need arises to address such matters.

RE-APPOINTMENTS/RE-ELECTIONS

In terms of the Articles of the Association any Director appointed by the Board holds office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third of the Directors in office to retire at each Annual General Meeting. The Directors to retire in each year are who have been longest in office since the last election or appointment. The retiring Directors are eligible for re-election by the Shareholders.

In view of the pivotal leadership role played by Mr. S.D.R. Arudpragasam, Chairman, his Management oversight skills, integrity, expertise, extensive experience and business acumen, the Committee has recommended to the shareholders to reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

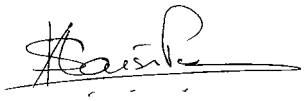
The Directors coming up for re-election or reappointment do not have any close family relationship with the directors, the listed entity nor do they have any relationship with shareholders holding over 10% of shares, other than disclosed hereunder.

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed Director	Date last re-appointed/ re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the directors of Marawila Resorts PLC, the Company or its shareholders holding more than ten per-centum (10%) of the shares of Marawila Resorts PLC (MARA)
Mr. S. D. R. Arudpragasam – Chairman (Non-Executive)	17.01.1996	21.07.2025		Mr. S. D. R. Arudpragasam is a Director of Colombo Fort Hotels Ltd which hold 39.51% of equity in MARA as at 31.03.2026
Mr. Sanjeev Rajaratnam – Director (Non-Executive)	22.02.2011	22.09.2023	Nomination & Governance Committee, Remuneration Committee	Mr. Sanjeev Rajaratnam is a Director of Colombo Fort Hotels Ltd which hold 39.51% of equity in MARA as at 31.03.2026
Mr. Anushman Rajaratnam – Director (Non-Executive)	10.04.2019	20.09.2024		Mr. Anushman Rajaratnam is a Director of Colombo Fort Hotels Ltd which hold 39.51% of equity in MARA as at 31.03.2026
Mr. A.S.G.S. Pieries – Director (Non-Executive)	05.08.2025		Audit Committee, Related Party Transactions Review Committee	

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid directors coming up for re- election or reappointment and of the rest of the Board members of Marawila Resorts PLC are given in their profiles on pages 5 and 6 and under the caption "Details of Directors other Directorships" appearing on pages 26 to 30.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met by the Listed Entity. The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 14 to 25.



S. B. Perera
Chairman

24th July 2026

INDEPENDENT AUDITOR'S REPORT

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

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

TO THE SHAREHOLDERS OF MARAWILA RESORTS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Marawila Resorts PLC ("the Company"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies set out on pages 41 to 81.

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

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional Accountants issued by 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.

Recognition of Revenue	
Refer to Note 3.3.1 significant accounting policies and explanatory Note 05 to the financial statements	
Risk Description	**Our response**
Revenue of the company for the year ended 31 March 2026 was 883Mn. We considered revenue as a key audit matter due to its high volume, and complexity.	Our audit procedures included, - Assessed whether the company's accounting policy for revenue recognition has been complied with. - Evaluated the design and operating effectiveness of key controls. - Performed analytical review procedures to assess whether the recognized revenue was in line with the expected level. - Tested invoices raised to customers on a sample basis, to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts and the Company's accounting policies. - Carried out substantive testing in respect of revenue cut-off around the year-end date. - We assessed the adequacy of the disclosures made in the Financial Statements.

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

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

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

Other Information

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

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical

INDEPENDENT AUDITOR'S REPORT

requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is 2599.



Chartered Accountants

Colombo, Sri Lanka
24th July 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March		2026	2025
	Note	Rs.	Rs.
Revenue	5	883,191,942	960,193,755
Other Income	6	5,003,390	4,172,156
Personnel Cost	7	(136,163,616)	(136,729,467)
Depreciation of Property, Plant and Equipment	12	(41,045,871)	(34,620,284)
Amortization of Intangible Assets	13	(511,338)	-
Other Operating Expenses - Direct		(287,075,819)	(322,035,774)
Other Operating Expenses - Indirect		(291,993,322)	(294,347,355)
Operating Profit		131,405,366	176,633,031
Finance Income	8	256,488	15,827,489
Finance Cost	8	(42,941,520)	(39,172,310)
Net Finance Cost		(42,685,032)	(23,344,821)
Profit Before Tax		88,720,334	153,288,210
Income Tax	10	(37,192,881)	(625,961)
Profit for the Year		51,527,453	152,662,249
Other Comprehensive Income			
Items that will not be reclassified to Profit or Loss			
Actuarial Gain / (Loss) on Retirement Benefit Obligation	22	3,905,875	2,061,663
Revaluation of the Lands	20	-	117,922,500
Deferred tax impact on Revaluation Surplus of the Land due to rate change	20	-	(35,376,750)
Change in fair value of investments in equity shares measured at FVTOCI	14	(249,931)	2,152,463
Deferred Tax Reversal on component of other comprehensive Income	10	(1,096,783)	(1,264,238)
Total Other Comprehensive Income / (Expenses) for the Year		2,559,161	85,495,638
Total Comprehensive Income for the Year		54,086,614	238,157,887
Basic Earnings Per Share Rs.	11	0.15	0.43

Figures in the brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 81. The Report of Auditors is given on pages 38 to 40.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	2026 Rs.	2025 Rs.
Assets			
Non-Current Assets			
Property, Plant & Equipment	12	1,968,571,340	1,990,627,226
Intangible Assets	13	4,644,412	-
Financial Assets measured at FVTOCI	14	10,542,030	10,791,961
		1,983,757,782	2,001,419,187
Current Assets			
Inventories	15	28,607,766	19,127,476
Trade and Other Receivables	16	90,082,093	86,835,191
Amounts due from Related Parties	17	33,526,285	65,405,471
Cash and Cash Equivalent	18	7,019,488	82,066,652
		159,235,632	253,434,790
Total Assets		2,142,993,414	2,254,853,977
Equity and Liabilities			
Equity			
Stated capital	19	550,000,000	550,000,000
Revaluation Reserve	20	368,189,498	368,189,498
FVTOCI Reserve	21	(8,614,962)	(8,365,031)
Retained Earnings		223,102,504	203,958,298
Total Equity		1,132,677,040	1,113,782,765
Liabilities			
Non-Current Liabilities			
Retirement Benefit Obligations	22	18,675,986	19,277,375
Deferred Tax Liabilities	23	480,616,365	442,326,701
Interest Bearing Loans & Borrowings	24	156,963,960	276,681,545
		656,256,311	738,285,621
Current liabilities			
Interest Bearing Loans & Borrowings	24	152,551,002	81,305,982
Trade and Other Payables	25	139,988,350	248,315,226
Amounts Due to Related Company	26	8,286,325	8,593,117
Bank Overdraft	18	53,234,386	64,571,266
		354,060,063	402,785,591
Total Liabilities		1,010,316,374	1,141,071,212
Total Equity and Liabilities		2,142,993,414	2,254,853,977

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 81. The Report of Auditors is given on pages 38 to 40.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

R. Ketheeswaran
Chief Financial Officer

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

Amrit Rajaratnam
Director

Anushman Rajaratnam
Director

24th July 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital	Retained Earnings	FVTOCI Reserve	Revaluation Surplus	Total Equity
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2024		550,000,000	50,498,624	(10,517,494)	285,643,748	875,624,878
Comprehensive Expense for the year						
Profit for the Year			152,662,249			152,662,249
Other Comprehensive Income						
Actuarial Gain on Retirement Benefit Obligation	22		2,061,663			2,061,663
Revaluation Surplus of the Land	20				117,922,500	117,922,500
Deferred tax impact on Revaluation Surplus of the Land	20				(35,376,750)	(35,376,750)
Deferred Tax reversal on component of other comprehensive Income	10		(1,264,238)			(1,264,238)
Change in fair value of investments in equity securities measured at FVTOCI (net off tax)	14			2,152,463		2,152,463
Total Comprehensive Income for the year		-	153,459,674	2,152,463	82,545,750	238,157,887
Balance as at 31st March 2025		550,000,000	203,958,298	(8,365,031)	368,189,498	1,113,782,765
Balance as at 1st April 2025		550,000,000	203,958,298	(8,365,031)	368,189,498	1,113,782,765
Comprehensive Expense for the year						
Profit for the Year			51,527,453			51,527,453
Other Comprehensive Income						
Actuarial Gain on Retirement Benefit Obligation	22		3,905,875			3,905,875
Dividend Paid			(35,192,339)			(35,192,339)
Revaluation Surplus of the Land	20				-	-
Deferred tax impact on Revaluation Surplus of the Land	20				-	-
Deferred Tax reversal on component of other comprehensive Income	10		(1,096,783)			(1,096,783)
Change in fair value of investments in equity securities measured at FVTOCI (net off tax)	14			(249,931)		(249,931)
Total Comprehensive Income for the year		-	19,144,206	(249,931)	-	18,894,275
Balance as at 31st March 2026		550,000,000	223,102,504	(8,614,962)	368,189,498	1,132,677,040

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 81. The Report of Auditors is given on pages 38 to 40.

