Royal Palms Beach Hotels PLC

Annual Report
2025/2026

Contents

Financial Highlights

Year ended 31st March	2026 Rs.'000	2025 Rs.'000	% Change
Results for the year			
Gross Revenue	**1,050,725**	955,845	9.93
Cost of sales	**(294,749)**	(304,474)	3.19
Operating Profit before Interest & Tax	**114,285**	35,077	225.81
Finance Income	**18,348**	13,172	39.30
Interest expense	**(1,816)**	(2,067)	12.14
Profit /(Loss) before tax	**203,455**	33,915	499.90
Income tax expense	**(49,388)**	(17,859)	176.54
Profit /(Loss) after tax	**154,067**	16,056	859.56
Profit /(Loss) attributable to shareholders	**154,067**	16,056	859.56
Dividend paid	**-**	-	-
Financial Position at the end of the year			
Shareholders' funds (Stated Capital & Reserves)	**2,935,312**	2,776,409	5.72
Total Assets	**3,961,895**	3,781,678	4.77
Number of Share in Issue (Millions)	**50**	50	-
Information per Ordinary share			
Earnings per share (Rs.)	**3.08**	0.32	862.50
Dividend per share (Rs.)	**-**	-	-
Net Asset per share (Rs.)	**58.71**	55.53	5.73
Ratios			
Return on shareholders' funds (%)	**5.25**	0.58	805.17
Return on total assets (%)	**3.89**	0.42	826.19
Year on year EPS Growth (%)	**862.50**	(90.53)	1,052.72
Interest cover (Times)	**113.05**	17.40	549.71
Dividend cover (Times)	**-**	-	-
Equity : Assets (%)	**74.09**	73.42	0.91
Current Ratio (Times)	**5.22**	5.14	1.56
Gearing Ratio (%)	**0.46**	2.27	(79.74)
Market Shareholder Information			
Market price of a share as at 31st March (Rs.)	**50.60**	33.00	53.33
Market Capitalisation (Rs.' 000)	**2,530,000**	1,650,000	53.33
Price Earnings Ratio (Times)	**16.43**	103.13	(84.07)

Chairperson's Review

Dear Shareholders,
It is my pleasure to present the Annual Report of Royal Palms Beach Hotels PLC for the financial year ended 31 March 2026.

The year under review marked a significant milestone in the Company's journey as Royal Palms Beach Hotel demonstrated resilience, strategic agility, and renewed commercial strength amidst an increasingly dynamic global operating environment. While the year commenced with softer-than-anticipated trading conditions during the traditional off-season, a strong resurgence in international travel demand during the winter months, coupled with disciplined management and focused commercial initiatives, enabled the Company to deliver a notable improvement in financial performance and strengthen its position within Sri Lanka's hospitality sector.

Our performance during the year reflects more than favourable market conditions. It demonstrates the value of long-term strategic planning, prudent financial management, continuous investment in our people and property, and an unwavering commitment to delivering exceptional guest experiences.

A Tourism Industry Entering a New Phase
Global tourism continued its positive trajectory during 2025, surpassing pre-pandemic benchmarks as international travel demand remained resilient despite geopolitical tensions, evolving economic conditions, and inflationary pressures in several key markets. Travellers increasingly sought authentic experiences, personalised service, wellness offerings, and environmentally responsible destinations, creating new opportunities for operators capable of responding to these changing expectations.

Against this encouraging backdrop, Sri Lanka recorded its highest-ever annual tourist arrivals, welcoming more than 2.36 million visitors during 2025 and surpassing the previous record established in 2018. The country's continued macroeconomic stabilisation, improved investor confidence, enhanced international connectivity, and growing destination appeal reinforced tourism's position as one of Sri Lanka's most important contributors to economic growth and foreign exchange earnings.

While the industry celebrated record visitor numbers, the year also highlighted the importance of creating greater value from tourism through higher-spending market segments, longer visitor stays, and differentiated tourism experiences. We believe Royal Palms Beach Hotel is well positioned to contribute meaningfully to this next phase of industry development.

Delivering a Sustained Financial Performance
The Company recorded a significant improvement in financial performance during the year, reflecting the resilience of our business model, the continued recovery of Sri Lanka's tourism sector, and the disciplined execution of our strategic priorities.

More notably, profit before taxation increased almost six-fold to Rs. 202.9 million, while profit after taxation reached Rs. 160.8 million. Revenue increased to Rs. 1.09 billion from Rs. 1.05 billion in the previous year. Operating cash flows also strengthened significantly to Rs. 364.5 million, providing the financial flexibility to continue investing in our property while further reinforcing the Company's balance sheet.

These results reflect not only improving market conditions but also management's disciplined approach to operational efficiency, prudent cost management, and sustainable value creation. Although the first half of the financial year remained challenging, the Company demonstrated considerable resilience by responding effectively to changing market dynamics and capitalising on the stronger tourism demand experienced during the latter part of the year.

We also continued to invest in maintaining and enhancing the Hotel's infrastructure, ensuring that Royal Palms Beach Hotel remains well positioned to meet evolving guest expectations while safeguarding the long-term value of our assets. Together with our continued focus on service excellence, financial discipline, and operational resilience, these investments provide a strong foundation for sustainable growth in the years ahead.

Strengthening Our Market Position
One of the year's defining achievements was the continued strengthening of the Royal Palms brand within an increasingly competitive hospitality landscape.

The comprehensive repositioning of the Hotel's digital identity, together with enhanced engagement across online travel platforms and social media channels, significantly improved market visibility and guest engagement. Strategic participation in leading international travel exhibitions, strengthened partnerships with overseas tour operators, and expanded promotional initiatives within the MICE and leisure segments further broadened our market reach.

Particularly encouraging was the continued growth of regional travel, especially from India and the wider South Asian market. Supported by the well-established reputation and expertise of Tangerine Tours, the Group successfully enhanced its presence within these strategically important markets through hospitality experiences tailored to the preferences and expectations of regional travellers.

Recognition through prestigious international awards, including the TripAdvisor Travellers' Choice Award, HolidayCheck Gold Award, and Booking.com Traveller Review Award, further affirmed our commitment to service excellence and reinforced Royal Palms Beach Hotel's reputation as one of Sri Lanka's leading resort destinations.

Operational Excellence Through People

At the heart of our success is an exceptional team whose dedication, professionalism, and commitment continue to distinguish Royal Palms Beach Hotel.

Throughout the year, we continued investing in employee development through structured training, leadership development, succession planning, and initiatives designed to enhance operational capability and service excellence. We remain committed to fostering a workplace that values collaboration, innovation, diversity, and continuous learning, recognising that our people are our greatest competitive advantage.

Operational excellence has also been supported by disciplined cost management, continuous process improvement, effective revenue optimisation, and prudent resource allocation. These initiatives have strengthened organisational resilience while ensuring that guest satisfaction remains central to everything we do.

Looking Ahead with Confidence

While the global tourism industry continues to face uncertainty arising from geopolitical developments, changing travel patterns, and broader economic conditions, the long-term outlook for Sri Lanka's hospitality sector remains encouraging.

Royal Palms Beach Hotel enters the new financial year from a position of greater strength. The Company's financial position, supported by total equity of approximately Rs. 2.94 billion at year end, provides a solid foundation for continued investment in product enhancement, guest experience, and long-term sustainable growth.

Our strategic priorities remain firmly focused on enhancing guest experiences, expanding our presence across key international and regional markets, strengthening our digital capabilities, investing in our people and infrastructure, and maintaining sound financial discipline.

We will continue building a resilient organisation capable of adapting to changing market dynamics while creating sustainable long-term value for our shareholders and all stakeholders.

Appreciation

On behalf of the Board of Directors, I extend my sincere appreciation to our shareholders for their continued confidence and support. I also wish to thank my fellow Directors for their guidance and stewardship throughout the year.

My heartfelt gratitude is extended to our management team and every member of staff whose commitment, professionalism, and passion have made this year's achievements possible.
I also thank our valued guests, business partners, travel agents, tour operators, suppliers, and the communities in which we operate for their continued trust and enduring partnership.

Together, we look forward to building upon this year's success as Royal Palms Beach Hotel continues its journey towards sustainable growth, operational excellence, and enduring value creation.

Angeline Ondaatje

A.M. Ondaatjie
Chairperson

17th August 2026

Board of Directors

Ms. A M Ondaatjie
Chairperson-Non-Executive Director

Ms. Angeline Ondaatjie was appointed to the Board on 14th August 1992 and assumed the role of Chairperson and Managing Director on 13th May 2019. She stepped down from the position of Managing Director with effect from 30th June 2022. Ms. Ondaatjie has over 30 years of experience across the tourism, financial services, and manufacturing sectors. She holds a Master's degree from the University of Texas at Austin, USA, and a Bachelor of Science degree from the Massachusetts Institute of Technology (MIT), USA. She is a former Director of the Sri Lanka Tourism Promotion Bureau and a former Vice President of the Tourist Hotels Association. Currently, Ms. Ondaatjie serves as a Safety Advisor for Princeton in Asia, is a member of the Education Council of MIT, and is a Trustee of the Lionel Wendt Memorial Fund.

Ms. Ondaatjie currently serves on the Boards of the following companies:

	Name of the Company	Position held	Executive/Non Executive
1	Mercantile Investments and Finance PLC	Director	Executive
2	Mercantile Fortunes (Pvt) Limited	Director	Non-Executive
3	Nilaveli Beach Hotels (Pvt) Limited	Director	Non-Executive
4	Tangerine Beach Hotels PLC	Chairperson	Non-Executive
5	The Nuwara Eliya Hotels Co.PLC	Director	Non-Executive
6	Tangerine Tours (Pvt) Limited	Chairperson	Non-Executive
7	Security Ceylon (Pvt) Limited	Director	Non-Executive
8	Global Films Limited	Director	Non-Executive
9	International Fortunes (Pvt) Limited	Director	Non-Executive
10	Mercantile Orient (Pvt) Limited	Director	Non-Executive
11	Fair View Hotel (Pvt) Limited	Director	Non-Executive
12	Nilaveli Hotels (Pvt) Limited	Director	Non-Executive
13	Mercantile Fortunes Insurance Brokers (Pvt) Ltd	Director	Non-Executive
14	The Light House Hotel PLC	Director	Non-Executive
15	Phoenix Industries Limited	Director	Non-Executive
16	Brushco (Pvt) Ltd	Director	Non-Executive
17	Tangerine Vacations (Pvt) Ltd	Chairperson	Non-Executive

Mr. G G Ondaatjie
Non-Executive Director

Mr. Gerard Ondaatjie was appointed to the Board on 4th December 1993. He has over 30 years of experience in the tourism, financial services, and trading sectors. He holds a Bachelor of Science degree in Accountancy from Arizona State University, USA. He is a former Member of the Commission on the Simplification of Existing Laws and Regulations in the Interest of the People, and a former Member of the Colombo Port City Economic Commission. He currently serves as a member of the Tourism Advisory Committee.

Mr. Ondaatjie also serves on the Boards of the following companies:

	Name of the Company	Position held	Executive/Non Executive
1	Mercantile Investments and Finance PLC	Managing Director	Executive
2	The Nuwara Eliya Hotels Company PLC	Dy.Chairman	Non-Executive
3	Tangerine Beach Hotels PLC	Director	Non-Executive
4	Nilaveli Beach Hotels (Pvt) Limited	Director	Non-Executive
5	Tangerine Tours (Pvt) Limited	Director	Non-Executive
6	Security Ceylon (Pvt) Limited	Chairman	Non-Executive
7	Mercantile Fortunes (Pvt) Limited	Chairman	Non-Executive
8	Global Films Limited	Chairman	Non-Executive
9	Mercantile Orient (Pvt) Limited	Chairman	Non-Executive
10	International Fortunes (Pvt) Limited	Chairman	Non-Executive
11	Fair View Hotel (Pvt) Limited	Chairman	Non-Executive
12	Nilaveli Hotels (Pvt) Limited	Director	Non-Executive
13	Mercantile Fortunes Insurance Brokers (Pvt) Limited	Chairman	Non-Executive
14	Tangerine Vacations (Pvt) Ltd	Director	Non-Executive

Mr. T J Ondaatjie
Non-Executive Director

Mr. Travice Ondaatjie was appointed to the Board on 20th July 1995. He has over 25 years of experience in the tourism and financial services sectors. He holds a Bachelor of Science degree from Arizona State University, USA.