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	2026 Rs.	2025 Rs.
Cash flows from Operating Activities			
Profit Before Tax		88,720,334	153,288,210
Adjustments for :			
Finance Costs	8	34,113,671	38,852,539
Finance Income	8	(256,488)	(1,089,939)
Depreciation of Property, Plant and Equipment	12	41,045,871	34,620,284
Amortization of Intangible Assets	13	511,338	-
Gain on Disposal of Motor Vehicle	6	(3,813,559)	-
Provision for Retirement Benefit Obligation	22	5,664,236	5,383,302
Exchange (Gain) / Loss on Foreign Currency translation		(11,110,220)	(13,523,198)
Operating Profit before Working Capital Changes		154,875,183	217,531,198
(Increase) / Decrease in Inventories		(9,480,290)	1,572,053
(Increase) / Decrease in Trade and Other Receivables		(3,246,902)	90,899,238
(Increase) / Decrease in Related Party Receivables		31,879,186	(26,202,624)
Increase / (Decrease) in Trade and Other Payables		(108,326,876)	(21,630,611)
Increase / (Decrease) in Related Party Payables		(306,792)	4,402,852
Net Cash flows Generated from Operations		65,393,509	266,572,106
Interest Paid		(34,113,671)	(38,852,539)
Gratuity paid	22	(2,359,750)	(641,500)
Net Cash Flows Generated from Operating Activities		28,920,088	227,078,066
Cash Flows from Investing Activities			
Interest Income Received	8	256,488	1,089,939
Sale Proceed of Disposal of Motor Vehicle		3,813,559	-
Purchase of Property, Plant and Equipment	12	(18,989,985)	(83,380,700)
Acquisition of intangible assets	13	(5,155,750)	-
Net Cash Flows Used in Investing Activities		(20,075,688)	(82,290,761)
Cash flows from Financing Activities			
Dividend Paid		(35,192,339)	-
Loan Obtained	24	40,000,000	90,000,000
Repayment of Loans and Borrowings	24	(77,362,345)	(237,385,414)
Net cash flow Generated (Used in)/from Financing Activities		(72,554,684)	(147,385,414)
Net (decrease) / increase in Cash & Cash Equivalents		(63,710,284)	(2,598,109)
Cash & cash equivalents at the beginning of the year		17,495,386	20,093,495
Cash & Cash Equivalents at the end of the year		(46,214,898)	17,495,386

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 81. The Report of Auditors is given on pages 38 to 40.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Marawila Resorts PLC is a Limited Liability Company that owns and operates Hotel "Club Palm Bay" which is incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, and the principal place of business is situated at Thalwilawella, Thoduwawa, Marawila.

1.2. Principal Activities and Nature of Operations

The principal activity of the Company is hoteliering, which remained unchanged during the year.

1.3. Parent Enterprise and Ultimate Parent Enterprise

In the Directors' opinion, the Company's parent undertaking is Lankem Ceylon PLC, while the ultimate parent undertaking and controlling party is The Colombo Fort Land & Building Company PLC, which is incorporated in Sri Lanka.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka

2.2. Approval of Financial Statements by Directors

The Financial Statements for the year ended 31st March 2026 were authorized for issue by the Board of Directors on 24th July 2026.

2.3. Basis of Measurement

The Financial Statements have been prepared on historical cost basis except where appropriate disclosures are made with regard to fair value under relevant notes. Assets and liabilities are grouped by nature and in an order that reflect their relative liquidity. The Financial Statements have been prepared on the assumption that the Company will continue as a going concern for the foreseeable future.

- Liability for Retirement Benefit Obligation based on actuarial Valuation as per LKAS - 19 " Employee benefits.
- Financial assets measured at fair Value through OCI.
- Property, Plant and Equipment are recognized, if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

2.4. Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee.

2.5. Use of Estimates Judgments and Assumptions

The preparation of the financial statements in conformity with Sri Lanka Accounting Standards (SLFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Financial Statements Caption	Policy No.	Note No.
Valuation of Property, Plant and Equipment	3.4.2	12.3
Impairment of Receivables	3.4.1.5	16.1
Retirement Benefit Obligations	3.4.7	22
Deferred Taxation	3.5.4	23

2.6. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.7. Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements of the Company. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.8. Comparative Information

Comparative information has been reclassified to conform to the current year's presentation, where necessary. Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended. Comparative amounts are classified unless it is impracticable.

2.9. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

2.10. Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within 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 are inputs that are not based on observable market data (unobservable inputs). If inputs used to measure the fair value of an asset or 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.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Company for the asset or liability.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

3.1. Foreign Currency Translation

Transactions in foreign currencies are translated to the Sri Lankan Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Sri Lankan Rupees at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the Sri Lankan Rupees at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.2. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those of which are expected to be realized in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1. Financial instruments

3.2.1.1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

3.2.1.2. Classification and subsequent measurement

3.2.1.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – equity investment.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

a) Business Model Assessment

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

b) Assessment whether Contractual Cash Flows are Solely Payment of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Company's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable addition compensation for early termination of the contract.

NOTES TO THE FINANCIAL STATEMENTS

c) Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.2.1.2.2. Financial Liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.2.1.2.3. Derecognition

3.2.1.2.3.1. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3.2.1.2.3.2. Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.2.1.3. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.2.1.4. Impairment – Financial Assets

3.2.1.4.1. Financial instruments

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortised cost

The Company measures loss allowances at an amount equal to lifetime ECLs, on trade receivables and contract assets. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due

3.2.1.4.2. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

3.2.1.4.3. Presentation of allowance for ECL in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.2.1.4.4. Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. The Company initially makes an assessment with respect to the timing and amount to write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.2.1.5. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any

such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets are considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used. Impairment loss of continuing operations are recognized in the Statement of Profit or Loss and Other Comprehensive Income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss and Other Comprehensive Income.

3.2.2. Property, Plant & Equipment

3.2.2.1. Freehold Assets

(a) Recognition and measurement

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

Property, Plant & Equipment are initially measured at its cost and subsequently at cost or revaluation less accumulated depreciation and accumulated impairment losses.

At the time of transition from SLASs to SLFRSs/ LKASs, the Company has elected to recognize their land at deemed cost by applying the optional exemption included in the transitional provisions of SLFRS 1, "First time Adoption of Sri Lanka Accounting Standards". Accordingly, previously recognized revalued amount has been considered as deemed cost of the land as at 1st April 2011 and the cost model has been applied subsequently as per LKAS 16. However, since 31st March 2019 the Company has shifted from cost model to revaluation model as per LKAS 16. Which provides that when an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) Cost Model

The Company applies cost model to property, plant and equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

(c) Revaluation Model

The Company applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Land of the Company are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognized in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of Income. In this circumstance, the increase is recognized as income to the extent of the previous write down.

Any decrease in the carrying amount is recognized as an expense in the Statement of Income or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognized in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

(d) Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income/other expenses" in profit or loss.

(e) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(f) Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of Property, Plant and Equipment is included in profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

(g) Depreciation

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

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Assets	Years
Building on Freehold Land	40 years
Plant & Machinery	10 years
Equipment	6 years
Furniture & Fittings	8 years
Motor Vehicles	4 years
Computer Equipment	5 years
Air – Conditioners	6 years
Cutlery, Crockery, Glassware & Linen	3 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.2.3. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straightline basis in profit or loss over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets are amortised over a period of 5 years.

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

3.2.4. Inventories

Inventories are measured at the lower cost and net realizable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories 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.

3.2.5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, saving accounts and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.2.6. Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date. All known liabilities have been accounted for in preparing these Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.2.7. Employee Benefits

(a) Defined Contribution Plan – Employees' Provident Fund & Employees' Trust Fund

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. All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employers' contribution to defined contribution plans are recognized as an expense in the Income Statement when incurred.

Employees Provident Fund

The Company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

Employees Trust Fund

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

(b) Retirement Benefit Obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present Value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19- "Employee Benefits". When the calculation results in benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vast immediately, the expense is recognized immediately in profit or loss.

The assumptions based on which the results of actuarial valuation was determined, are included in Note 22 to the financial statements.

The Company recognizes all actuarial gain/losses arising from defined benefit plans in Other Comprehensive Income.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.2.8. Stated Capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

NOTES TO THE FINANCIAL STATEMENTS

3.3. Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Company is performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 in Presentation of Financial Statements.

3.3.1. Revenue Recognition

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

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

(a) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Rooms	Customers obtain control of the service when the customer check-in to the hotel. Invoices are generated at the point of check-out. Invoices are usually payable within 30 days.	Revenue is recognized at the end of the day after the delivery of services.
Restaurants and bar	Customers obtain control of the goods when the food and beverages are handed over to customers. Customer has to settle the invoice before leaving the premises.	Revenue is recognized after the customer dines or takes away the foods and beverages.

(b) Finance Income

Interest Income is recognised as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

3.3.2. Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss and Other Comprehensive Income.

For the purpose of the presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the enterprise's performance; hence such presentation method is adopted.

3.3.3. Finance Costs

Finance costs comprise interest expense on borrowings and foreign currency gains and losses. 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.

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

3.3.4. Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

Current tax

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act. No. 04 of 2023 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

Deferred tax

Deferred tax is recognized using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts 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 at the balance sheet date.

The principal temporary differences arise from depreciation on property, plant and equipment; tax losses carried forward and provisions for defined benefit obligations. Deferred tax assets relating to the carried forward unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.4. Statement of Cash Flows

The Statement of Cash Flows has been prepared using 'indirect method'. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interests and dividends received are classified as investing cash flows for the purpose of presentation of Cash Flow Statement.

For the purpose of Cash Flow Statement, cash & cash equivalents consist of cash at bank and in hand and short-term deposits net of outstanding bank overdrafts.

3.5. Related Party Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standards Note 27 – Related Party Disclosures.

3.6. Events Occurring after the reporting date

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

3.7. Earnings per Share

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

3.8. Capital Commitments and Contingent Liabilities

Contingent Assets and Liabilities are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. All material capital commitments and Contingent Liabilities of the Company are disclosed in the Notes to the financial statements.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 1st January 2025 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

A. SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2026. The new standard introduces the following key new requirements.

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

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

B. Amendments to SLFRS 9 & SLFRS 7 – Classification and measurement of financial Instruments

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

For the year ended 31st March	2026	2025
	Rs.	Rs.
Food	488,253,816	537,026,065
Apartment	278,937,577	293,519,852
Beverage	121,245,773	132,576,274
Other	13,022,876	16,667,354
Gross revenue	901,460,042	979,789,545
Less: Tourism Development Levy	(9,134,050)	(9,797,895)
Other Turnover Taxes	(9,134,050)	(9,797,895)
	883,191,942	960,193,755

Service charge of Rs. 89,513,635/- (2025 - Rs. 92,604,381/-) has been deducted in arriving at the gross revenue.

5.1. Timing of Revenue Recognition

For the year ended 31st March	2026	2025
	Rs.	Rs.
Services transferred at a point in time	883,191,942	960,193,755
	883,191,942	960,193,755

5.2. Contract Balance

The following table provides information about contract liability from contracts with customers

For the year ended 31st March	2026	2025
	Rs.	Rs.
Sales advance **(Note 25)**	14,024,242	27,619,464
	14,024,242	27,619,464

The contract liability primarily relate to the advance consideration received from customers for reservation of rooms for which revenue is recognized over the time.

The amount of Rs. 14,096,350 included in contract liabilities at 31 March 2025 has been recognised as revenue in 2026. Sales advances as at 31st March 2026 will be recognised as Revenue over next 12 months.

6. OTHER INCOME

For the year ended 31st March	2026	2025
	Rs.	Rs.
Rental Income	1,189,831	1,200,000
Sundry Income	-	2,972,156
Disposal Gain	3,813,559	-
	5,003,390	4,172,156

7. PERSONNEL COST

For the year ended 31st March	2026	2025
	Rs.	Rs.
Salaries and wages	114,211,428	114,895,637
Defined Contribution Plan Cost - EPF and ETF	16,287,952	16,450,528
Defined Benefit Plan Cost - Retirement Gratuity **(Note 22)**	5,664,236	5,383,302
	136,163,616	136,729,467

8. NET FINANCE COSTS

For the year ended 31st March	2026	2025
	Rs.	Rs.
Finance Income		
Exchange Gain	-	14,737,550
Interest Income on Related Party Loans	-	359,115
Interest Income on Savings Account	256,488	730,824
	256,488	15,827,489
Finance Cost		
Interest on Foreign Currency Loans	(13,109,855)	(30,037,796)
Interest on Term Loans	(14,919,655)	(6,139,474)
Interest on Overdraft	(6,084,161)	(2,675,269)
Interest Expenses on Related Party Loans	-	(319,771)
Exchange Loss	(8,827,849)	-
	(42,941,520)	(39,172,310)
Net Finance Costs	(42,685,032)	(23,344,821)

9. PROFIT BEFORE TAX

Profit before taxation is stated after charging / (recovering) all the expenses / (Income) including the following,

For the year ended 31st March	2026	2025
	Rs.	Rs.
Director's Emoluments	3,610,000	2,850,000
Secretarial fee paid to Corporate Management Services Limited	5,755,901	6,468,687
Auditor's Remuneration		
- Statutory audit	1,400,000	1,325,000
- Non-audit services	200,000	200,000
Management Fees	76,206,508	54,018,213
Depreciation on Property, Plant and Equipment **(Note 12)**	41,045,871	34,620,284
Amortization of Intangible Assets **(Note 13)**	511,338	-

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSES

For the year ended 31st March	2026	2025
	Rs.	Rs.
Deferred Tax Charge for the year **(Note 23)**	37,192,881	625,961
	37,192,881	625,961
Recognized in Other Comprehensive Income		
Provision for Deferred Taxation **(Note 23)**	1,096,783	1,264,238
	1,096,783	1,264,238

In terms of the provisions of Inland Revenue Act No. 45 of 2022 and subsequent amendments thereto, the Profits and Income of Marawila Resorts PLC is taxed at the rate of 30% (2024/25-30%).

10.1. Reconciliation of Accounting Profit/ (loss) and Taxable Income

For the year ended 31st March	2026	2025
	Rs.	Rs.
Profit Before Taxation	88,720,334	153,288,210
Aggregate Other Sources of Income	(256,488)	(2,802,485)
Aggregate Disallowed Items	83,647,056	58,187,525
Aggregate Allowable Items	(58,539,986)	(62,147,975)
Taxable Profit from business	113,570,916	146,525,275
Tax Loss Utilised during the year **(Note 10.2)**	(113,570,916)	(146,525,275)
Adjusted Taxable Profit from business	-	-
Other income	256,488	2,802,485
Tax Loss Utilised during the year **(Note 10.2)**	(256,488)	(2,802,485)
Taxable Loss for the year	-	-
Tax at the rate of 30%	-	-
Income tax on current year profit	-	-

10.2. Accumulated Tax Losses

	2026	2025
	Rs.	Rs.
Tax Loss Brought Forward	228,754,336	346,994,576
Adjustment in respect of prior years	(8,254,198)	31,087,520
Tax loss set off during the year	(113,827,404)	(149,327,760)
Tax Loss Carried Forward	106,672,734	228,754,336

10.3. Expiration of Tax Losses

Tax Losses for which deferred tax assets were recognized expire as follows.

		2026	2025
	Expire Date	Rs.	Rs.
Tax Losses Incurred in 2022/23	2028/29	74,394,388	74,394,388
Tax Losses Incurred in 2021/22	2027/28	32,278,346	67,922,844
Tax Losses Incurred in 2020/21	2026/27	-	86,437,104
		106,672,734	228,754,336

As the company is expected to achieve its planned profitability in future taxable periods, it is probable that the brought forward tax losses can be offset against future taxable profits. Therefore, the tax losses are considered recoverable and have been recognized as deferred tax assets.

11. BASIC EARNING / (LOSS) PER SHARE

11.1. Basic Earning per share is calculated by dividing the profit / loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year and calculated as follows

	2026	2025
Basic Earning Per Share		
Profit attributable to Ordinary Shareholders (Rs.)	51,527,453	152,662,249
Weighted average No. of Ordinary Shares outstanding during the year **(Note 11.2)**	351,923,389	351,923,389
Profit per ordinary share (Rs.)	0.15	0.43

11.2. Movement of Weighted Average Number of Ordinary Shares Outstanding during the year

For the year Ended 31st March	2026	2025
Balance as at beginning of the year	351,923,389	351,923,389
Weighted average of Right Issue of Shares	-	-
Weighted average No of Ordinary Shares as at end of the year	351,923,389	351,923,389

11.3. Diluted Earnings Per Share

There were no potentially dilutive ordinary shares outstanding at any time during the year ended 31st March 2026 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of EPS.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant and machinery	Equipment	Furniture and fittings	Motor vehicles	Cutlery, crockery, glassware and linen	Computers	WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost										
Balance as at 01st April 2024	1,289,010,000	911,507,652	64,990,799	86,255,721	74,638,492	9,313,400	68,435,556	6,134,296	-	2,510,285,916
Additions during the year	-	43,332,681	5,480,009	6,357,550	3,955,179	-	18,404,995	1,199,598	4,650,688	83,380,700
Revaluations during the year	117,922,500	-	-	-	-	-	-	-	-	117,922,500
Balance as at 31st March 2025	1,406,932,500	954,840,333	70,470,808	92,613,271	78,593,671	9,313,400	86,840,551	7,333,894	4,650,688	2,711,589,116
Balance as at 01st April 2025	1,406,932,500	954,840,333	70,470,808	92,613,271	78,593,671	9,313,400	86,840,551	7,333,894	4,650,688	2,711,589,116
Additions during the year	-	6,364,369	3,841,928	4,371,272	832,835	-	1,343,000	2,236,581	-	18,989,985
Transfers during the year	-	4,650,688	-	-	-	-	-	-	(4,650,688)	-
Disposal during the year	-	-	-	-	-	(3,170,000)	-	-	-	(3,170,000)
Balance as at 31st March 2026	1,406,932,500	965,855,390	74,312,736	96,984,543	79,426,506	6,143,400	88,183,551	9,570,475	-	2,727,409,101
Accumulated Depreciation										
Balance as at 01st April 2024	-	407,084,647	62,594,712	75,355,072	68,508,733	9,313,400	57,604,583	5,880,459	-	686,341,606
Charge for the year	-	22,801,686	1,541,909	3,347,961	1,485,369	-	5,217,430	225,929	-	34,620,284
Balance as at 31st March 2025	-	429,886,333	64,136,621	78,703,033	69,994,102	9,313,400	62,822,013	6,106,388	-	720,961,890
Balance as at 01st April 2025	-	429,886,333	64,136,621	78,703,033	69,994,102	9,313,400	62,822,013	6,106,388	-	720,961,890
Charge for the year	-	23,962,086	1,390,187	3,427,716	1,840,230	-	10,004,856	420,796	-	41,045,871
Disposal during the year	-	-	-	-	-	(3,170,000)	-	-	-	(3,170,000)
Balance as at 31st March 2026	-	453,848,419	65,526,808	82,130,749	71,834,332	6,143,400	72,826,869	6,527,184	-	758,837,761
Net Carrying Value										
As at 31st March 2025	1,406,932,500	524,954,000	6,334,187	13,910,238	8,599,569	-	24,018,538	1,227,506	4,650,688	1,990,627,226
As at 31st March 2026	**1,406,932,500**	**512,006,971**	**8,785,928**	**14,853,794**	**7,592,174**	**-**	**15,356,682**	**3,043,291**	**-**	**1,968,571,340**

12.1. The cost of fully depreciated assets as at the reporting date is as follows;

As at 31st March	2026	2025
	Rs.	Rs.
Plant and machinery	56,775,208	51,540,147
Equipment	71,163,003	62,855,531
Furniture and fittings	63,739,810	60,578,425
Motor vehicles - freehold	6,143,400	9,313,400
Cutlery, crockery, glassware and linen	55,881,141	54,849,505
Computers	8,634,612	5,452,625
	262,337,174	244,589,633

12.2. Revaluation of Lands

The Company has revalued its Lands as at 31st March 2025. The fair value of the Lands are determined by Ms. Wathsala Wickramanayake FRICS (Chartered Valuation Surveyor), an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued.