Mr. Ondaatjie currently serves on the Boards of the following companies:

	Name of the Company	Position held	Executive/Non Executive
1	Mercantile Investments and Finance PLC	*Director*	Executive
2	Tangerine Beach Hotels PLC	*Director*	Non-Executive
3	The Nuwara Eliya Hotels Co PLC	*Director*	Non-Executive
4	Nilaveli Beach Hotels (Pvt) Limited	*Chairman*	Non-Executive
5	Tangerine Tours (Pvt) Limited	*Director*	Non-Executive
6	Security Ceylon (Pvt) Limited	*Director*	Non-Executive
7	Mercantile Fortunes (Pvt) Ltd	*Director*	Non-Executive
8	Global Films Limited	*Director*	Non-Executive
9	Mercantile Orient (Pvt) Limited	*Director*	Non-Executive
10	International Fortunes (Pvt) Limited	Director	Non-Executive
11	*Fair View Hotel (Pvt) Limited*	Director	Non-Executive
12	*Nilaveli Hotels (Pvt) Limited*	Chairman	Non-Executive
13	*Mercantile Fortunes Insurance Brokers (Pvt)Ltd*	Director	Non-Executive
14	*Tangerine Vacations (Pvt)Ltd*	Director	Non-Executive

Mr. N H V Perera
Non Executive Independent Director

Mr. Hasantha Perera was appointed to the Board on 25th November 1999. He is and has been attached to Lucian Perera Associates, a legal firm, for over a period of ten years. Mr. Perera presently serves on the Boards of the following companies.

	Name of Company	Position Held	Executive/Non Executive
1	Tangerine Beach Hotels PLC	Director	Non-Executive
2	Yala Safari Beach Hotels Limited	Director	Non-Executive
3	Blue Oceanic Beach Hotel Limited	Director	Non-Executive
4	Yala Properties (Pvt) Limited	Director	Non-Executive
5	South Asia Economic and Trading Corporation (Pvt) Limited	Director	Non-Executive
6	Ceylon Electro Mechanical Services (Pvt)Limited	Director	Non-Executive
7	Desano Investments Limited	Director	Non-Executive
8	Tisara Hotels (Pvt) Limited	Director	Non-Executive
9	Koggala Beach Resorts (Pvt) Limited	Director	Non-Executive
10	Thisara Investments (Pvt) Limited	Director	Non-Executive
11	Ranyan Industries (Pvt) Limited	Director	Non-Executive
12	Ranali Marketing (Pvt) Limited	Director	Non-Executive
13	Janath Tranding & Investments (Pvt) Limited	Director	Non-Executive
14	Long Beach Resort (Pvt) Limited	Director	Non-Executive
15	N Vaithyalingam & Company Limited	Director	Non-Executive
16	Sugar and Spice (Pvt) Limited	Director	Executive
17	The Coastal Village (Pvt) Limited	Director	Non-Executive
18	Barron House (Pvt) Limited	Director	Non-Executive

Mr. A de Zoysa
Non Executive Independent Director

Mr. Ajita de Zoysa was appointed to the Board in 1999. He is the Chairman of Associated Electrical Corporation Ltd and has held a number of leadership positions across the manufacturing, trading, and financial services sectors.
He previously served as Chairman of the AMW Group of Companies, Sathosa Motors PLC, and Union Bank of Colombo PLC.

Mr. de Zoysa currently serves on the Boards of the following companies:

	Name of Company	Position Held	Executive/Non Executive
1	Associated Electrical Corporation Ltd	Chairman	Executive
2	A E C Properties (pvt) Ltd	Chairman	Executive
3	ADZ Insurance Brokers (Pvt) Ltd	Chairman	Executive
4	Ajith de Zoysa & Co.(Pvt) Ltd	President	Executive
5	Commercial Agencies (Ceylon) (Pvt)Ltd	President	Executive
6	YMBA	Chairman Board of Governors	Non-Executive
7	Kalutara Bodhi Trust	Chairman Board of Trustees	Executive
8	Yokohama TWS Lanka (Private) Limited	Director	Non-Executive
9	Yokohama TWS Tyres Lanka (Private) Limited	Director	Non-Executive

Mr. J D Vaz
Non -Executive Director

Mr. J. D. Vaz was appointed to the Board on 20th December 2007. He has over 45 years of experience in finance and administration within the tourism sector. He previously served as the Finance & Administration Manager at both Tangerine Beach Hotel and Royal Palms Beach Hotel.

Mr. Vaz currently serves on the Boards of the following companies

	Name of Company	Position held	Executive/Non Executive
1	Nilaveli Beach Hotels (Pvt) Limited	Director	Executive

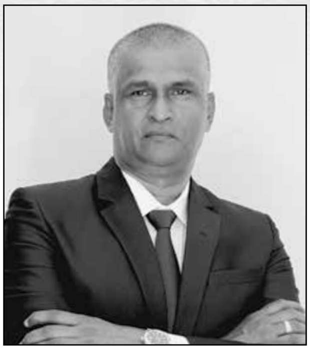
Mr. P S R Casie Chitty
Non Executive Independent Director

Mr. Rajiv Casie Chitty was appointed to the Board of Tangerine Beach Hotels PLC on 5th February 2013. He has over 33 years of experience in the private sector, including more than 18 years at senior management level. He currently serves as the Chief Operating Officer of Commercial Credit and Finance PLC.

Mr. Casie Chitty holds a Master's degree in Economics from the University of Colombo and a Master's degree in Computer Science from the University of Staffordshire, UK. He is a Fellow of the Association of Chartered Certified Accountants (ACCA), UK, an Associate Member of the Chartered Institute of Management Accountants (CIMA), UK, and a Chartered Financial Analyst (CFA), USA. He is also a Past President of the ACCA Sri Lanka Branch.

Mr. Casie Chitty currently serves on the Boards of the following companies:

	Name of Company	Position held	Executive/Non Executive
1	Commercial Credit & Finance PLC	Director/COO	Executive
2	Tangerine Beach Hotels PLC	Director	Non-Executive
3	ACL Cables PLC	Director	Non-Executive
4	BG Marine Investment Pvt Ltd	Director	Non-Executive
5	Merc Marine Management (Pvt) Ltd	Director	Non-Executive
6	Ceyline Holdings (Pvt) Ltd	Director	Non-Executive
7	CMA CGMA Lanka (Pvt) Ltd	Director	Non-Executive
8	Mercantile Seamans Training Institute (Pvt) Ltd	Director	Non-Executive
9	CINEC Campus (Pvt) Ltd	Director	Non-Executive
10	Lakdhanavi (Pvt) Ltd	Director	Non-Executive



Mr. G K S Kumar
Non Executive Independent Director

Mr. Sudath Kumar was appointed to the Board of Tangerine Beach Hotels PLC on 23rd December 2024. He is a Partner at Nanayakkara & Company – Chartered Accountants, with over 25 years of extensive experience in auditing, management consultancy, assurance services, and tax consultancy, serving both small and large-scale enterprises. He also currently serves as a Consultant to Alhambra Hotels Ltd.

Mr. Kumar holds a Master of Business Administration (MBA) from the University of Colombo and a Bachelor's Degree in Human Resource Management (Special) from the University of Kelaniya. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA).

He serves on the Boards of several other companies, contributing his expertise in finance, governance, and strategic leadership at the highest level.
Mr. Kumar currently serves on the Boards of the following companies:

	Name of Company	Position held	Executive/Non-Executive
1	Aims Secretarial Services (Pvt) Ltd	Director	Executive
2	Lenard Refrigeration Services (Pvt)Ltd	Director	Executive
3	House of Sports (Pvt)Ltd	Director	Executive
4	Tangerine Beach Hotels PLC	Director	Non-Executive

Ms. P T K Navaratne
Non Executive Independent Director

Ms. Punyakanthi Navaratne was appointed to the Board of Tangerine Beach Hotels PLC on 23rd December 2024. She currently serves as the Vice President of Legal Affairs at WSO2 Lanka (Pvt) Ltd, where she oversees legal affairs across fifteen global entities. With extensive experience in the computer software industry, she is highly skilled in Corporate Law, Open Source Software Licensing, Legal Compliance, Data Protection, Business Analysis, and Contract Negotiations.

Her legal career spans several decades, including her tenure as a Partner at Paul Ratnayeke Associates from June 1995 to December 2008. She also served as a Director at PR Secretarial Services (Pvt) Ltd from 1996 to 2010. Additionally, she held the role of Independent Non-Executive Director at Mercantile Investments and Finance PLC from January 2012 to January 2021. Ms. Navaratne holds a Bachelor of Laws (LLB) degree from the University of Colombo and is an Attorney-at-Law.

Ms. Navaratne currently serves on the Boards of following companies.

	Name of Company	Position held	Executive/Non-Executive
1	Tangerine Beach Hotels PLC	Director	Non-Executive

Ms. Aroshi Nanayakkara
Non Executive Independent Director

Ms. Aroshi Nanayakkara is the Chief Executive Officer of the Global Consulting Company and a dynamic leader with extensive expertise in Strategic Planning, Human Resources, and Risk Management. She brings a wealth of experience gained from working with leading multinationals and some of Sri Lanka's most prominent blue-chip companies.
Prior to her current role, Ms. Nanayakkara held key positions at renowned institutions including ABN AMRO Bank NV, Deutsche Bank, Eagle Insurance, the Delmege Group, and the Brandix Group of Companies. At Brandix, she served as the Chief Risk Officer and subsequently as Chief Executive Officer of Brandix Hangers (Pvt) Ltd. She is also the former Vice President of the Lanka India Business Association and immediate past Chairperson of Sri Lanka Institute of Directors.

Ms. Nanayakkara holds a Bachelor of Science (BSc) in Management from the Massachusetts Institute of Technology (MIT), USA, and a Master of Science (MSc) in Management from the London School of Economics (LSE), UK.
She is also an Associate Chartered Management Accountant (ACMA) and a Chartered Global Management Accountant (CGMA), accredited by the Chartered Institute of Management Accountants (CIMA), UK.

She serves on the Boards of several esteemed companies, contributing her strategic insight and leadership expertise.

Ms. Nanayakkara currently serves on the Boards of the following companies

	Name of the Company	Position held	Executive/Non Executive
1	Sampath Bank PLC	Director	Independent Non-Executive
2	Asian Hotels & Properties PLC	Director	Non-Executive
3	Sri Lanka Institute of Directors	Board Member	-
4	Keells Food Products PLC	Director	Non-Executive
5	Tangerine Beach Hotels PLC	Director	Non-Executive

Management Discussion & Analysis

GLOBAL OPERATING LANDSCAPE

Global economic activity remained broadly stable during 2025 despite persistent geopolitical tensions, trade-related uncertainties, and evolving monetary conditions across major economies. Global growth was estimated at between 2.8% and 3.2%, supported by easing inflationary pressures, resilient consumer demand, and continued investment in productivity-enhancing sectors. Growth momentum remained concentrated in Asia, where economies such as India and several ASEAN nations benefited from infrastructure development, manufacturing expansion, tourism recovery, and rising domestic consumption.

Global inflation moderated further during the year as supply chain conditions improved and monetary tightening measures stabilised. Governments and financial institutions continued to prioritise infrastructure investment, digital transformation, and climate resilience initiatives amidst an increasingly complex geopolitical and environmental landscape.

Against this backdrop, the global tourism industry continued its upward trajectory. International tourist arrivals reached an estimated 1.52 billion in 2025, representing a 4% increase over 2024 levels and exceeding pre-pandemic benchmarks. International tourism receipts grew by approximately 5% to USD 1.9 trillion, while the broader travel and tourism sector contributed an estimated USD 11.6 trillion to global GDP.

Europe remained the world's largest tourism destination, welcoming approximately 793 million international arrivals, while Asia and the Pacific recorded the strongest regional recovery, with arrivals increasing by 6% to 331 million visitors. Travellers increasingly prioritised authentic, experience-led, wellness-oriented and environmentally responsible travel, while digital technologies continued to transform travel planning, booking behaviour, and guest engagement.

DOMESTIC OPERATING LANDSCAPE

Sri Lanka's economy continued to recover during 2025, bolstered by sustained macroeconomic stabilisation, structural reforms, improving investor confidence, and the continued implementation of the IMF-supported economic programme. Real GDP growth was estimated at approximately 5%, while inflation moderated to low single-digit levels following improved domestic supply conditions and easing global commodity prices. Strengthened external sector performance, increased foreign exchange inflows, and improved financial sector resilience further enhanced overall economic stability.