Land of No: 347, Barudelpola Road, Thalwila Village, Marawila that has been pledged for long-term borrowings are disclosed under the interest-bearing borrowing Note 24.

12.3. Fair Value Hierarchy

Fair value measurement of the property has been categorised under Level 3 in the fair value Hierarchy based on the valuation techniques used.

Location	Extent	Significant unobservable inputs/ Market price per perch	Carrying value as at the date of valuation	Revalued amount	Net gain on Revaluation	Valuation method	Interrelationship between key unobservable inputs and fair value
		Rs.	Rs.	Rs.	Rs.		
Assmt. No. 347, Barudelpola Road, Thalwila Village, Marawila	4206.7 Perches	326,843	1,262,010,000	1,374,932,500	112,922,500	Market comparable method	Positive correlated sensitivity
Lot 7A2 in Survey Plan No. 394/96, Kahatagahawaththa	80 Perches	175,000	14,400,000	14,000,000	(400,000)	Market comparable method	Positive correlated sensitivity
Lot 1 in Survey Plan No. 1048/95, Muhudukatuwa	60 Perches	300,000	12,600,000	18,000,000	5,400,000	Market comparable method	Positive correlated sensitivity
Total			1,289,010,000	1,406,932,500	117,922,500		

Market Comparable Method

This method considers the selling prices of a similar properties in terms of size, nature, location and condition (excluding any outlier transactions) within a reasonably recent period of time in determining the fair value of the property being revalued.

The revalued figures were incorporated in these Financial Statements for the year ended 31st March 2025.

The Directors of the Company are of the view that the fair value of these lands as at 31st March 2026 has not been changed significantly since the last valuation date.

The Company assessed the potential impairment loss for property, plant, and equipment as at the reporting date by considering the impact from the current economic conditions. Based on the assessment, no impairment provision is required to be made in respect of property, plant, and equipment as at the reporting date (2025-Nil).

NOTES TO THE FINANCIAL STATEMENTS

12.4. Sensitivity Analysis

Possible changes at the reporting date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts.

As at 31st March	Other comprehensive Income, net of tax	
	Increase	Decrease
	Rs.	Rs.
Market price per perch (10% Movement)	140,693,250	(140,693,250)

12.5. If lands were stated at deemed cost, the amounts would have been as follows

	No of Buildings	2026	2025
		Rs.	Rs.
Land	23	880,947,502	880,947,502
		880,947,502	880,947,502

13. INTANGIBLE ASSETS

As at 31st March	2026	2025
	Rs.	Rs.
Cost		
Balance as at 01st April	2,790,187	2,790,187
Additions During the Year	5,155,750	-
Balance as at 31st March	7,945,937	2,790,187
Amortization		
Balance as at 01st April	2,790,187	2,790,187
Charge for the year	511,338	-
Balance as at 31st March	3,301,525	2,790,187
Net Carrying amount as at 31st March	4,644,412	-

Intangible Assets consist of Quickbook Accounting Package, Ezee, IntaPos and Scienter software system.

14. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the company intends to hold for the long term for strategic purpose.

No strategic investments were disposed during 2025/26 and there were no transfer of any cumulative gain or loss within equity relating to these investments. Fair Value Measurement of equity security are disclosed under Note 35.

			2026		2025	
	No of shares	Holding	Cost	Fair Value	Cost	Fair Value
		%	Rs.	Rs.	Rs.	Rs.
Beruwala Resorts PLC	30,000	0.01%	32,250	90,000	32,250	111,000
Colombo Fort Hotels Ltd.	866,258	0.64%	21,356,460	10,452,030	21,356,460	10,680,961
			21,388,710	10,542,030	21,388,710	10,791,961

15. INVENTORIES

As at 31st March	2026	2025
	Rs.	Rs.
Food	11,984,592	7,331,141
Liquor and beverages	6,975,800	4,185,043
Maintenance and others	9,647,374	7,611,292
	28,607,766	19,127,476
Less: Provision for Obsolete Inventories **(Note 15.1)**	-	-
	28,607,766	19,127,476

15.1. Provision for Obsolete Inventories		
Balance as at 01st April	-	391,623
Reversal made during the year	-	(391,623)
Balance as at 31st March	-	-

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

As at 31st March	2026	2025
	Rs.	Rs.
Trade receivables	80,861,117	81,778,637
Less: Provision for Impairment **(Note 16.1)**	(3,930,550)	(3,930,550)
	76,930,567	77,848,087
Advances and prepayments	10,908,790	7,064,624
Deposits	1,600,319	1,149,520
Other receivables	642,417	772,960
	13,151,526	8,987,104
Total Trade and Other Receivables	90,082,093	86,835,191

16.1. Provision for Impairment of Trade Receivables

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	(3,930,550)	(3,930,550)
Reversal made during the year	-	-
Balance as at 31st March	(3,930,550)	(3,930,550)

17. AMOUNTS DUE FROM RELATED PARTIES

As at 31st March	2026	2025
	Rs.	Rs.
Colombo Fort Hotels Ltd	10,479,716	22,300,000
York Hotel Management Services Ltd	22,977,776	42,935,471
Darley Butler & Company Limited	68,793	170,000
	33,526,285	65,405,471

18. CASH AND CASH EQUIVALENTS

As at 31st March	2026	2025
	Rs.	Rs.
18.1. Favourable Balance		
Cash at Bank	4,812,815	79,111,899
Cash in Hand	2,206,673	2,954,753
	7,019,488	82,066,652
18.2. Unfavourable Balance		
Bank Overdraft	(53,234,386)	(64,571,266)
	(46,214,898)	17,495,386

19. STATED CAPITAL

	Number of Ordinary Shares		Value of shares	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April	351,923,389	351,923,389	550,000,000	550,000,000
Right issue of Shares	-	-	-	-
Balance as at 31st March	351,923,389	351,923,389	550,000,000	550,000,000

20. REVALUATION RESERVE

	2026	2025
	Rs.	Rs.
Balance as at 1st April	368,189,498	285,643,748
Revaluation Surplus	-	117,922,500
Deferred tax impact on revaluation Surplus	-	(35,376,750)
Balance as at 31st March	368,189,498	368,189,498

Deferred tax Liability has been recognized on the revaluation surplus of the rate of 30% for the year ended 31st March 2026. (2025 - 30%)

21. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME RESERVE

	2026	2025
	Rs.	Rs.
Balance as at 01st April	(8,365,031)	(10,517,494)
Fair value gain / (loss) (net off taxes)	(249,931)	2,152,463
Balance as at 31st March	(8,614,962)	(8,365,031)

This reserve includes the fair value changes of investments in equity instruments by the company.

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATION

	2026	2025
	Rs.	Rs.
Balance as at 1st April	19,277,375	16,597,236
Current Service Cost	3,543,725	3,541,009
Interest Cost	2,120,511	1,842,293
Actuarial (Gain)/ Loss	(3,905,875)	(2,061,663)
Benefit Paid	(2,359,750)	(641,500)
Balance as at 31st March	18,675,986	19,277,375
Amount recognized in the statement of comprehensive income		
Interest Cost	2,120,511	1,842,293
Current Service Cost	3,543,725	3,541,009
	5,664,236	5,383,302
Amount recognized in Other Comprehensive Income		
Actuarial Loss/ (Gain) during the year	(3,905,875)	(2,061,663)

An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2026 by Mr. Piyal S. Goonetilleke, " Piyal S. Goonatilleke and Associates", a firm of professional actuaries.

22.1. LKAS 19 - "Employee Benefits" requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

	2026	2025
	Rs.	Rs.
Discount Rate **(Note 22.2)**	10.75%	11.00%
Salary Increment rate	10.00%	10.00%
Retirement age	60 Years	60 Years

22.2. A long term Treasury Bond rate of 10.75% p.a (2025: 11%) has been used to discount future liabilities taking into consideration remaining working life of eligible employees

22.3. The following undiscounted cash flows are expected from the Retirement Benefit Obligations in future years.

As at 31st March	2026	2025
	Rs.	Rs.
Less than 1 Year	2,011,245	2,301,068
Between 1 - 5 Years	10,648,449	11,293,791
Over 5 Years	27,440,632	26,673,652
	40,100,326	40,268,511

22.4. Sensitivity of Assumptions Used

A quantitative sensitivity analysis for significant assumptions used by the company is as shown below;

	31st March 2026		31st March 2025	
	Discount Rate	Salary Escalation	Discount Rate	Salary Escalation
	Rs.	Rs.	Rs.	Rs.
Increase by one percentage point	(1,341,748)	1,506,876	(1,530,388)	1,332,403
Decrease by one percentage point	1,541,065	(1,337,202)	1,334,234	(1,500,069)

The sensitivity analysis above have been determined on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.