Within this improving macroeconomic environment, Sri Lanka's tourism industry achieved a historic milestone by welcoming more than 2.36 million international visitors during 2025, surpassing the previous record established in 2018 and representing year-on-year growth of approximately 15.1%. Tourism earnings reached approximately USD 3.22 billion, reaffirming the sector's importance as one of the country's principal foreign exchange earners.

While visitor volumes reached record levels, tourism earnings increased at a comparatively slower pace, reflecting shorter average lengths of stay and lower daily expenditure by visitors compared with pre-pandemic benchmarks. This has reinforced the industry's strategic focus on attracting higher-value travellers through wellness tourism, eco-tourism, experiential travel, cultural tourism, and premium hospitality offerings.

India continued to dominate as Sri Lanka's largest source market, followed by the United Kingdom and the Russian Federation, while improved air connectivity, destination promotion initiatives, and visa facilitation measures further supported tourism growth. Although geopolitical developments moderated travel momentum during early 2026, Sri Lanka's diversified tourism offering, competitive pricing, and growing international reputation continue to provide a strong foundation for long-term industry growth.

BUSINESS PERFORMANCE REVIEW

The financial year 2025/26 marked a year of resilience, disciplined execution, and strengthened market positioning for Royal Palms Beach Hotel PLC. Despite a challenging summer season during which occupancy and revenue remained below initial expectations, the Hotel delivered a strong recovery during the winter season, supported by disciplined operational management, targeted marketing initiatives, enhanced revenue management strategies, and continued improvements to the guest experience.

While occupancy and revenue performance between April and October remained below initial expectations, business volumes strengthened considerably from November onwards as international arrivals increased across key source markets. The Hotel successfully capitalised on this recovery through proactive sales initiatives, dynamic pricing strategies, and strengthened engagement with tour operators, travel agents, corporate clients and online distribution channels, enabling the Hotel to recover strongly during the peak winter season."

Revenue increased to Rs. 1.05 billion compared with Rs. 956 million in the previous year, reflecting the benefits of improved market conditions and enhanced commercial execution. More significantly, profit before tax increased to Rs. 203.5 million from Rs. 33.9 million in the previous year, while profit after tax increased to Rs. 154.1 million, demonstrating the effectiveness of the Company's disciplined cost management, operational efficiencies, and improved revenue quality.

The Company's financial position continued to strengthen during the year. Total equity increased to approximately Rs. 2.94 billion, reflecting enhanced shareholder value and improved retained earnings. Operating activities generated cash flows of Rs. 335.5 million, almost doubling the previous year's performance, enabling the Company to fund capital investments while maintaining healthy liquidity and financial flexibility. Despite continued investment in property enhancements and fixed deposits, cash and cash equivalents increased to Rs. 320.9 million at year end, reflecting the Company's strong liquidity position.

COMMERCIAL PERFORMANCE AND MARKET POSITIONING

The Company's commercial strategy remained focused on strengthening market presence while diversifying its customer base across both traditional and emerging source markets.

Following the successful rebranding of the property, Royal Palms Beach Hotel refreshed its digital identity by replacing outdated promotional material with professionally curated imagery highlighting the property's landscaped gardens, water features, tranquil surroundings, and distinctive guest experience. This repositioning enhanced the Hotel's visibility across major online travel platforms and contributed to improved rankings, guest engagement, and direct booking opportunities.

Particular emphasis was placed on expanding relationships with international tour operators and travel agents. Successful partnerships with German tour operators generated high-volume group business during traditionally lower-demand periods, resulting in increased European arrivals and improved occupancy throughout the year.

Recognising the continued importance of regional travel, the Hotel also strengthened its focus on the Indian and South Asian markets. Supported by the Group's established destination management company, Tangerine Tours, which enjoys a strong reputation throughout the Indian subcontinent, the Hotel continued to develop tailored hospitality experiences reflecting the cultural preferences, culinary expectations, and service requirements of these important visitor segments. This integrated approach further strengthened Royal Palms' competitiveness within one of Sri Lanka's fastest-growing source markets.

Digital marketing continued to play an increasingly important role in driving business performance. Dedicated social media campaigns across Facebook, Instagram, YouTube, TikTok and LinkedIn significantly expanded the Hotel's online reach and customer engagement, supporting stronger brand recognition and direct customer interaction.

The Hotel further enhanced its market positioning through active participation in major international travel exhibitions, including World Travel Market London, ITB Berlin and Arabian Travel Market, while expanding its presence within the MICE and wedding segments through targeted promotions and participation in domestic hospitality exhibitions.

These initiatives were complemented by continued recognition from leading travel platforms, including the TripAdvisor Travellers' Choice Award, the HolidayCheck Gold Award, and the Booking.com Traveller Review Award, reinforcing the strength of the Royal Palms brand and its reputation for service excellence and guest satisfaction.

OPERATIONAL PERFORMANCE AND EFFICIENCY

Management continued to prioritise operational efficiency while enhancing guest satisfaction and long-term competitiveness. Revenue optimisation initiatives were supported through dynamic pricing strategies, enhanced yield management, and closer collaboration with distribution partners. Together, these initiatives strengthened operating margins and contributed significantly to the substantial improvement in profitability recorded during the year.

At the operational level, management maintained a disciplined approach to cost control through careful procurement, productivity improvements, preventive maintenance programmes, and resource

Management Discussion & Analysis

optimisation. These initiatives contributed significantly to the improvement in profitability while preserving the high standards of service expected by guests.

Continuous monitoring of guest feedback across multiple online review platforms enabled management to identify improvement opportunities promptly and respond proactively to evolving customer expectations. Ongoing staff training and investment in service excellence further strengthened the Hotel's competitive position within Sri Lanka's increasingly sophisticated hospitality sector.

PEOPLE AND ORGANISATIONAL CAPABILITY

The Company continued to recognise its employees as its most valuable asset and a fundamental driver of service excellence. Human resource strategies remained closely aligned with operational objectives, ensuring that the Hotel maintained a skilled, engaged, and motivated workforce capable of delivering exceptional guest experiences.

Significant investment was made in employee learning and development through structured departmental training programmes together with specialised training covering first aid, fire safety, ISO awareness, emergency preparedness, environmental management, water conservation, energy management, and sustainable operating practices. These programmes strengthened organisational capability while supporting operational resilience and continuous improvement.

Employee engagement continued to receive significant management attention through leadership development programmes, outbound training, succession planning, recognition initiatives, monthly town hall meetings, cultural celebrations, and comprehensive health and wellbeing programmes. These initiatives strengthened employee morale, encouraged collaboration, and reinforced the Company's people-centred culture.

The Company also remained committed to providing a safe, inclusive, and supportive working environment through quality staff accommodation, employee welfare initiatives, workplace health and safety programmes, and continuous investment in employee wellbeing. These efforts continue to strengthen workforce capability while supporting long-term organisational success. There were no material issues pertaining to employees and industrial relations of the company.

FUTURE OUTLOOK

The outlook for Sri Lanka's tourism industry remains positive, although global economic uncertainty and geopolitical developments may continue to influence travel demand during the remainder of 2026. Nevertheless, Sri Lanka's growing international reputation, competitive pricing, diverse tourism offerings, and expanding regional connectivity position the country favourably for continued growth.

Building on the strong foundations established during the year, Royal Palms Beach Hotel remains well-positioned to capitalise on future opportunities through continued investment in its brand, guest experience, digital capabilities, infrastructure, and people. Management remains committed to operational excellence, prudent financial stewardship, market diversification, and sustainable value creation as the Company continues to strengthen its position and creating sustainable long-term value for shareholders and stakeholders.

SLFRS S1 and SLFRS S2 Disclosure

2025/26 SUSTAINABILITY HIGHLIGHTS
- Carbon footprint reduced to 1,582 tCO_2e
- Electricity consumption 36.76 kWh per guest
- Water consumption 2.13 m^3 per guest
- 87% of waste recycled or recovered
- Sri Lanka's first Eco Label Certified Hotel
- Travelife Gold, ISO 14001, ISO 45001, ISO 22000 & HACCP Certified
- Strong commitment to biodiversity conservation and responsible tourism

1. Sustainability Commitment

Royal Palms Beach Hotel remains committed to integrating sustainability into every aspect of its operations, recognising that responsible environmental stewardship, social responsibility, and sound governance are fundamental to the long-term success of the business. Sustainability is embedded within the hotel's strategic direction and operational decision-making, supporting the creation of long-term value for guests, employees, shareholders, local communities, and other stakeholders.

The hotel continued to promote responsible tourism by balancing operational excellence with environmental protection, ethical business practices, community development, and prudent resource management. Through continuous improvement initiatives, internationally recognised management systems, and stakeholder engagement, Royal Palms Beach Hotel seeks to minimise its environmental footprint while enhancing the resilience and sustainability of its operations.

2. Sustainability Governance

Sustainability is supported through an established governance framework comprising policies, operational procedures, and internationally recognised management systems that guide environmental, social, and operational performance.

The hotel operates under a comprehensive suite of policies covering environmental management, energy efficiency, environmentally sensitive purchasing, corporate social responsibility, food safety, occupational health and safety, quality management, and child protection. These policies provide the foundation for responsible decision-making and continuous improvement across all areas of the business.

Royal Palms Beach Hotel maintains internationally recognised certifications, including ISO 14001 Environmental Management Systems, ISO 45001 Occupational Health and Safety Management Systems, ISO 22000 Food Safety Management Systems, HACCP certification, Travelife Gold Certification, and Eco Label Certification, reflecting its continued commitment to internationally accepted sustainability and operational standards.

3. Environmental Stewardship

Environmental responsibility remains a core component of the hotel's operational strategy. The hotel continues to implement initiatives aimed at reducing resource consumption, improving operational efficiency, lowering greenhouse gas emissions, and promoting responsible waste management.

3.1 Energy and Carbon Management

The hotel continued to strengthen its energy management programme through comprehensive monitoring systems, energy-efficient technologies, renewable energy solutions, and ongoing operational improvements.

Key initiatives include the extensive use of LED lighting throughout the property, solar-powered outdoor lighting, solar hot water systems, air-to-air heat pumps, guest room thermostat optimisation, sub-metering of electricity consumption, energy-efficient equipment upgrades, and building design features that maximise natural daylight and ventilation.
The Company continued to promote equal employment opportunities and remains committed to fostering a diverse, inclusive and respectful workplace where employment decisions are based on merit, equal opportunity and professional capability.

The hotel's carbon footprint has reduced significantly over recent years, reflecting sustained investment in renewable energy, energy-efficient technologies and operational improvements.

These initiatives contributed to further improvements in energy efficiency, reduced greenhouse gas emissions and strengthened operational resilience.

Sustainability Disclosure

The hotel maintained comprehensive monitoring of electricity, diesel and LP gas consumption through monthly performance measurement and guest-night intensity indicators. During the year, electricity consumption averaged approximately 36.76 kWh per guest, remaining significantly below the Sri Lanka Sustainable Energy Authority benchmark of 137.4 kWh per guest night, reflecting the effectiveness of the hotel's ongoing energy management initiatives.

The hotel also continued its long-term carbon reduction programme. Carbon emissions have reduced from 2,418 tCO_2e in 2015 to 1,962 tCO_2e in 2018, and further to 1,582 tCO_2e in 2025, representing an overall reduction of approximately 35% since 2015 and approximately 19% since 2018. This reflects continued investment in energy-efficient technologies, renewable energy systems and operational improvements.

3.2 Water Stewardship

Water conservation remained a key operational priority. Water consumption is monitored continuously through sub-metering systems to identify conservation opportunities and promote efficient resource utilisation.

Average water consumption during the year was 2.13 m^3 per guest, reflecting continued improvements compared with previous reporting periods. Water-efficient fixtures, sensor-operated taps, dual-flush systems, automated urinals, sprinkler irrigation, rainwater harvesting, and guest awareness programmes all contribute towards reducing freshwater consumption. Treated wastewater from the shared sewage treatment facility is reused for gardening and maintaining natural water features, supporting a circular approach to water management.

3.3 Waste Management

Royal Palms Beach Hotel operates an integrated waste management programme based on the internationally recognised 12R waste management philosophy. The hotel's Green Bank recycling centre supports the systematic segregation, recovery, recycling and responsible disposal of operational waste.

Waste is segregated using Sri Lanka's national colour-coded system before undergoing further separation into multiple recycling streams at the hotel's Green Bank facility. Recyclable materials, including electronic waste, are transferred to licensed recycling partners, while organic waste is diverted for agricultural use and garden waste is converted into compost for landscaping purposes.