23. DEFERRED TAX LIABILITY

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st of April	442,326,701	405,059,752
Deferred tax charge for profit or loss	37,192,881	625,961
Deferred Tax Reversal on component of other comprehensive Income	1,096,783	1,264,238
Deferred tax impact on Revaluation Surplus of the Land due to rate change	-	35,376,750
Balance as 31st of March	480,616,365	442,326,701

23.1. Deferred Tax Provision / (Reversal)

As at 31st March	2026	2025
	Rs.	Rs.
Amount (Reversed) / Charged to Profit or Loss		
Due to change in temporary difference	37,192,881	625,961
Total Recognised in Profit and loss	37,192,881	625,961
Amount (Reversed) / Charged to Other Comprehensive income		
Due to change in temporary difference	1,096,783	36,640,988
Total Recognised in Other Comprehensive income	1,096,783	36,640,988

NOTES TO THE FINANCIAL STATEMENTS

23.2. The above Deferred tax liability has been calculated as follows;

As at 31st March	2026		2025	
	Taxable / (Deductible) Temporary difference	Tax effect on temporary difference	Taxable / (Deductible) Temporary difference	Tax effect on temporary difference
	Rs.	Rs.	Rs.	Rs.
Property, Plant & Equipment	467,635,118	140,290,535	462,435,966	138,730,790
Revaluation gain on land carried at deemed cost	748,560,376	224,568,113	748,560,376	224,568,113
Revaluation gain on land	525,984,999	157,795,500	525,984,999	157,795,500
Retirement Benefit Obligations	(18,675,986)	(5,602,794)	(19,277,375)	(5,783,213)
Tax loss carried forward	(106,672,734)	(32,001,820)	(228,754,336)	(68,626,301)
Provisions (Provision for Obsolete Inventories and Impairment of Trade Receivables)	(3,930,550)	(1,179,165)	(3,930,550)	(1,179,164)
Fair value changes in Investment in Unquoted Shares	(10,846,680)	(3,254,004)	(10,596,749)	(3,179,025)
	1,602,054,543	480,616,365	1,474,422,331	442,326,701

Tax Effect on Temporary differences associated with the company are calculated at a rate of 30% based on the rates enacted by the Inland Revenue Act (Amended) Act No. 45 of 2022, (2024/25 - 30%).

As per section 6 and Chapter IV of Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realization. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purpose.

The Company has considered revalued amounts of lands as deemed cost and the revaluation surplus has been transferred to retained earnings as at 1st April 2011, Which was the date of transaction from SLASs to SLFRS / LKASs. Accordingly the Company has recognised the revaluation surplus on freehold lands up to 1st April 2011 in retained earnings. Therefore the related deferred tax due to rate change has also been recognised directly in retained earning as at 31st March 2026.

The fair value change in the investment in equity securities are considered for deferred tax at the rate of 30%. (2024/25 - 30%)

The deferred tax assets on accumulated tax losses are recognised only up to the extent of foretasted future taxable profits. The management has assessed the forecasted taxable profits by considering that the company will continue the operation with an average occupancy rate until for the year ending 31st March 2026 and progressively increasing the occupancy rate thereafter.

24. INTEREST BEARING BORROWINGS

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	357,987,527	518,896,139
Loans obtained during the year	40,000,000	90,000,000
Interest during the year	25,496,023	36,177,270
Repayment during the year	(102,858,368)	(273,562,684)
Exchange (Gain) / Loss on translation	(11,110,220)	(13,523,198)
Balance as at 31st March	309,514,962	357,987,527

As at 31st March	2026	2025
	Rs.	Rs.
24.1 Payable as follows:		
Amount repayable more than one year (Note 24.2)	156,963,960	276,681,545
Amount repayable within one year (Note 24.3)	152,551,002	81,305,982
Total Payable	309,514,962	357,987,527
24.2 Payable after one year		
Foreign currency loan - Commercial Bank (Note 24.4)	79,042,346	156,822,583
Term Loan - Commercial Bank (Note 24.5 & Note 24.6)	77,921,614	119,858,962
	156,963,960	276,681,545

24.3. Payable within one year

As at 31st March	2026	2025
	Rs.	Rs.
Foreign currency loan - Commercial Bank (Note 24.4)	80,613,654	32,956,794
Term Loan - Commercial Bank (Note 24.5, Note 24.6 & Note 24.7)	71,937,348	48,349,188
	152,551,002	81,305,982
Total Interest Bearing Borrowings	309,514,962	357,987,527

24.4. Foreign currency loan - Restructured

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	189,779,377	400,402,434
Interest during the year	13,109,855	30,038,124
Exchange (Gain) / Loss on Translation	(11,110,220)	(13,523,198)
Payment made during the year	(32,123,012)	(227,137,983)
Balance as at 31st March	159,656,000	189,779,377
Amount payable within one year	80,613,654	32,956,794
Amount Payable after one year	79,042,346	156,822,583
	159,656,000	189,779,377

Loan	:	Term Loan Facility
Outstanding loan Facility	:	US $ 500,000/-
Lender	:	Commercial Bank of Ceylon PLC
Purpose	:	Settlement of Existing USD 1.3 Mn Loan with Commercial bank
Security	:	Property situated at "Club Palm Bay", Thalawilawella, Thoduwawa, Marawila morefully depicted as lots 03 to 09 in Plan No 5656 dated 16/10/2016 by Mr. W S S A Fernando (L/S) in extent of A:24 R:0 P:2.7 owned by Marawila Resorts PLC
Special Condition		
Interest Rate	:	SOFR (3 months) + 4.15% p.a (Reviewed Quarterly)
Settlement	:	Total of existing USD term loan outstanding is USD 500,000/- which should be repaid in 60 monthly instalments

NOTES TO THE FINANCIAL STATEMENTS

24.5. Term loan - Commercial Bank

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	84,208,150	118,493,705
Interest during the year	4,184,209	3,410,370
Settlement during the year	(34,533,397)	(37,695,925)
Balance as at 31st March	53,858,962	84,208,150
Total Term Loan - Commercial Bank of Ceylon PLC		
Amount payable within one year	23,937,348	30,349,188
Amount payable after one year	29,921,614	53,858,962
	53,858,962	84,208,150

Loan		Term Loan Facility (Restructure)
Outstanding loan Facility	:	Rs. 54 Mn
Lender	:	Commercial Bank of Ceylon PLC
Purpose	:	Loan No:2457091 to absorb part of the ROD facility of Rs.30,000,000/-.
	:	Loan No:2154225, 2375978 to meet working capital requirement.
	:	Loan No:3198113 to absorb the capital outstanding of Loan No: 2552855
	:	Loan No:3197896 to absorb 80% of the accrued interest loan No: 2154225, 2375978, 2457091& 2552855
Security	:	Floating Primary Mortgage Bond No.5484 dated 26.03.2019 for Rs. 120,000,000/- executed over the property situated at "Club Palm Bay". Thalwilawella, Marawila more fully depicted as Lots 03 to 09 in Plan No. 5656 dated 16.10.2016 drawn by Mr. W S S A Fernando (L/S) in extent of A 24: R:0 P 2.7 owned by Marawila Resorts PLC.
Interest Rate	:	AWPLR + 1.5% p.a. (Reviewed monthly) on Loan No:2457091, 2154225, 2375978.
		At 15% p.a. on Loan 3198113
		Interest Free on 3197896
Settlement	:	Loan 2457091 total loan outstanding of Rs. 14.9 Mn should be repaid by 48 equal installments of Rs. 552,875/- together with interest.
	:	Loan 2154225 total loan outstanding of Rs. 10.5 Mn should be repaid by 46 equal monthly installment of Rs. 388,581/- and final installment of Rs. 388,575/- together with interest.
	:	Loan 2375978 total loan outstanding of Rs. 23.3 Mn should be repaid 47 equal monthly installment of Rs. 862,084/- and final installment of Rs. 862,052/- together with interest.
	:	Loan 3198113 total loan outstanding of Rs. 5.2 Mn should be repaid 47 equal monthly installment of Rs.191,239/- and final installment of Rs. 191,203/- together with interest.
	:	Loan 3197896 total loan outstanding of Rs. 10.7 Mn should be repaid 20 equal monthly total loan settled during the year Rs. 6,411,840 at an installment of Rs. 534,320/- and together with interest.

24.6. Term Loan Facility

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	84,000,000	-
Loan obtained during the year	-	90,000,000
Interest during the year	7,190,156	2,728,776
Settlement during the year	(25,190,156)	(8,728,776)
Balance as at 31st March	66,000,000	84,000,000
Total Term Loan Facility		
Amount payable within one year	18,000,000	18,000,000
Amount payable after one year	48,000,000	66,000,000
	66,000,000	84,000,000

Loan	:	Term Loan Facility
Outstanding loan Facility	:	66 Mn
Lender	:	Commercial Bank of Ceylon PLC
Purpose	:	Construction/ Renovation/ Refurbishment/ Additions of Buildings/ Refurbishment of the "Club Palm Bay" Hotel
Interest Rate	:	AWPLR + 1.5% p.a
Settlement	:	1,500,000/- p.m (60 instalments)

24.7. Term Loan Facility

As at 31st March	2026	2025
	Rs.	Rs.
Balance as at 01st April	-	-
Loan obtained during the year	40,000,000	-
Interest during the year	1,011,803	-
Settlement during the year	(11,011,803)	-
Balance as at 31st March	30,000,000	-
Total Term Loan Facility		
Amount payable within one year	30,000,000	-
Amount payable after one year	-	-
	30,000,000	-

Loan	:	Term Loan Facility (New)
Outstanding loan Facility	:	30 Mn
Lender	:	Commercial Bank of Ceylon PLC
Purpose	:	Meet the working capital requirement
Interest Rate	:	AWPLR + 1.5% p.a
Settlement	:	10 Mn within 03 months and 30 Mn within 04 months from the date granted

NOTES TO THE FINANCIAL STATEMENTS

25. TRADE AND OTHER PAYABLES

As at 31st March	2026	2025
	Rs.	Rs.
Trade payables	17,410,384	73,672,765
Accruals and other payable	48,735,084	46,498,594
Sales Advance	14,024,242	27,619,464
Project payables	1,450,107	1,950,386
Taxes Payable	58,368,533	98,574,017
	139,988,350	248,315,226

26. AMOUNTS DUE TO RELATED COMPANY

As at 31st March	2026	2025
	Rs.	Rs.
Lankem Ceylon PLC	5,799,907	5,168,103
Colombo Fort Group Services (Pvt) Ltd	639,713	304,153
Kotagala Plantations PLC	-	319,771
CW Mackie PLC	1,755,019	2,728,176
Union Commodities (Pvt) Ltd	-	32,793
E B Creasy & Company PLC	-	40,121
J F Packaging PLC	91,686	-
	8,286,325	8,593,117

Amount due to related parties stated above are unsecured, free of interest and the settlement occurs in cash on demand.

27. RELATED PARTY DISCLOSURE

27.1. Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS) 24 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors and their close family members have been classified as Key Management Personnel of the Company.

The terms and conditions of these transactions were no more favorable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

(i) Loans to directors

No loans have been given to the directors of the company during the year. (2025: Nil)

(ii) Key management personnel compensation

During the year the company has paid Rs. 3,207,900/- (2025 - Rs. 4,819,200/-) to the directors of the company.

(iii) Other transactions with key management personnel

There were no other transactions with key management personnel. (2025: Nil)

27.2. Transactions with Related Companies

27.3. Transactions with Related Companies – Recurrent Transactions

The company carries out transactions with related companies as defined in Sri Lanka Accounting Standard 24 - Related party Disclosure in the ordinary course of business. The names of the related companies , common directors and their relationship, nature and value of transaction are as follows. The outstanding balances with these related parties are disclosed in Note 17 and 26 to the Financial Statements.

Name of the Related Party	Name of common Directors	Nature of the Relationship	Nature of Transactions	2026	2025
				Rs.	Rs.
York Hotel Management Services Ltd.	Mr. S.D.R. Arudpragasam	Affiliate	Management fee	(89,923,680)	(62,575,555)
	Mr. Amrit Rajaratnam		Corporate Expenses	6,997,075	458,179
	Mr. Anushman Rajaratnam		Fund Transferred From Entity	62,968,909	87,350,000
	Mr. S. Rajaratnam				
	Mr. A.S.G.S. Pieries (appointed w.e.f. 05/08/2025)				
Beruwala Resorts PLC	Mr. S.D.R. Arudpragasam	Affiliate	Fund Transferred From Entity	11,225,000	58,000,000
	Mr. Anushman Rajaratnam		Settlement of Expenses	378,472	2,137,683
	Mr. Amrit Rajaratnam		Expenses	(378,472)	(2,137,683)
	Mr. S. Rajaratnam		Settlement of Salary Deferment	-	(2,312,300)
	Mr. S. B. Perera		Fund Transferred To Entity	(11,225,000)	(58,000,000)
	Mr. J.E.P.Kehelpannala				
	Mr. A. S. G. S. Pieries (appointed w.e.f. 05/08/2025)				
Sigiriya Village Hotels PLC	Mr. S.D.R. Arudpragasam	Affiliate	Settlement of Expenses	495,800	2,734,108
	Mr.Amrit Rajaratnam		Expenses	(495,800)	(2,734,108)
	Mr.S. Rajaratnam		Fund Transferred To Entity	(8,400,000)	(22,930,000)
	Mr. Anushman Rajaratnam		Fund Transferred From Entity	8,400,000	22,930,000
	Mr. S. B. Perera				
	Mr. J.E.P.Kehelpannala				
	Mr. A. S. G. S. Pieries (appointed w.e.f. 05/08/2025)				
Colombo Fort Hotels Ltd	Mr. S.D.R. Arudpragasam	Major Shareholder	Fund Transferred To Entity	-	25,800,000
	Mr. Anushman Rajaratnam		Fund Transferred From Entity	-	(25,000,000)
	Mr.S. Rajaratnam		Dividend Payment	(11,820,284)	-
	Mr.Amrit Rajaratnam				

NOTES TO THE FINANCIAL STATEMENTS

Name of the Related Party	Name of common Directors	Nature of the Relationship	Nature of Transactions	2026	2025
				Rs.	Rs.
Lankem Ceylon PLC	Mr. S.D.R. Arudpragasam	Parent	Purchases	(650,925)	(1,844,741)
	Mr. Anushman Rajaratnam		Sales	245,207	85,000
	Mr. S. B. Perera		General Pest Control Services	(1,092,904)	(5,051,863)
			Settlements of Services	951,818	7,816,356
			Receipts	(85,000)	-
CW Mackie PLC	Mr. S.D.R. Arudpragasam	Affiliate	Purchases	(12,561,888)	(2,728,176)
	Mr. Anushman Rajaratnam		Settlements of Services	13,535,044	-
	Mr. S. B. Perera				
Darley Butler & Co Ltd	Mr. S.D.R. Arudpragasam	Affiliate	Sales	68,793	170,000
	Mr. S. Rajaratnam		Receipts	(170,000)	-
Kotagala Plantations PLC	Mr. S.D.R. Arudpragasam	Affiliate	Settlement	319,771	(319,771)
	Mr. Anushman Rajaratnam				
	Mr. S. B. Perera				
E.B Creasy & Co PLC	Mr. S.D.R. Arudpragasam	Affiliate	Settlement	40,121	(40,121)
	Mr. S. Rajaratnam				
	Mr. S. B. Perera				
Colombo Fort Group Services (Pvt) Ltd.	Mr. S.D.R. Arudpragasam	Affiliate	Service	(5,676,174)	(3,524,587)
	Mr. Anushman Rajaratnam		Expenses Paid	5,340,613	3,247,348
Galle Fort Hotel (Pvt) Ltd	Mr. S.D.R. Arudpragasam	Affiliate	Expenses	-	(54,804)
	Mr. Amrit Rajaratnam		Settlement of Expenses	-	54,804
	Mr. S. Rajaratnam		Fund Transferred To Entity	-	(20,000,000)
	Mr. Anushman Rajaratnam		Fund Transferred From Entity	-	20,000,000
Sherwood Holidays Ltd	Mr. S.D.R. Arudpragasam	Affiliate	Expenses	-	(1,722,876)
	Mr. Amrit Rajaratnam		Settlement of Expenses	-	1,722,876
	Mr. S. Rajaratnam				
American Lloyd Travels Limited	Mr. S.D.R. Arudpragasam	Affiliate	Fund Transferred To Entity	-	(10,000,000)
	Mr. S. Rajaratnam		Fund Transferred From Entity	-	10,000,000
	Mr. Amrit Rajaratnam				
	Mr. Anushman Rajaratnam				

Name of the Related Party	Name of common Directors	Nature of the Relationship	Nature of Transactions	2026	2025
				Rs.	Rs.
Union Commodities (Pvt) Ltd	Mr. S.D.R. Arudpragasam	Affiliate	Settlements of Services	32,793	(32,793)
	Mr. Anushman Rajaratnam				
	Mr. Amrit Rajaratnam (resigned w.e.f. 16.01.2026)				
	Mr. A. S. G. S. Pieries (appointed w.e.f. 16.05.2025)				

28. COMMITMENTS

There were no material capital commitments as at the reporting date which require disclosure in the financial statements.

29. CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date which require adjustment or disclosure in the financial statements.

30. LITIGATIONS

Pending Litigations against Company

Based on the available information, the Management is of the view that there are no material litigation or claims other than those disclosed below that could have material impact on the financial position. Accordingly, no provision has been made for following legal claims in the Financial Statements. The Board of Directors of the Company having consulted the legal counsel have determined that no provision is required for the below case outstanding against the company as at 31 March 2026.

Commercial High Court of Kurunegala – Case No NWP/HCCA/KUR/106/2021/FA

31. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which require adjustment or disclosure in the financial statements.

32. GOING CONCERN

The Company's Current Liabilities exceeded its Current Assets by Rs. 194,824,433/- as at 31st March 2026.

Notwithstanding this, the financial statements have been prepared on a going concern basis as at 31st March 2026 based on a comprehensive review of the Company's affairs including, but not limited to;

- The cash flow forecast of the Company for the period up to next 12 months.
- The Company's ability in settling the statutory payables and other liabilities when they fall due and payable.
- Revenue and profitability forecasts of the Company for the period up to next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT

(i) Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. They are responsible for developing and monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors of Marawila Resorts PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

33.1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and this principally arises from the Company's receivables from customers.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

		Carrying Amount	
		2026	2025
	Note	Rs.	Rs.
Receivables from trade debtors and related Companies	16	114,387,402	147,184,108
Less : Provision for impairment loss on Trade Receivables	16	(3,930,550)	(3,930,550)
Exposure on Receivables from trade debtors and related companies		110,456,852	143,253,558
Balances with Banks	18	4,812,815	79,111,899
		115,269,667	222,365,457

Management of Credit Risk

Credit Quality of Financial Assets

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

Cash & Cash equivalents

Company held cash and cash equivalents of Rs. 7,019,488/- as at 31 March 2026 (2025 - Rs. 82,066,652/-), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are rated AAA(lka) to BBB-(lka), based on Fitch Ratings

33.2. Expected Credit Loss Assessment

The Company uses an allowance matrix to measure ECLs for trade receivables from customers. Loss rates are calculated using "roll rate method" based on the probability of receivable progressing through successive stages of delinquency write off. Roll rates are calculated separately for exposures in different segments based on common credit risks characteristics such as geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2026.

As at 31st March	2026		2025	
	Gross Balance	Impairment	Gross Balance	Impairment
	Rs.	Rs.	Rs.	Rs.
Less than 30 days	45,945,519	-	67,672,663	-
Past due 31-60 days	24,196,481	-	9,401,378	-
Past due 61 - 365 days	6,788,568	-	774,046	-
More than one year	3,930,550	3,930,550	3,930,550	3,930,550
	80,861,117	3,930,550	81,778,637	3,930,550

Amounts due from Related Company's

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related company. The Company does not require a provision for impairment in respect of amounts due from related companies.