These initiatives have enabled the hotel to divert the majority of operational waste from landfill while supporting circular economy principles and responsible resource recovery.

The hotel continues to reduce single-use plastics through the introduction of reusable and environmentally friendly alternatives, including glass water bottles, sustainable guest amenities, eco-friendly takeaway packaging, and environmentally responsible information systems. Preference is also given to suppliers demonstrating strong environmental and sustainability credentials.

Approximately 87% of operational waste was diverted through recycling, composting and recovery programmes, with only 13% requiring landfill disposal. Organic waste was reused through composting and agricultural partnerships, while recyclable materials and electronic waste were transferred to licensed recycling partners, supporting circular economy principles.

3.4 Biodiversity Conservation

The hotel continues to promote biodiversity conservation by preserving natural habitats within the property, planting indigenous vegetation, supporting local conservation initiatives, and promoting responsible interactions with wildlife. Environmental awareness programmes for guests and employees further reinforce the hotel's commitment to protecting local ecosystems and promoting sustainable tourism.

3.5 Sustainable Procurement

Responsible procurement remains an integral component of the hotel's sustainability strategy. Procurement decisions are guided by environmentally sensitive purchasing principles that encourage the selection of environmentally preferable products, ethical suppliers and locally sourced goods wherever practical. During the year, 23% of purchases were sourced from the immediate vicinity, while the hotel continued to reduce reliance on single-use plastics through the introduction of reusable glass bottles, sustainable guest amenities, environmentally friendly takeaway packaging and other eco-friendly alternatives.

3.6 Human Capital Development and Employee Well-being

Investing in Our People

Royal Palms Beach Hotel recognises that its people are the foundation of exceptional hospitality and sustainable business success. Every guest experience reflects the dedication, professionalism and commitment of our employees, making human capital one of the Company's most valuable strategic assets.

During the year under review, we continued to strengthen our people-centred culture by investing in employee development, wellbeing, engagement and workplace safety while creating opportunities for career advancement and continuous learning. Our human capital strategy is designed to attract, develop and retain talented individuals capable of delivering service excellence whilst supporting the Company's long-term business objectives.

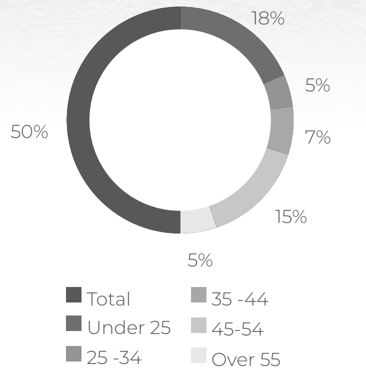
By fostering an inclusive, safe and rewarding work environment, we continue to build a resilient organization that is well positioned to meet evolving guest expectations and the changing needs of the hospitality industry.

Human Capital Management

Effective workforce planning remained central to maintaining operational excellence throughout the year. Human resource strategies were closely aligned with business requirements to ensure the Hotel maintained an appropriately skilled workforce while responding efficiently to seasonal fluctuations in occupancy and business volumes.

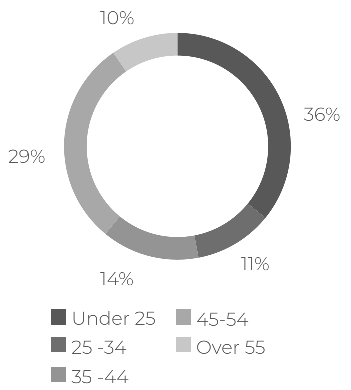
The Company continued to promote equal employment opportunities, merit-based career progression and succession planning, while encouraging internal promotions wherever possible. Through prudent workforce management, cross-functional deployment and careful resource planning, Royal Palms maintained operational flexibility without compromising service quality.

Employees by Age 2025/2026



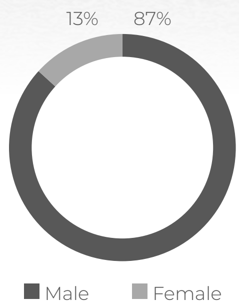
Employees by Age – 2025/2026	Count
Under 25	92
25 -34	23
35 -44	34
45-54	74
over 55	26
Total	**249**

Employees by Age 2024/2025



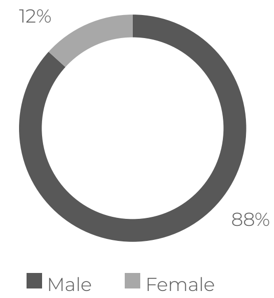
Employees by Age – 2024/2025	Count
Under 25	90
25 -34	28
35 -44	35
45-54	74
over 55	24
Total	**251**

Employees by Diversity 2025/2026



2025/2026	Male	Female	Total
Count	216	33	249

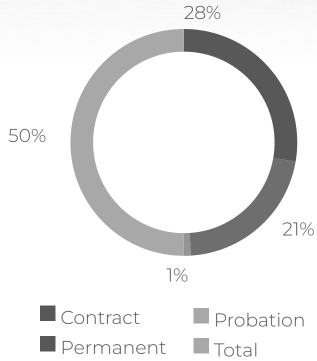
Employee Diversity 2024/2025



2024/2025	Male	Female	Total
Count	221	30	251

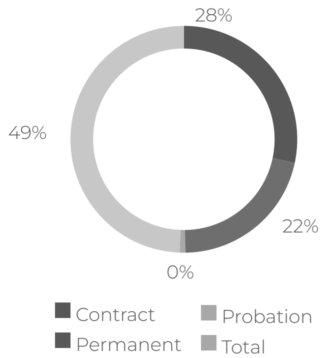
Sustainability Disclosure

Employment Category 2025/2026



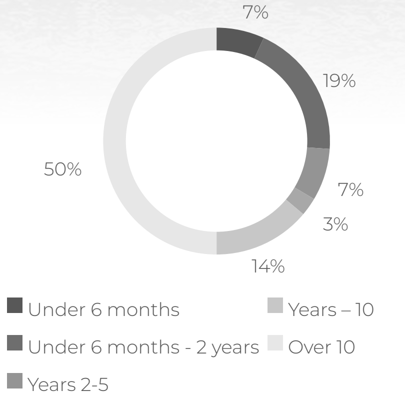
Employment Category -2025/2026	Count
Contract	138
Permanent	106
Probation	5
Total	**249**

Employment Category - 2024/2025



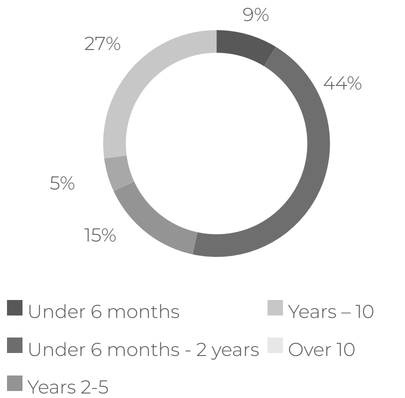
Employment Category - 2024/2025	Count
Contract	144
Permanent	109
Probation	4
Total	**251**

Scale of Service years 2025/2026



Scale of Service years 2025/2026	Count
Under 6 months	34
Under 6 months - 2 years	96
Years 2-5	37
Years – 10	13
Over 10	69
Total	**249**

Scale of Service 2024/2025



Scale of Service years 2025/2026	Count
Under 6 months	22
Under 6 months - 2 years	112
Years 2-5	37
Years - 10	12
Over 10	68
Total	**251**

People Development and Employee Engagement

Royal Palms Beach Hotel recognizes that its employees are fundamental to delivering exceptional guest experiences and achieving long-term business sustainability.
The hotel remains committed to developing a skilled, engaged and resilient workforce through continuous learning, professional development, employee wellbeing initiatives and recognition programmes.

Continuous Learning and Professional Development

Training and development remain integral to the hotel's human resource strategy. Regular departmental training programmes are conducted throughout the year to strengthen technical competencies, maintain operational excellence and promote continuous improvement. A structured training needs analysis, linked to employee performance evaluations, enables the Human Resources Department to identify development requirements and tailor learning programmes to evolving operational needs.

During the year, a comprehensive series of training programmes was conducted covering emergency preparedness, operational excellence, environmental sustainability and quality management. Key programmes included:

- First Aid Training conducted in collaboration with the Sri Lanka Red Cross Society, equipping employees with practical skills in CPR, AED operation and emergency first aid.
- Fire Safety Training and the annual Fire Drill, strengthening employee preparedness in fire prevention, emergency response procedures and the safe use of firefighting equipment.

- ISO General Awareness Programme, reinforcing employee understanding of internationally recognised management systems and quality standards.
- Tsunami Preparedness Training, enhancing awareness of emergency response procedures, evacuation protocols and disaster management.
- Environmental sustainability training covering waste management, water conservation, energy management and green operational practices, supporting the hotel's broader sustainability objectives.
- Off-season general training programmes designed to strengthen operational knowledge, professional etiquette, personal grooming, table manners and teamwork across all departments.

Leadership Development and Team Building

The hotel continued to invest in leadership capability and employee engagement through a range of development initiatives. An outbound training programme for Executives and Supervisors focused on strengthening leadership, communication, collaboration and problem-solving skills while promoting stronger interdepartmental relationships through experiential learning activities.

Interactive team-building sessions conducted during the off-season further strengthened teamwork, employee engagement and organisational cohesion.

Employee Wellbeing

Employee wellbeing remains an important component of the hotel's people strategy. During the year, several initiatives were implemented to promote the physical health and wellbeing of employees, including:

- Free Eye Care Programme
- Three employee Health Camps conducted with the support of Nagoda Hospital
- Health awareness and preventive healthcare initiatives

These programmes encouraged greater health awareness while reinforcing the hotel's commitment to creating a safe, healthy and supportive workplace.

Sustainability Disclosure

Employee Engagement and Recognition

The hotel continued to foster an inclusive and engaging workplace culture through a variety of employee engagement initiatives.

These included:

- Sinhala and Tamil New Year (Awurudu) celebrations
- Wesak Lantern Competition
- International Women's Day celebrations recognising the contribution of female employees
- Monthly Town Hall Meetings
- Employee Recognition Programme celebrating outstanding performance and reinforcing organisational values.

These initiatives strengthened employee morale, enhanced teamwork and promoted a culture of recognition, inclusion and mutual respect across the organisation.

3.7 Social Responsibility and Community Engagement

As a leading hospitality operator within the local community, Royal Palms Beach Hotel recognises that long-term business success is closely linked to the social and economic wellbeing of the communities in which it operates.

Royal Palms Beach Hotel remains committed to creating positive social impact through long-term community partnerships, education initiatives, healthcare support, local economic development, and employee engagement.

The hotel continues to support local educational institutions, research programmes, and hospitality training through educational visits, student engagement, knowledge-sharing initiatives and industry exposure programmes. Community development programmes include support for preschool education, healthcare institutions, local tourism operators, small-scale entrepreneurs, and various charitable initiatives.

Environmental awareness programmes, beach clean-up campaigns, tree planting activities, and sustainability education programmes further demonstrate the hotel's commitment to promoting environmental stewardship within the wider community.

Looking Ahead

Looking ahead, Royal Palms Beach Hotel will continue embedding sustainability across every aspect of its operations by investing in its people, strengthening environmental stewardship, deepening stakeholder engagement and enhancing responsible governance. The Company remains committed to creating long-term value through responsible tourism practices that support business resilience while contributing positively to employees, guests, local communities and the environment.

Corporate Governance

Corporate Governance is the system by which the company is directed and controlled. A good Corporate Governance structure encourages companies to create value through entrepreneurism, innovation and establishes accountability and transparency commensurate with the inherent risks and opportunities available to the Company. It influences how the objectives of the Company are set and achieved, risks identified and managed and organizational performance optimized. Royal Palms Beach Hotels PLC uses the CSE listing rules as a guideline in their Corporate Governance framework. The Board of Directors is strictly committed towards achieving commendable Corporate Governance principles.

BOARD COMPOSITION

The Board comprises of 10 Directors including the Chairperson.. This includes 03 Independent Non-Executive Directors, and 07 Non-Executive Directors.

ROLE AND FUNCTION OF THE BOARD OF DIRECTORS

The Board has overall control and oversight of the activities, the strategic direction and the governance of the Company. Its role includes control and oversight of the company's businesses, risk management and compliance, the performance of management; approving and monitoring financial and other reports; and capital expenditure and reporting to shareholders.

The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus.