The aging of amount due from related companies at the reporting date was;

As at 31st March	2026		2025	
	Gross Balance	Impairment	Gross Balance	Impairment
	Rs.	Rs.	Rs.	Rs.
Not past due	-	-	-	-
Less than One Year	23,046,569	-	43,905,471	-
More than One Year	10,479,716	-	21,500,000	-
	33,526,285	-	65,405,471	-

NOTES TO THE FINANCIAL STATEMENTS

33.3. Liquidity risk

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

The following are the contractual maturities of Financial Liabilities, Including estimated interest payments.

As at 31st March 2026	Carrying amount	Contractual cash flows	12 months or less	1 - 2 years	2 - 5 Years	More than 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest bearing borrowings	309,514,962	(387,925,709)	(158,962,842)	(178,517,745)	(50,445,122)	-
Trade and other payables	139,988,350	(139,988,350)	(139,988,350)	-	-	-
Amount due from related party	8,286,325	(8,286,325)	(8,286,325)	-	-	-
Bank overdraft	53,234,386	(53,234,386)	(53,234,386)	-	-	-
	511,024,023	(589,434,770)	(360,471,903)	(178,517,745)	(50,445,122)	-

As at 31st March 2025	Carrying amount	Contractual cash flows	12 months or less	1 - 2 years	2 - 5 Years	More than 5 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest bearing borrowings	357,987,527	(424,056,800)	(112,122,127)	(143,272,621)	(168,662,051)	-
Trade and other payables	248,315,226	(248,315,226)	(248,315,226)	-	-	-
Amount due from related party	8,593,117	(8,593,117)	(8,593,117)	-	-	-
Bank overdraft	64,571,266	(64,571,266)	(64,571,266)	-	-	-
	679,467,138	(745,536,410)	(433,601,737)	(143,272,621)	(168,662,051)	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

33.4. Market risk

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

33.5. Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD) and Euro (EUR).

Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts;

Company	2026		2025	
	USD	EUR	USD	EUR
Trade and Other Receivables	16,592	104,137	4,550	146,830
Cash and Cash Equivalents	103	73	148,511	44,915
Interest bearing borrowings	(500,000)	-	(631,376)	-
Gross Statement of Financial Position exposure	(483,305)	104,210	(478,315)	191,745

The following significant exchange rates applied during the year:

Company	Average Rate		Reporting date spot Rate	
	2026	2025	2026	2025
USD	304.36	296.32	311.77	299.44
EUR	352.86	319.78	356.28	338.46

33.5. Currency risk (Continued)

Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD and EUR at 31st March 2026 would have increased / (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening/ (Weakening) in exchange rate USD/EUR	Effect on Profit Before Tax Rs.
As at 31st March 2026		
USD	+10%	(14,472,087)
	-10%	14,472,087
EUR	+10%	3,527,093
	-10%	(3,527,093)
As at 31st March 2025		
USD	+10%	(14,322,665)
	-10%	14,322,665
EUR	+10%	6,489,820
	-10%	(6,489,820)

NOTES TO THE FINANCIAL STATEMENTS

33.6. Interest rate risk

At the reporting date, the interest rate profile of the the Company's interest bearing financial instruments was as follows;

	2026	2025
Variable rate instruments		
Financial liabilities	309,514,962	357,987,527
Bank Overdraft	53,234,386	64,571,266
	362,749,348	422,558,793

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase	100 bp decrease
	Rs.	Rs.
As at 31st March 2026	3,627,493	4,225,588
As at 31st March 2025	4,225,588	5,320,929

33.7. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

34. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity, excluding non controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2026	2025
Total Liabilities (Rs.)	1,010,316,374	1,141,071,212
Less: Cash and Cash Equivalents (Rs.)	46,214,898	(17,495,386)
Net Debt (Rs.)	1,056,531,272	1,123,575,827
Total Equity (Rs.)	1,132,677,040	1,113,782,765
Net Debt to Equity ratio (Times)	0.93	1.01

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

35. FAIR VALUE MEASUREMENT

Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The different levels have been defined as follows:

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : Input other than quoted prices included within 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 assets or liability that are not based on observable market data (unobservable inputs).

		Carrying Amounts				Fair Values			
31st March 2026	Note	FAMAAC	FVTOCI	OFL	Total	Level 1	Level 2	Level 3	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value									
Financial Assets Measured at FVTOCI	14		10,542,030		10,542,030	90,000		10,452,030	10,542,030
		-	10,542,030	-	10,542,030	90,000	-	10,452,030	10,542,030
Financial Assets Not Measured at Fair Value									
Trade and Other Receivables, excluding Prepayments, Deposits and Tax Recoverable		80,861,117			80,861,117				
Cash and Cash Equivalents	18	7,019,488			7,019,488				
Amounts due from Related Parties	17	33,526,285			33,526,285				
		121,406,890	-	-	121,406,890	-	-	-	-
Financial Liabilities Not Measured at Fair Value									
Trade and Other Payables *				91,253,266	91,253,266				-
Bank Overdraft/ (Secured)	18			53,234,386	53,234,386				-
Interest Bearing Borrowings - Loan	24			309,514,962	309,514,962		309,514,962		309,514,962
Amount due to Related Companies	26			8,286,325	8,286,325				-
		-	-	462,288,939	462,288,939	-	309,514,962	-	309,514,962

		Carrying Amounts				Fair Values			
31st March 2025	**Note**	**FAMAAC**	**FVTOCI**	**OFL**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Financial Assets Measured at Fair Value									
Financial Assets Measured at FVTOCI	14		10,791,961		10,791,961	111,000		10,680,961	10,791,961
		-	10,791,961	-	10,791,961	111,000	-	10,680,961	10,791,961
Financial Assets Not Measured at Fair Value									
Trade and Other Receivables, excluding Prepayments, Deposits and Tax Recoverable		81,778,637			81,778,637				
Cash and Cash Equivalents	18	82,066,652			82,066,652				
Amounts due from Related Parties	17	65,405,471			65,405,471				
		229,250,760	-	-	229,250,760	-	-	-	-
Financial Liabilities Not Measured at Fair Value									
Trade and Other Payables *				201,816,632	201,816,632				-
Bank Overdraft/ (Secured)	18			64,571,266	64,571,266				-
Interest Bearing Borrowings - Loan	24			357,987,527	357,987,527		357,987,527		357,987,527
Amount due to Related Companies	26			8,593,117	8,593,117				-
		-	-	632,968,542	632,968,542	-	357,987,527	-	357,987,527

During the year there were no any transfers between the levels.

* Accrued Expenses that are not Financial Liabilities are not included.

FVTOCI - Fair Value Through OCI

FAMAAC - Financial Assets measured at Amortized Cost

OFL - Other Financial Liabilities

35.1. Unobservable inputs used in measuring fair value

Type of financial Instrument	Fair value as at 31st March 2026 Rs.	Valuation technique	Significant unobservable valuation inputs	Sensitivity of unobservable inputs
Unquoted equity investment in Colombo Fort Hotels Limited (CFHL)	10,680,961	Fair value is based on net assets value per share as per latest financial statements of CFHL.	Net assets value per share	Net assets value per share is positively correlated with OCI

SHARE INFORMATION

DISTRIBUTION OF SHARES

No. of Shares Held	As At 31st March 2026			As At 31st March 2025		
	No of Shareholders	Total Holding	%	No of Shareholders	Total Holding	%
1 - 1,000	2,266	703,860	0.20	2,176	676,047	0.19
1,001 - 10,000	1,424	5,857,905	1.66	1,297	5,198,455	1.48
10,001 - 100,000	639	22,779,486	6.47	525	17,234,012	4.90
100,001 - 1,000,000	165	51,542,544	14.65	146	47,305,248	13.44
Over 1,000,000	36	271,039,594	77.02	41	281,509,627	79.99
	4,530	351,923,389	100.00	4,185	351,923,389	100.00

ANALYSIS OF ORNIDARY SHAREHOLDERS

	As At 31st March 2026			As At 31st March 2025		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
Individuals	4,337	80,883,795	22.98	4,007	83,232,338	23.65
Institutions	193	271,039,594	77.02	178	268,691,051	76.35
	4,530	351,923,389	100.00	4,185	351,923,389	100.00

PUBLIC HOLDING

The Percentage of Shares held by the public as at 31st March 2026 was 43.41% (31st March 2025 was 43.58%).

The applicable option under CSE Rule 7.13.1(i) (b) on minimum public holding is option 2 and the Float Adjusted Market Capitalization as of 31.03.2026 was Rs. 870,788,676.04.

The Number of Public Shareholders as at 31st March 2026 were 4,510.