BOARD INDEPENDENCE

None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and had submitted a declaration confirming their Independence as at March 2026 in accordance with Section 07 of the CSE listing regulations on Corporate Governance.

THE RESPONSIBILITIES OF THE BOARD

The Board of Directors is responsible for;

- Formulating of business strategies taking into consideration the Company's strengths, competencies and risks
- Implementing and monitoring of such strategies
- Reviewing and ratifying systems in operation relating to risk management, internal control, codes of conduct and compliance with the laws, statutes and regulations
- Reviewing, monitoring and ratifying all capital expenditure, acquisitions and divestitures
- Monitoring Senior Management performance
- Ensuring that effective information and audit systems are in place
- Ensuring that due attention is given to annual and interim financial statements prior to Publication
- Determining the quantum of the final dividend
- Approving and monitoring financial and other reporting.

REGULAR RE-ELECTION OF DIRECTORS

Directors retire at the Annual General Meeting in accordance to the Articles of Association of the Company. A retiring director is eligible for re-election.

COMPLIANCE WITH LEGAL REQUIREMENTS

The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company comply with the laws and regulations of the country. The Board of Directors ensures that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards and conform to the requirements of the Colombo Stock Exchange.

Name of Director	Attendance at board Meetings		
	30/03/2026	25/11/2025	Meetings Attended
Non - Executive Non - Independent Directors			
A M Ondaatjie	✓	✓	2/2
G G Ondaatjie	✓	×	1/2
T J Ondaatjie	✓	✓	2/2
Ajita De Zoysa	✓	×	1/2
N H V Perera	×	×	0/2
P.S.R.Casie Chitty	✓	✓	2/2
J. D. Vaz	✓	✓	2/2
Non - Executive Independent Directors			
G K S Kumar	✓	✓	2/2
P T K Navaratne	✓	✓	2/2
Aroshi Nanayakkara	✓	✓	2/2

AUDIT COMMITTEE

The Audit Committee comprises of Two Independent Non-Executive Directors and a Non-Executive Director.

The members of the Audit Committee are as follows:

Mr. G K S Kumar - Chairman
Ms.P T K Navaratne
Mr.N H V Perera

The Chief Financial Officer, Financial Controller and the General Manager attend the Audit Committee meetings by invitation. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. A report of the Audit Committee is given on pages 35 to 36

The Audit Committee met Four times during the year according to a predetermined agenda.

Name of Director	*Position*	Attendance at Audit Committee Meetings				*Meeting Attendance*
		12/02/2026	*12/11/2025*	11/08/2025	21/05/2025	
G K S Kumar	*Chairman*	✓	✓	×	✓	*3/4*
N H V Perera	*Member*	✓	✓	✓	✓	*4/4*
P T K Navaratne	*Member*	✓	✓	✓	×	*3/4*

Corporate Governance

REMUNERATION COMMITTEE

The Remuneration Committee consists of 02 Independent Non-Executive Directors and a Non –Executive Director. The Committee is chaired by the Independent Non-Executive Director P .T. K. Navaratne .The Chief Financial Officer assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.

The Remuneration Committee met once during the financial year.

Name of Director	Attendance at Remuneration Committee Meetings		
	Position	12/02/2026	Meetings Attended
P .T. K. Navaratne	Chairperson	✓	1/1
P.S.R.Casie Chitty	Member	✓	1/1
G .K .S. Kumar	Member	✓	1/1

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee consists of two Non-Executive Independent Directors and a Non – Executive Director.

Mr G K S Kumar. - Chairman
Ms.P T K Navaratne
Mr. N H V Perera

The Chief Financial Officer assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.
A report of the Related Party Transactions Review Committee is given on page 38

The Related Party Transactions Review Committee met Four times during the financial year.

Name of Director	*Position*	Attendance at Audit Committee Meetings				*Meeting Attendance*
		12/02/2026	*12/11/2025*	11/08/2025	21/05/2025	
G K S Kumar	*Chairman*	✓	✓	×	✓	*3/4*
N H V Perera	*Member*	✓	✓	✓	✓	*4/4*
P T K Navaratne	*Member*	✓	✓	✓	×	*3/4*

NOMINATION & GOVERNANCE COMMITTEE REPORT

The Nomination & Governance Committee consists of two Independent Non-Executive Directors and a Non-Executive Director, namely:

Ms. P .T. K. Navaratne – Chairperson
Mr. G .K .S. Kumar
Ms A .M. Ondaatjie

The objective of the Nomination & Governance Committee is leading Board Appointments and establishing a Nomination Process for Directors

A report of the is given Nomination & Governance Committee on page 40

Name of Director	Position	Attendance at Nomination & Governance Meetings	Meetings Attended
P .T. K. Navaratne	Chairperson	✓	1/1
G .K .S. Kumar	Member	✓	1/1
A .M. Ondaatjie	Member	✓	1/1

RELATIONSHIP WITH STAKEHOLDERS

The Board of Directors ensured that the top management team possesses right skills to deliver their best contribution towards the company. The Board has empowered such employees to make operational decisions and also encourage them to make recommendations to the Board on areas of strategic importance. The vision, goals and objectives of the company have been formulated and all the employees have been briefed clearly of their specific job to achieve overall results for the company.

The company maintains sound relationship with regulatory authorities The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the company. The notice of such meetings, and relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders at least 15 working days prior to the date of the meeting.

THE COMPANY SECRETARY

The role of the company secretary comprises of advising the Board and ensuring that all requirements relating to the Companies Act, Board procedures and other related rules and regulations are adhered to and followed. All directors have access to the company secretary. The removal of the company secretary requires a board resolution to be passed as specified in the Company's Articles of Association.

ACCOUNTABILITY

The Board of Directors' and the Audit Committee review the quarterly and annual audited Financial Statements and the accounts to ensure that a true, balanced and a fair view of the Company's performance is presented to the shareholders.

DISCLOSURE

The Board's policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgment, in addition to preparing the financial statements in accordance with Sri Lanka Accounting Standards, the Companies Act No.07 of 2007 and in conformity with Stock Exchange disclosure requirements.

GOING CONCERN

The Board of Directors after reviewing the financial position and cash flow of the company is confident that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the "Going Concern Basis" has been adopted in the preparation of the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all taxes and duties payable by the Company and all contribution levies and taxes payable on behalf of and in respect of the employees of the company and all other known statutory dues payable as at the Balance Sheet date have been paid or are provided for in the accounts.

Corporate Governance

AUDITORS

The auditors Ernst & Young are to be re-appointed at the Annual General Meeting to be held on the 30th September 2026 and the Directors' to authorise their remuneration.

The auditors conduct the annual audit with the objective of providing credence to the accounting records, policies and Financial Statements of the Company

MANAGEMENT COMMITTEE

The executive directors and senior managers have been assigned and delegated to achieve Company objectives.

INTERNAL AUDITS

Deloitte (SJMS Associates) are appointed as the internal auditors of Royal Palms Beach Hotels PLC. The internal audit function operates unconstrained to the external audit. Quarterly internal audits are conducted to identify any exposure to risk and any such vulnerability are reported to the management in order to facilitate early action.

OTHER INFORMATION

The Annual Report contains statements from the Board including the responsibilities of the Directors for the preparation of the Financial Statements and the Directors are of the view that they have discharged their responsibilities as set out in this statement. The performance of the company during the year under review and the future prospects of the company are covered in the Chairman's review of operations

Section 9 of the Revised Listing Rules of the CSE on Corporate Governance.

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company adheres to the Corporate Governance Rules. Any deviations from these rules are disclosed within this Report, along with a clear explanation for each instance.
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; • Policy on the matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance, Nominations and Re-election • Policy on Remuneration • Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities • Policy on Risk management and internal controls • Policy on Relations with Shareholders and Investors • Policy on Environmental, Social and Governance Sustainability • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Corporate Disclosures • Policy on Whistleblowing • Policy on Anti-Bribery and Corruption	Yes	The Company has established the list of policies disclosed in the company website: www.tangerinehotels.com
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Yes	None for the year under review
9.2.3	• List of policies in place as per Rule 9.2.1, with reference to website and • Any changes to policies adopted	Yes	The existence of the said policies mentioned under 9.2.1 is disclosed in the company's website ; (www.tangerinehotels.com) No changes to policies during the year under review
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	Company will make available to shareholders upon request

Corporate Governance

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	Required Committees are established and operational.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	yes	The required committees are functioning effectively, With clear mandates and engaged members
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the information upon a resolution being considered at any General Meeting shall be maintained.	Yes	Records of all resolutions are maintained
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Investor relations policy .
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A
9.7 Fitness of Directors and CEO			
9.7.1 - 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Yes	Fit and proper declaration has been obtained from directors for the year.
9.8 Board Composition			
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are met during the year under review.
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent Non-Executive Directors (NEDs) have declared their independence, which has been duly evaluated. No non-compliances were identified during the year under review.
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	N/A For the current year	Articles of Association duly amended.
9.10 Disclosures relating to Directors			
9.10.2/9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	N/A For financial year under review.
9.10.4 a-i	Details about the Board members	Yes	Refer the board of director profile Pages 4 to 9 Corporate Governance report pages 19 to 27 Annual report of the board of directors pages 31 to 33 Committee reports pages 35 to 40

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.11 Nominations and Governance Committee			
9.11.1	Establishment of a Nominations and Governance Committee (NGC	Yes	Refer to the Nominations and Governance Committee Report
9.11.2	Formal procedure for the appointment and reelection of Directors	Yes	Refer to the Nominations and Governance Committee Report
9.11.3	NGC to have a written Terms of Reference	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (1) a-b	The Composition of NGC	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (2)	Chairperson of NGC to be an ID	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes	Refer to the Nominations and Governance Committee Report
9.11.5 (i) – (x)	Functions of NGC	Yes	Refer to the Nominations and Governance Committee Report
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes	Refer to the Nominations and Governance Committee Report
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors.	Yes	Refer to the Nominations and Governance Committee Report
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	Refer to the Nominations and Governance Committee Report
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Refer to the Nominations and Governance Committee Report
9.12.6 (3)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	Chairman is an ID
9.12.7	Functions	Yes	Refer to the Nominations and Governance Committee Report
9.12.8 A	Names of Remuneration Committee Chairperson and members	Yes	Refer to the Nominations and Governance Committee Report
9.12.8 B	Statement of Remuneration Policy	Yes	Refer to the Nominations and Governance Committee Report
9.12.8 C	Aggregate remuneration paid to EDs and NEDs	Yes	Refer to the Nominations and Governance Committee Report
9.13 Audit Committee			
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer to the Audit Committee Report

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.14 Related Party Transactions Review Committee			
9.14.2 (1)	Related Party Transactions Review Committee shall comprise a minimum of 3 members, the majority of whom should be IDs, and an ID shall be appointed as the Chairperson.	Yes	Refer Related Party Report .
9.14.2 (2)	Where the parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may function as the subsidiary's Related Party Transactions Review Committee.	N/A	N/A
9.14.3	Functions	Yes	Refer to the Related Party Transactions Review committee Report
9.14.4	General Requirements	Yes	Refer to the Related Party Transactions
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	Refer to the Related Party Transactions
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Refer to the Related Party Transactions Review committee Report
9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Yes	Refer to the Related Party Transactions Review committee Report
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Yes	Refer to the Report of the Related Party Transactions Review Committee
9.14.9 (1)/(2)	Shareholder approval for the acquisition and disposal of substantial assets	N/A	N/A
9.14.9 (4)/ (5)/ (6)	Competent, independent advice on the acquisition and disposal of substantial asset	N/A	N/A
9.17 Additional Disclosures			
(I)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	There were no material non-recurring transactions
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	Refer to Annual report of board of directors
(iii)	Directors are aware of laws, rules and regulations and their changes, particularly to Listing Rules and applicable capital market provisions.	Yes	Refer to Annual report of board of directors
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	N/A	N/A

Enterprise Risk Management

Operating in the hospitality industry requires the Company to respond effectively to an evolving risk landscape shaped by economic conditions, changing traveller expectations, technological developments, environmental challenges and regulatory requirements. A proactive and well-integrated approach to risk management enables the Company to anticipate potential threats, capitalise on emerging opportunities and safeguard long-term value for its stakeholders.

Royal Palms Beach Hotels PLC has embedded risk management into its governance framework and day-to-day decision-making processes. The Company adopts a structured approach to identifying, assessing and managing risks that may affect the achievement of its strategic and operational objectives, while ensuring that appropriate controls remain effective in an increasingly dynamic business environment.

The Board of Directors is ultimately responsible for overseeing the Company's risk management framework and the effectiveness of its system of internal controls. The Board is supported by the Audit Committee and senior management, who regularly evaluate principal risks, review mitigation strategies and monitor emerging risk trends. Independent assurance on the adequacy of internal controls is provided through the internal audit function.

Risk management is an ongoing process that involves the identification, evaluation and prioritisation of risks, the implementation of appropriate mitigation measures and continuous monitoring to ensure that residual risks remain within the Company's accepted risk appetite. This disciplined approach enhances operational resilience, supports informed decision-making and contributes to the sustainable creation of long-term stakeholder value.

The principal risks facing the Company and the corresponding measures adopted to mitigate them are outlined below.

BUSINESS RISK

Description
Business risk arises from factors that may affect the Company's ability to achieve its financial and strategic objectives, including changes in market demand, consumer behaviour, competitive pressures and broader economic conditions.

Mitigation

- Diversify source markets to strengthen market presence and reduce dependence on individual tourism segments.
- Maintain a balanced customer portfolio comprising both international and domestic travellers.
- Maximise visibility through online travel agencies, digital booking platforms and strategic marketing initiatives.
- Regularly review pricing strategies and operating costs to improve efficiency while maintaining service quality and profitability.

REPUTATIONAL RISK

The Company's reputation is a valuable intangible asset. Negative commentary across digital and social media platforms, service shortcomings, customer complaints, or adverse social media exposure could impact brand perception, occupancy, brand equity and financial performance.

Mitigation

- Monitor guest feedback and satisfaction levels to identify opportunities for continuous improvement.
- Actively monitor social media and online review platforms to protect and strengthen the Company's reputation.
- Maintain robust quality assurance standards and service excellence programmes to enhance the guest experience.

ECONOMIC RISK

Description
Macroeconomic developments, including inflation, interest rate movements and slower economic growth, may increase operating costs, influence consumer spending and affect profitability.

Mitigation

- Continuously review operating expenses and implement cost optimisation initiatives without compromising service standards.
- Prudently manage surplus funds to benefit from favourable investment opportunities and interest rate movements.
- Evaluate financing and capital allocation decisions to ensure sustainable financial management.

FOREIGN EXCHANGE RISK

Description
As the Company earns a significant proportion of its revenue from international guests, fluctuations in exchange rates may affect earnings and cash flows.

Mitigation

- Maintain foreign currency earnings primarily in internationally traded currencies such as the US Dollar and Euro where appropriate.

- Monitor exchange rate movements through the Group treasury function to optimise the timing of currency conversions.

GEOPOLITICAL RISK

Description

Political instability, international conflicts, travel advisories and disruptions to global travel may influence visitor arrivals from key tourism markets.

Mitigation

- Diversify marketing efforts across multiple international and domestic markets.
- Maintain strong relationships with a broad network of tour operators and travel partners.
- Monitor global developments closely and adjust marketing strategies in response to changing travel patterns.

NATURAL DISASTER AND CLIMATE-RELATED RISK

Description

As a coastal resort, the Company is exposed to natural disasters and climate-related events such as floods, storms, tsunamis, coastal erosion, fire, rising temperatures and water shortages that may disrupt operations or damage assets.

Mitigation

- Maintain comprehensive insurance cover to minimise financial exposure arising from unforeseen events.
- Implement emergency preparedness procedures, including fire detection and suppression systems, evacuation plans and regular safety inspections.
- Continue investing in energy efficiency, water conservation, waste management and other environmental initiatives to strengthen climate resilience.

LEGAL AND REGULATORY RISK

Description

Legal and regulatory risk arises from potential non-compliance with applicable legislation, contractual obligations and statutory requirements, which could result in financial penalties, litigation or reputational damage.

Mitigation

- Obtain support from the Group’s legal function in reviewing contracts and managing legal matters.
- Monitor compliance with relevant laws, regulations and licence requirements on an ongoing basis.
- Submit periodic compliance certifications to the Audit Committee for review.

OPERATIONAL RISK

Description

Operational risk may arise from process failures, inadequate internal controls, human error, fraud or technology-related disruptions that could affect operational efficiency and business performance.

Mitigation

- Maintain comprehensive policies, procedures and internal control systems across all operational functions.
- Conduct quarterly internal audits to assess the effectiveness of internal controls and operational processes.
- Promptly address audit observations through management action plans and follow-up reviews.
- Maintain CCTV surveillance across key operational areas to enhance security and minimise operational losses.

CYBERSECURITY AND DATA PRIVACY RISK

Description

The increasing reliance on digital technologies exposes the Company to cyber threats, unauthorised access, data breaches and system failures that may disrupt operations or compromise confidential information.

Mitigation

- Implement user access controls and appropriate authentication protocols.
- Maintain firewalls and other cybersecurity safeguards to protect information systems.
- Perform regular software updates and system backups to preserve data integrity.
- Promote employee awareness of cybersecurity risks through periodic training programmes.

HUMAN CAPITAL RISK

Description

The success of the Company depends on attracting, developing and retaining competent employees capable of delivering exceptional guest experiences.

Mitigation

- Invest in ongoing training and professional development programmes.
- Foster employee engagement through recognition, welfare initiatives and career development opportunities.
- Maintain succession plans for critical positions to support operational continuity.
- Provide competitive remuneration and benefits to attract and retain skilled employees.

HEALTH AND SAFETY RISK

Description
The Company has a responsibility to provide a safe environment for employees, guests and visitors. Equipment failures or unsafe working conditions may lead to operational disruptions and reputational damage.

Mitigation

- Carry out preventive maintenance of critical equipment and infrastructure.
- Maintain hotel facilities through regular refurbishment and routine inspections.
- Review emergency procedures, safety signage and evacuation arrangements periodically to ensure readiness.

COMPETITIVE RISK

Description
The hospitality industry is characterised by intense competition from existing operators, new market entrants and alternative accommodation providers. Failure to adapt to evolving customer expectations may affect market share and profitability.

Mitigation

- Differentiate the Company's offering through superior service standards and continuous product enhancement.
- Invest in refurbishment and facility upgrades to maintain guest satisfaction.
- Strengthen relationships with tour operators, travel agents and strategic partners.
- Continuously monitor market developments and competitor activity to support informed strategic decision-making.

EMERGING RISKS

Description
The Company remains vigilant in monitoring emerging risks that may influence future performance, including climate change, evolving cybersecurity threats, regulatory developments, technological advancements, changing travel patterns and global economic uncertainty. These risks are regularly reviewed by management to ensure that mitigation strategies remain appropriate and aligned with the Company's strategic priorities and long-term sustainability objectives.

Annual Report of the Board of Directors

The Directors have pleasure in submitting their report, together with the Audited Accounts for the financial year ended 31st March 2026.

REVIEW OF THE YEAR

The Chairman's Report on page 02-03 contains a review of the operations during the financial year.

PRINCIPAL ACTIVITY

The principal activity of the Company, which is hotelliering, remained unchanged.

CORPORATE GOVERNANCE

The Board of Directors of the Company is responsible for the governance of the company, which include setting out strategic aims, providing leadership and supervising the management. The corporate governance practices of the Company are given on Pages 19-27.

TURNOVER

The net turnover for the year was Rs. 1,050,725,219 (2024/2025 Rs 955,845,378)

PROFIT OR LOSS ACCOUNT

	31.03.2026	31.03.2025
Net Profit/(Loss) for the year amounts to	203,454,637	33,914,750
Less: Provision for Taxation	(49,387,658)	(17,858,881)
Profit for the year	154,066,979	16,055,869
Unappropriated profit brought forward	800,543,373	785,939,384
Profit available for appropriation	950,821,603	800,543,373

ACCOUNTING POLICES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 50-59. There were no changes to the Accounting Policies adopted during the year.

DIVIDENDS

The Directors do not recommend a dividend for this financial year.

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 109,633,157 (2025Rs.59,990,147) details of which are given in note 09 to the financial statements

COMMITMENTS & CONTINGENCIES

The Company does not have significant capital commitments as at the reporting date.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, company doesn't have outstanding litigation.

PROPERTY PLANT & EQUIPMENT

The details of property, plant & equipment of the Company are shown in note 09 to the financial statements.

RESERVES

The movements during the year of Capital and Revenue Reserves are shown in the statement of changes in equity on page 48.

DONATIONS

During the year donations amounting to Rs. 10,000(2025 Rs.Nil) were made to various charities by the Company.

POST BALANCE SHEET EVENTS

No Circumstances have arisen since the Balance Sheet date, which would require adjustment to or disclosure in the Accounts.

GOING CONCERN

The Board of Directors is satisfied that the Company will have adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare Financial Statements on Going Concern basis.

DIRECTORS

The names of the Directors are shown on page 04-09.

In terms of Article 88(i) of the Articles of Association, Mr. T J Ondaatjie and Mr. G G Ondaatjie retire by rotation and being eligible offer themselves for re-election...

Special notice has been given of the intention to propose ordinary resolution as set out in the notice of meeting to re-elect, Mr. A de Zoya and Mr. J D Vaz as Directors of the company in terms of Section 211 of the Companies Act No. 07 of 2007.

BOARD COMMITTEES

The following members of the Board serve on the Audit Committee

Mr. G K Sudath Kumar
Ms. P T K Navaratne
Mr. N H V Perera

The report of the audit committee is given on page 35 to 36 of this report.

The following members of the Board serve on the Remuneration Committee.

Ms. P T K Navaratne
Mr. P S R Casie Chitty
Mr. G K Sudath Kumar

The following members of the Board serve on the Related Party Transactions Review Committee

Mr. G K Sudath Kumar
Ms. P T K Navaratne
Mr. N H V Perera

The Board affirms that the Company has complied with the requirements of the listing rules of the Colombo Stock Exchange on Related Party Transactions.

The following members of the Board serve on the Nominations and Governance Committee.

Ms. P T K Navaratne
Mr. G K Sudath Kumar
Ms. A M Ondaatjie

DIRECTORS' INTERESTS REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No.07 of 2007.

DIRECTORS INTEREST IN CONTRACTS

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. The related party disclosures and the Directors of each of those related parties are given on pages 04-09 and they have refrained from voting on matters in which they were materially interested

DIRECTORS REMUNERATION

The aggregate emoluments paid to the Directors during year, amounted to Rs.1,075,000

DIRECTORS SHAREHOLDINGS

As at 31st March	2026	2025
Ms. A M Ondaatjie	1,126,733	1,126,733
Mr. G G Ondaatjie	1,081,734	1,081,734
Mr. T J Ondaatjie	1,414,233	1,414,233
Mr. A de Zoysa	625	625
Mr. N H V Perera	295,798	265,795
Mr. J D Vaz	33	33
Mr. P S R Casie Chitty	-	-
Ms. P T K Navaratne	-	-
Mr. G K S Kumar	-	-
Ms. A Nanayakkara	-	-

Mr. Ravi Kurukalsuriya serves as General Manager and does not hold any shares in the Company.

PUBLIC HOLDING

The number of Ordinary Shares held by the public as at 31st March 2026 was 14,231,012 shares (2025- 14,231,012), which amounted to 28.46% (2025-28.46%) of the issued ordinary shares of the Company.

The number of public shareholders as at 31st March 2026 - 1,736

Float Adujusted Market Capitalisation as at 31/03/2026 - Rs. 720,038.000

The Company is compliant with the minimum public holding requirement under option 2 of 7.13.1 (i)(b)

Number of shares representing the Stated Capital is 50,000,000

EMPLOYEE SHARE OPTION SCHEMES

The Company does not have any employee share option schemes.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

The Directors made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules applicable capital market provisions.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management and Internal Control measures carried out by the Board are given on pages 34-35 and the Board has conducted a review of the internal controls covering financial operational and compliance controls and risk management and have obtained reasonable assurance of their

Annual Report of the Board of Directors

effectiveness and successful adherence therewith.

APPRAISAL OF BOARD PERFORMANCE

The Board carried out an annual self-evaluation of its own performance and that of the subcommittees to ensure that they discharge their duties and responsibilities satisfactorily.

AUDITORS

Messrs. Ernst & Young Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No.7 of 2007 as the Auditors of the Company. A resolution proposing the Directors be authorized to determine the remuneration of the Auditors will be submitted to the Annual General Meeting.