The Market Value of an Ordinary Share of Marawila Resorts PLC is given below:

Market Prices of the Year	As at 31.03.2026	As at 31.03.2025
	Rs.	Rs.
Highest Price	8.50	7.60
Lowest Price	5.30	3.20
Market Value as at the year end	5.70	6.80

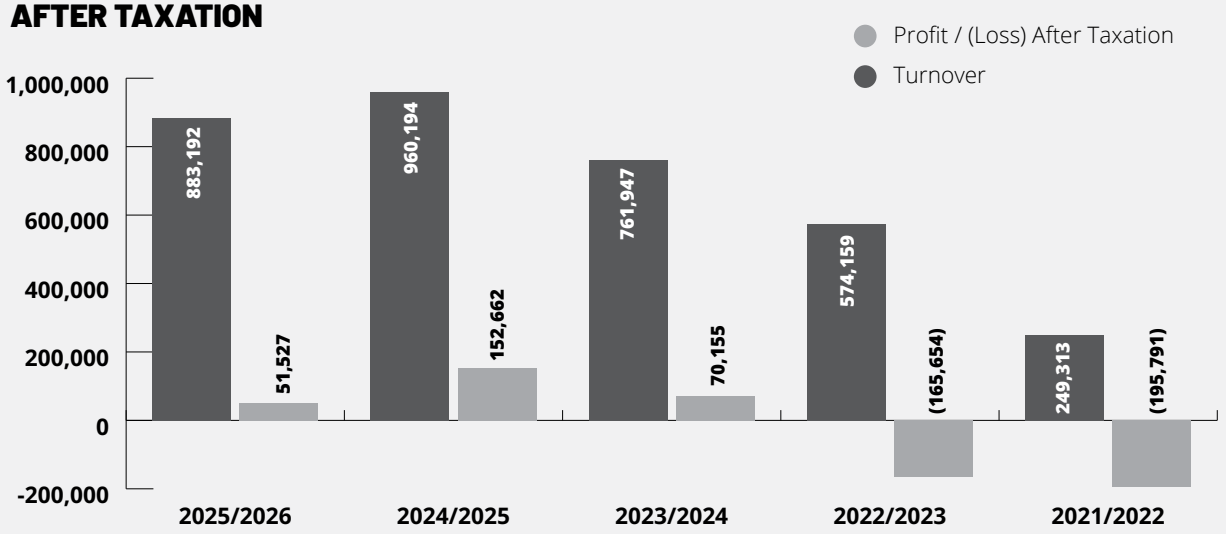
TOP 20 SHAREHOLDERS COMPARATIVES

Position	Name of the Shareholder	31.03.2026		31.03.2025	
		No. of Shares	Percentage	No. of Shares	Percentage
1	COLOMBO FORT HOTELS LIMITED	139,062,165	39.51%	139,062,165	39.51%
2	SIGIRIYA VILLAGE HOTELS PLC	17,000,000	4.83%	17,000,000	4.83%
3	SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	13,347,838	3.79%	7,939,560	2.26%
4	UNION BANK OF COLOMBO PLC/LANKEM CEYLON PLC	11,023,676	3.13%	11,023,676	3.13%
5	HNB INVESTMENT BANK (PVT) LTD/UNION INVESTMENTS (PVT) LIMITED	10,000,000	2.84%	10,000,000	2.84%
6	PEOPLE S LEASING AND FINANCE PLC/NAGOYA CEYLON TRADING (PVT) LTD	7,872,791	2.24%	8,068,975	2.29%
7	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	6,225,978	1.77%	5,119,711	1.45%
8	LANKEM CEYLON PLC	5,455,153	1.55%	-	-
9	HATTON NATIONAL BANK PLC/ANUSHMAN RAJARATNAM	4,371,651	1.24%	2,889,366	0.82%
10	HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	4,325,931	1.23%	3,048,697	0.87%
11	MR. KANGADARAN MATHIVANAN	3,820,751	1.09%	-	-
12	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	3,579,800	1.02%	3,579,800	1.02%
13	HATTON NATIONAL BANK PLC/ KORALAGODAGE DON SAHAN RACHITRA KULATUNGA & MRS. OSHADHINI UPULIKA KUMARI JAYASUNDARA	3,500,000	0.99%	3,500,000	0.99%
14	MR. AMIRALLY LUKMANJEE	3,432,500	0.98%	3,432,500	0.98%
15	HATTON NATIONAL BANK PLC/JUDE NISHANTHA WEERAKOON	3,409,190	0.97%	3,577,326	1.02%
16	MR. RAVINDRA ERLE RAMBUKWELLE	3,305,000	0.94%	6,400,000	1.82%
17	THE COLOMBO FORT LAND AND BUILDING PLC	2,516,666	0.72%	2,516,666	0.72%
18	MR. ANUSHMAN RAJARATNAM	2,505,448	0.71%	4,402,760	1.25%
19	PEOPLE'S LEASING & FINANCE PLC/ L.P.HAPANGAMA	2,294,343	0.65%	3,194,343	0.91%
20	ASSETLINE FINANCE PLC/R.SAMARAWEERA	2,009,183	0.57%	-	-
		249,058,064	70.77%	234,755,545	66.71%

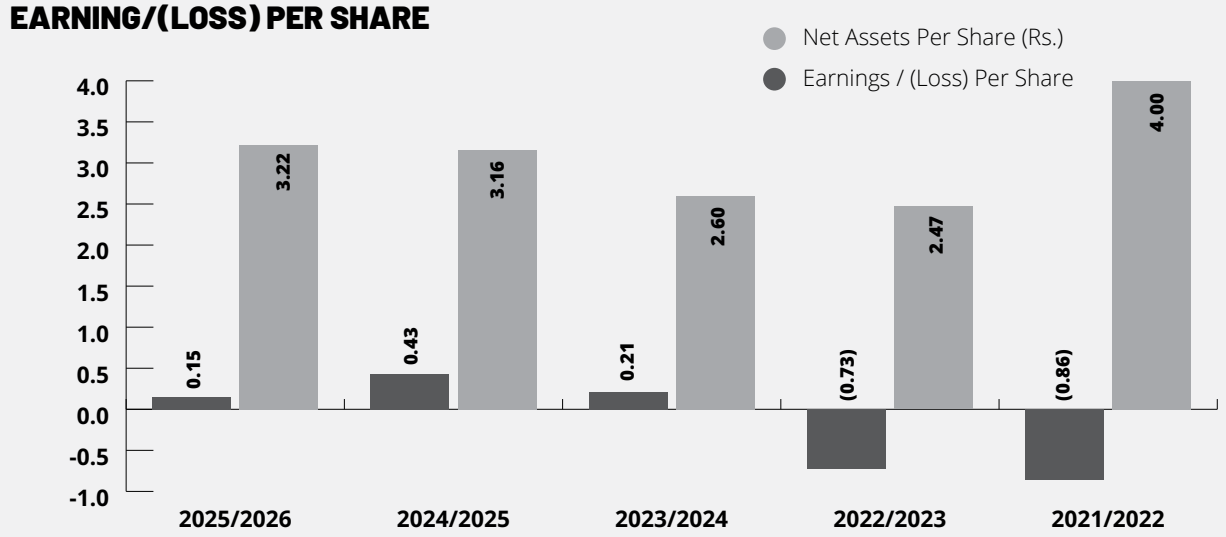
FIVE YEAR SUMMARY

For the Year Ended 31st March	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Occupancy	50%	59%	46%	33%	28%
Trading Results					
Turnover	883,192	960,194	761,947	574,159	249,313
Profit / (Loss) After Taxation	51,527	152,662	70,155	(165,654)	(195,791)
Assets & Liabilities					
Property, Plant & Equipment	1,973,216	1,990,627	1,823,944	1,771,757	1,794,721
Investments	10,542	10,792	8,640	8,189	10,793
Net Current Assets / (Liabilities)	(194,824)	(149,351)	(25,445)	(284,750)	(226,672)
Non Current Liabilities	656,256	738,286	931,513	931,231	666,540
Share Capital & Reserves					
Stated Capital	550,000	550,000	550,000	1,317,500	1,317,500
(Accumulated Loss) / Retained Earnings	223,103	203,958	50,499	(1,028,287)	(744,465)
FVTOCI / AFS Reserve	(8,615)	(8,365)	(10,517)	(10,833)	(11,130)
Revaluation Reserve	368,189	368,189	285,643	285,644	350,934
Shareholders funds	1,132,677	1,113,783	875,624	564,024	912,837
Dividend					
Dividend Per Share (Rs.)	-	0.10	-	-	-
Dividend Payout	-	23.2%	-	-	-
Others					
Earnings / (Loss) Per Share	0.15	0.43	0.21	(0.73)	(0.86)
Net Assets Per Share (Rs.)	3.22	3.16	2.60	2.47	4.00

REVENUE & PROFIT/(LOSS) AFTER TAXATION



NET ASSETS PER SHARE & EARNING/(LOSS) PER SHARE



NOTES

FORM OF PROXY

I/We ..... of

.....

being a member/members of MARAWILA RESORTS PLC hereby appoint .....

of ..... or failing him

1. Sri Dhaman Rajendram Arudpragasam of Colombo or failing him
2. Sanjeev Rajaratnam of Colombo or failing him
3. Amrit Rajaratnam of Colombo or failing him
4. Anushman Rajaratnam of Colombo or failing him
5. Shrihan Blaise Perera of Colombo or failing him
6. Jayantissa Emalka Pohath Kehelpannala of Colombo or failing him
7. Asantha Sunanda Gunasekerage Senanayake Pieries of Colombo

as my / our proxy to represent me/us and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 21st August 2026 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026, with the Report of the Auditors thereon	☐	☐
2.	To re-elect Mr. Sanjeev Rajaratnam as a Director	☐	☐
3.	To re-elect Mr. Anushman Rajaratnam as a Director	☐	☐
4.	To re-elect Mr. A.S.G.S. Pieries as a Director	☐	☐
5.	To reappoint Mr. S.D.R. Arudpragasam as a Director	☐	☐
6.	To authorise the Directors to determine contributions to charities.	☐	☐
7.	To reappoint as Auditors, Messrs. KPMG Chartered Accountants, and authorise the Directors to determine their remuneration	☐	☐

Signed this ..... day of ..... Two Thousand and Twenty Six.

.....

Signature of Shareholder(s)

Instructions as to completion are stated on the reverse thereof. Please delete the inappropriate words.

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the way in which instructions contained in the proxy form have been completed) as to the way in which the proxy should vote, the proxy will vote as he thinks fit.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Please perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.
2. In the case of Company/Corporation, this Form of Proxy must be executed either under its Common Seal or by its Attorney or by an Authorized Officer on behalf of such Company/ Corporation duly authorized in writing.
3. In the case of a proxy signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not been Registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt) Limited 8-5/2 Leyden Bastian Road, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.

Designed & Produced by
mediaWIZE®
Annual Reports

FORT
RESORTS

CLUB PALM BAY
FORT RESORTS

THE PALMS
FORT RESORTS

SIGIRIYA VILLAGE
FORT RESORTS

info@forthotels.lk | www.fort-resorts.com