The Auditors Messrs. Ernst & Young were paid Rs.676,500 as audit fees by the Company and Rs.554,023 was paid for non-audit services for the year.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an auditor) with the company other than those disclosed above. The Auditors also do not have any interests in the Company.

For and behalf of the Board

A.M. Ondaatjie
Chairperson

T.J. Ondaatjie
Director

....
Mercantile Investments and Finance PLC
Secretaries

17th August 2026

Statement of the Directors' Responsibilities in Relation to the Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Independent Auditors' Report on page 42 to 44

As per the provisions of the Companies Act No. 7 of 2007 the Directors are required to prepare Financial Statements for each Financial Year giving a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the results of its operations for the Financial Year.

The Directors consider that, in preparing these Financial Statements set out through page 45 to 49 appropriate Accounting Policies have been selected and applied in a consistent manner, supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and to ensure that the Financial Statements presented comply with the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibilities as set out in the statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board

Mercantile Investments & Finance PLC
Secretaries

Colombo
17th August 2026

Audit Committee Report

Functions
The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its overall responsibilities. The Audit Committee functions include the review of Financial Statements, internal control procedures, compliance with accounting standards and statutory compliance. The Audit Committee assists the Board of Directors in discharging their duties. Where necessary the Audit Committee makes suggestions and recommendations to the Board in areas within its purview.

Members of the Audit Committee
The Audit Committee consists of two Non-Executive Independent Directors namely, Mr. G K S Kumar, Ms. P.T.K Navaratne and one Non - Executive director Mr. N.H.V. Perera.

Meetings
The Audit Committee held 04 meetings during the year under review. The Statutory Auditors, the Chief Financial officer, Financial Controller and the General Manager also attend these meetings on invitation.

Attendance at Audit Committee Meetings						
Name of Director	Position	12/02/2026	12/11/2025	11/08/2025	21/05/2025	Meetings Attended
G K S Kumar	Chairman	✓	✓	×	✓	3/4
N H V Perera	Member	✓	✓	✓	✓	4/4
P T K Navaratne	Member	✓	✓	✓	×	3/4

Roles and Responsibilities
The Committee plays a vital role in ensuring the integrity of the Company's financial reporting, robustness of internal controls, compliance with statutory obligations and effectiveness of risk management systems. Its core responsibilities include;

- Monitoring the integrity and transparency of the Company's financial statements.
- Overseeing internal and external audit functions including the independence, scope and performance of auditors
- Reviewing and recommending the appointment, reappointment, of the external Auditors and their remuneration.
- Evaluating the adequacy and effectiveness of internal control frameworks
- Ensure compliance with applicable laws, regulations, corporate governance standard and ethical conduct.

KEY ACTIVITIES DURING THE YEAR

Financial Reporting
The Audit Committee assists the Board in assuring the integrity of the Financial Statements and disclosures. The Committee discusses matters relating to the Financial Statements with the External Auditors before recommending to the Board the adoption of the Financial Statements.

Internal Audit
The Committee reviews the internal audit reports to ensure that the Company's systems and procedures are effective and that the internal controls provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation. The Internal Audit function has been outsourced to Deloitte Associates (Chartered Accountants). The audits are carried out on a quarterly basis. Based on the audit findings and recommendations of the Internal Auditors, the Audit Committee after discussing with the management, recommends the implementation of those recommendations that are considered to be practical and necessary.

External Audit

The Audit Committee has determined that Messrs Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company. The Audit Committee has recommended the Board of Directors the re-appointment of Messrs Ernst & Young (Chartered Accountants) for the financial year ending 31st March 2026, subject to the approval of the shareholders at the Annual General Meeting.The committee-maintained oversight of regulatory developments and ensured the Company's compliance with all statutory and corporate governance requirements.

G K S Kumar
Chairman - Audit Committee

17th August 2026

Remuneration Committee Report

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two Non-executives independent Directors Ms.P T K Navaratne,Mr. G K S Kumar and a Non-Executive Director Mr.P.S.R. Casie Chitty. The Committee is chaired by Ms.P T K Navaratne

Roles and Responsibility

Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Directors and Key Management Personnel.

Purpose of the Committee

The Remuneration Committee is a sub-committee of the Board, which is responsible for reviewing, making recommendations to the Board and approving the remuneration packages and policies applicable to the Directors and Key Management Personnel.

Duties of Committee

Attracting, retaining and motivating Directors of appropriate calibre and experience are essential to the Company's future success and therefore it is the primary objective of the Committee. The other objectives of the remuneration policy are to:

- Ensure the integrity of the Company's remuneration strategy is maintained and that the shareholder and employee interests are aligned;
- Pay a base salary, benefits and other perks which compares with other companies of comparable size and complexity in accordance with the remuneration policy;
- Use short-term and long-term increments to encourage Executive Directors to out-perform targets, thereby linking their rewards to the interests of shareholders and other stakeholders and giving them the opportunity to increase their earnings;
- Overseeing the compliance with statutory responsibilities relating to remuneration;
- Reviewing Executive and Non-Executive Director termination payments;

Remuneration Policy

Remuneration policies and practices are designed to support strategy and promote long-term sustainable success of the Company. The Directors emoluments are disclosed on page .

- Executive remuneration is aligned to the Company's purpose and values, and is clearly linked to the successful delivery of the Company's long-term strategy;
- Determine the remuneration of senior management.
- Executive EPF & ETF contributions are in line with those available to the rest of the workforce; and provide enhanced reporting in the Company's annual report and accounts.

Meetings

The Committee met once during the financial year. The Chief Financial Officer assists the committee by providing relevant information required by the committee.

Attendance at Remuneration Committee Meetings			
Name of Director	Position	1202/2026	Meeting Attendance
P T K Navaratne	Chairman	✓	1/1
P.S.R.Casie Chitty	Member	✓	1/1
G K S Kumar	Member	✓	1/1

Conclusion

During the year, the Committee conducted a review of all elements of the remuneration packages of Directors / Chief Operating Officer and performance-related elements. This report describes how the Board has applied the principles relating to Directors / Chief Operating Officer remuneration in the Combined Code on Corporate Governance, and the corresponding requirements as per Companies Act 2007 through the remuneration committee

P T K Navaratne
Chairperson
Remuneration Committee
17th August 2026

Related Party Transaction Committee Report

Introduction

The Board established the Related Party Transactions Review Committee in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the “Code”) and section 9 of the Listing Rules of the Colombo Stock Exchange (the “Rules”). This Committee is tasked with enhancing corporate transparency and ensuring that all Related Party Transactions (RPTs) are conducted on fair and equitable terms that safeguard the interest of all shareholders.

Composition of the Committee.

Name	Membership Status	Directorship Status/ Position held in the company
G K S Kumar	Chairman	Non- Executive Independent Director
P T K Navaratne	Member	Non- Executive Independent Director
N H V Perera	Member	Non- Executive Non - Independent Director

The mandate of the Committee includes:

1) The Purpose:

The primary objective of the Committee is to ensure that all Related Party Transactions undertaken by the Company are conducted in a manner that is transparent, fair and compliant with applicable legal and regulatory frameworks, thereby protecting the interest of the minority shareholders and ensuring sound corporate governance.

(2) Composition:

The Related Party Transaction Review Committee shall comprise of two Non-Executive Independent Directors and one Non-Executive Non Independent Director. Currently, the committee consists of three Directors. The chairman of the committee is Mr. G K S Kumar - Independent Director.

(3) Operation:

The Related Party Transaction Review Committee held four meetings during the last financial year ending 31st March 2026.The Committee has reviewed all the Related Party Transactions quarterly and has communicated the comments and observations to the Board of Directors and has complied with the section 9.3.2© of the CSE listing rules.

Attendance at Related Party Transaction Review Committee Meetings						
Name of Director	Position	12/02/2026	12/11/2025	11/08/2025	21/05/2025	Meeting Attendance
G K S Kumar	Chairman	✓	✓	×	✓	3/4
N H V Perera	Member	✓	✓	✓	✓	4/4
P T K Navaratne	Member	✓	✓	✓	×	3/4

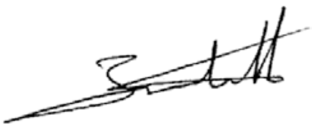
(4) Responsibilities:

- To seek and receive reports on Related Party Transactions between the Company and its Affiliates.
- To review related Party Transactions.
- To recommend corrective measures.

Policies and procedures

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies conforming to the provisions of the Companies Act No. 07 of 2007. Further, all Related Party Transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24 – Related Party Transactions) are disclosed under Note No. 26 to the Financial Statements.The Committee in discharging its functions primarily relied on processes that were validated from time to time with a view to ensuring that:

- There is compliance with 'The Code' and the Listing Rules of the CSE.
- Shareholder interests are protected; and
- Fairness and transparency are maintained.



G K S Kumar

Chairman - Related Party Transactions Review Committee

17th August 2026

Nomination & Governance Committee Report

The objective of the Committee is to manage the selection, appointment re-election and evaluation of Board Directors.

The Nominations and Governance Committee appointed by the Board comprised of three (03) Members two (02) of whom were Non - Executive Independent Directors.

The Nominations and Governance Committee as at 31 March 2026, consisted of the following members.

COMPOSITION OF THE COMMITTEE

Name of the Directors	Position	Attendance at Nomination & Governance Meeting 12.02.2026	Meeting Attendance
P .T. K. Navaratne	Chairperson Non - Executive Independent Directors	✓	1/1
G .K .S. Kumar	Member Non - Executive Independent Directors	✓	1/1
A .M. Ondaatjie	Member Non-Executive Director	✓	1/1

COMMITTEE MEETINGS

The Committee met once during the year .Minutes of the Nomination and Governance Committee meeting are also tabled at the Board Meetings.

RESPONSIBILITIES OF THE COMMITTEE

1. Evaluation of the quality of the Board members and its composition.
2. Evaluation of the performance of the Board, its Committees and individual Directors to ensure that their responsibilities are satisfactorily discharged.
3. Reviewing the appointments, re-appointments, re-election, and election of Directors to the Boards of the Companies, as well as their succession planning, and suggesting amendments where necessary.

.

KEY FUNCTIONS OF THE COMMITTEE

1. Ensuring the diversity in terms of experience, skills and age to support effective Board performance and effectiveness of Royal Palms Beach Hotels Plc as well as the Key Management Personnel (KMPs).
2. Reviewing and recommending appointments to the Boards of companies whenever necessary.
3. Evaluating and recommending suitable internal and external candidates to higher levels of management.
4. Evaluating the eligibility of the Directors who have offered themselves for reappointment and re- election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and make necessary recommendations to the Board.
5. Evaluating the combination of varied skills, knowledge and experience of the Directors of the Company and of the companies.
6. Ascertaining the competencies of Directors are adequate to meet the required strategic demands of the Company.

P .T. K. Navaratne
Chairperson –Nomination & Governance Committee
17th August 2026

Financial Reports

Independent Auditor's Report

Shape the future
with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF ROYAL PALMS BEACH HOTELS PLC

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by 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 the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue The Company derives its revenue of Rs. 1,051 million by providing food, beverage, lodging and other hospitality industry related services as disclosed in Note 2.3.2 and 3 to the financial statements. Revenue was a key audit matter due to: • Its significance to the financial statements and the audit focus on the completeness of revenue recognized during the year.	Our audit procedures included the following key procedures:: • Understood the relevant key controls over revenue. • Performed appropriate analytical procedures to understand and assess the reasonableness of reported revenues; • Tested the appropriateness of revenue recognized during the year, by testing revenue transactions to sales invoices and other supporting documents. We also assessed adequacy of disclosures made in relation to revenue in Notes 2.3.2 and 3 to the financial statements.

Other information included in the company's 2026 Annual Report
Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

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

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

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

Independent Auditor’s Report

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

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor’s report is 7752.

Ernst & Young

17 August 2026
Colombo

Statement of Financial Position

As at 31 March 2026

ASSETS	Note	2026 Rs.	2025 Rs.
Non-Current Assets			
Property, Plant & Equipments	9	2,805,394,880	2,773,691,123
Intangible Assets	10	10,846	23,842
Other Financial Assets	15.1	22,593,292	21,073,770
Right - of - Use Assets	13	7,935,053	7,350,649
		2,835,934,071	2,802,139,384
Current Assets			
Inventories	11	34,378,605	31,081,287
Trade and Other Receivables	12	249,304,629	294,493,151
Other Non Financial Assets	14	36,140,760	48,428,380
Amounts Due from Related Parties	15.3	2,763,544	2,693,348
Short Term Investments	15.2	468,999,906	240,967,591
Cash and Bank Balances	16	334,373,026	361,874,631
		1,125,960,470	979,538,388
Total Assets		**3,961,894,541**	**3,781,677,772**
EQUITY AND LIABILITIES			
Capital and Reserve			
Stated Capital	17	521,583,448	521,583,448
Revaluation Reserve	18.1	1,459,666,178	1,452,105,480
Fair value Reserve of Financials Assets at FVOCI	18.2	3,240,760	2,177,094
Retained Earnings		950,821,603	800,543,373
Total Equity		2,935,311,989	2,776,409,395
Non-Current Liabilities			
Deferred Tax Liabilities	8.2	737,769,864	754,071,956
Lease Liabilities	24	6,370,263	5,676,525
Post Employment Benefit Liability	21	66,934,569	54,801,386
		811,074,696	814,549,867
Current Liabilities			
Trade and Other Payables	19	154,523,178	102,404,715
Income Tax Payable		37,666,597	15,418,780
Amounts Due to Related Parties	20	6,277,428	6,555,462
Lease Liabilities	24	3,610,487	3,445,713
Interest Bearing Loans and Borrowings	22	13,430,166	62,893,839
		215,507,856	190,718,509
Total Equity and Liabilities		**3,961,894,541**	**3,781,677,772**

These Financial Statements are in Compliance with the Requirements of the Companies Act No :07 of 2007.

The Board of Directors is Responsible for these Financial Statements. Approved and Signed for and on Behalf of the Board;

The Accounting Policies and Notes on Pages 50 Through 83 form an Integral Part of the Financial Statements.

M.I. Shahabdeen
Chief Financial Officer

A.M. Ondaatjie
Chairperson

T.J. Ondaatjie
Director

17th August 2026
Colombo

Statement of Profit or Loss

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Revenue	3	1,050,725,219	955,845,378
Cost of Sales		(294,749,484)	(304,474,496)
Gross Profit		755,975,735	651,370,882
Other Income & Gains	4	72,637,808	(12,266,576)
Selling and Distribution Expenses		(29,515,346)	(30,619,758)
Administrative Expenses		(609,689,197)	(581,252,184)
Other Expenses		(2,486,399)	(4,422,272)
Finance Income	6	18,347,763	13,172,143
Finance Costs	6	(1,815,727)	(2,067,485)
Profit Before Taxation	5	203,454,637	33,914,750
Income Tax Expense	8	(49,387,658)	(17,858,881)
Profit For the Year		154,066,979	16,055,869
Earnings Per Share - Basic	7	3.08	0.32

The Accounting Policies and Notes on Pages 50 Through 83 form an Integral Part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Profit/(Loss) For the Year		154,066,979	16,055,869
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Statement of Profit or Loss in Subsequent Periods (Net of Tax):		-	-
Other Comprehensive Income not to be Reclassified to Statement of Profit or Loss in Subsequent Periods (Net of Tax):			
Actuarial Gains/(Losses) on Post Employment Benefit Liability	21.1	(5,412,500)	(2,074,114)
Income Tax Effect on Actuarial Gains / (Losses) on Post employment Benefit Liability	8.2	1,623,750	622,234
Revaluation of Land & Buildings	18	-	336,582,654
Income Tax Effect on Revaluation of Land and Buildings	18	7,560,698	(93,627,707)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments	18.2	1,519,522	2,721,006
Income Tax Effect on Gain on Fair Value Through Other Comprehensive Income Financial Instruments		(455,857)	(816,302)
Other Comprehensive Income/(Loss) for the Year		4,835,613	243,407,771
Total Comprehensive Income for the Year		158,902,593	259,463,640

The Accounting Policies and Notes on Pages 50 Through 83 form an Integral Part of the Financial Statements.

Statement of Changes in Equity

Year ended 31 March 2026

	Stated Capital	Revaluation Reserve	Retained Earnings	Fair value Reserve of Financials Assets at FVOCI	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2024	521,583,448	1,209,150,533	785,939,384	272,390	2,516,945,755
Net Profit/(Loss) for the Year	-	-	16,055,869	-	16,055,869
Other Comprehensive Income	-	242,954,947	(1,451,880)	1,904,704	243,407,771
Total Comprehensive Income	**-**	**242,954,947**	**14,603,989**	**1,904,704**	**259,463,640**
As at 31 March 2025	**521,583,448**	**1,452,105,480**	**800,543,373**	**2,177,094**	**2,776,409,395**
Net Profit/ (Loss) for the Year	-	-	154,066,979	-	154,066,979
Other Comprehensive Income	-	7,560,698	(3,788,750)	1,063,665	4,835,613
Total Comprehensive Income	-	7,560,698	150,278,229	1,063,665	158,902,593
As at 31 March 2026	521,583,448	1,459,666,178	950,821,603	3,240,760	2,933,311,989

The Accounting Policies and Notes on Pages 50 Through 83 form an Integral Part of the Financial Statements.

Statement of Cash Flow

Year ended 31 March 2026

	Note	2026 Rs.	2025 Rs.
Cash Flows From Operating Activities			
Profit / (Loss) Before Taxation		203,454,637	33,914,750
Adjustments for :			
Depreciation	9 /13	80,578,795	76,421,509
Amortisation of Intangible Assets	10.2	12,996	12,996
Finance Income	6	(18,347,763)	(13,172,143)
Finance Costs	6	37,834	141,481
Interest Expenses on Lease	6	1,777,893	1,926,004
Loss from Derecognition of Property, Plant & Equipment		397,134	585,960
(Gain) / Loss on Disposal of Property, Plant and Equipments		145,111	1,568,737
Provision for Retirement Benefit Obligations	21	9,761,003	8,792,487
Operating Profit / (Loss) Before Working Capital Changes		277,817,640	110,191,781
(Increase)/ Decrease in Inventories	11	(3,297,318)	4,364,043
(Increase)/ Decrease in Trade and Other Receivables	12	34,708,087	125,976,935
(Increase)/ Decrease in Other Non Financial Assets	14	12,287,620	(18,505,126)
(Increase)/ Decrease in Amounts Due from Related Parties	15.3	(70,195)	774,276
Increase / (Decrease) in Trade and Other Payables	19	52,118,463	(29,389,915)
Increase / (Decrease) in Amounts Due to Related Parties	20	(278,034)	(1,607,972)
Cash Generated from Operations		373,286,262	191,804,023
Income Tax Paid		(34,713,342)	(530,294)
Finance Costs Paid		(37,834)	(141,481)
Retirement Benefit Costs Paid	21	(3,040,320)	(1,718,865)
Net Cash From/(Used in) Operating Activities		335,494,766	189,413,383
Cash Flows from /(Used in) Investing Activities			
Acquisition of Property, Plant & Equipments	9	(109,633,157)	(59,990,147)
Investments (Made)/Withdrawal in Fixed Deposits		(225,072,171)	(14,932,911)
Interest Received		15,387,619	18,139,630
Proceeds on disposal of Property, Plant & Equipments		224,576	375,425
Net Cash Flows Used in Investing Activities		(319,093,133)	(56,408,003)
Cash Flows from / (Used in) Financing Activities			
Lease Rent Payments	24.1	(4,920,000)	(4,920,000)
Net Cash Flows from / (Used in) Financing Activities		(4,920,000)	(4,920,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		11,481,632	128,085,380
Effect of Exchange Rate Changes on Cash and Cash Equivalents		10,480,436	5,007,320
Cash and Cash Equivalents at the Beginning of the Year	16	298,980,792	165,888,092
Cash and Cash Equivalents at the End of the Year	16	320,942,860	298,980,792

The Accounting Policies and Notes on Pages 50 Through 83 form an Integral Part of the Financial Statements.

Notes to the Financial Statement

1 CORPORATE INFORMATION

1.1 General

Royal Palms Beach Hotels PLC ("Company") is a PLC limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 236 Galle Road, Colombo 03, and the principal place of business is situated at St. Abrew's Drive Road, Waskaduwa, Kalutara North.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company was hoteliering.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company does not have an identifiable parent of its own.

1.4 Date of Authorization for Issue

The financial statements of Royal Palms Beach Hotels PLC for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 17 August 2026.

2. STATEMENT OF COMPLIANCE

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Cash Flows statement, together with the accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.1 BASIS OF PREPARATION

2.1.1 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis except for Freehold Land and building and Financial Instruments at amortized cost that have been measured at fair value. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.2 Comparative Information

The presentation and classification of the financial statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.3 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are treated immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

2.1.4 Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by a Sri Lanka Accounting Standard.

2.1.5 Changes in Accounting Policies

The accounting policies adopted by the company are consistent with those of the previous financial year.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Financial Statements of the Company in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements.

Going Concern

The directors have made an assessment of the company's ability to continue in business for the foreseeable future. Therefore, the financial statements are continued to be prepared in a Going Concern Basis.

Critical Accounting Estimates and Assumptions

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Statement of Financial Position and amounts charged to the Statement of profit or loss. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

Fair Value of Property, Plant & Equipment:
The Land and Building of the company are reflected at fair value. Land and Building are valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of Land and Building, with the assistance of an independent professional valuer.

Valuations are performed frequently enough to ensure that the fair value of a revalued land does not differ materially from its carrying amount. To determine the frequency of valuations, the management uses its judgement supported by the advice of an independent professional valuer. Further details are given in Note 9.

Components of Buildings:
In determining the depreciation expense, the Company with the assistance of an independent professional valuer determined the components of buildings that have varying useful lives. Approximation techniques and appropriate groupings were used in such determination as well as in the assessment of the useful lives of each component.

De-recognition of Property Plant & Equipments subject to refurbishments:
In order to comply with the LKAS 16 - Property Plant & Equipment, the Company determined the cost of derecognised assets based on the quantity surveyor's valuation.

Impairment of Trade Debtors:
The Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the statement of profit or loss. The Management uses judgment in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of, that indicate uncertainty in recovery. Further details are given in Note 12.

Defined Benefit Plans:
The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 24.

Useful lives of Property, Plant & Equipment:
The company reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each reporting date. Judgement of the management is exercised estimation of these values, rates, methods and hence they are subject to uncertainty.

Useful life of Intangible Asset:
The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Leases – Estimating the incremental borrowing rate
The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3.1 Foreign currencies

The Financial Statements are presented in Sri Lanka Rupees, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit and loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.3.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably

Notes to the Financial Statement

measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

a) Room Revenue
Revenue is recognized on the rooms occupied on daily basis.

b) Food & Beverage Revenue
Food & Beverage Revenue is accounted at the time of sale.

c) Other Hotel Related Revenue
Other Hotel Related Revenue is accounted when such service is rendered.

d) Interest
Interest Income is recognized on a time proportion basis that takes in to account the effective yield.

e) Others
Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

f) SLFRS 15 Revenue from Contracts with Customers
SLFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. SLFRS 15 required the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company carried out an impact analysis of the possible impact from adoption of the SLFRS 15 across all the services offered by the Hotel. The key aspects covered are as follows.

Identified all the goods or services, or contract deliverables, which have been promised within usual course of carrying out services of the Hotel. In determining this, the management looked at implicitly or explicitly promised services including customary business practices or policies of the hotel. Having considered the same, hotel then determined that in all principle services rendered, there was one distinct performance obligation rather than many.

In connection with contracts with travel agents, tour operators, on-line travel agents, corporate customers and free-individual-travelers, the company identified certain principal vs agent considerations. In recognising revenue from these transactions, the company considered whether the nature of its promise is a performance obligation to provide the hotel services itself (acting as a principal) or to arrange for the other party to provide those such services (acting as an agent). In particular, certain on-line travel agent agreements had terms indicative that the Hotel was in fact the principal, while in certain other circumstances, considerations that were suggestive of agency considerations were present. Company does not have any outsourced other hotel related services. Accordingly, this aspect of principal versus agent did not result in material changes to the reported figures, despite the analysis and effort carried out by the Company.

2.3.3 Expenditure Recognition

a) Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of income statement the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performances, hence such presentation method is adopted.

2.3.4 Taxation

a) Current Income Taxes
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates

and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Companies are liable to tax at the rate of 30%.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

b) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

c) Deferred Tax

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

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

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

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

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

2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost methods:

Food and Beverage	- At purchase cost on weighted average basis.
Other Inventories	- At purchase cost on weighted average basis.
Uniforms	- At purchase cost

2.3.6 Cash and Short-term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.7 Property, Plant and Equipment

Property, Plant and Equipment (except for land & Building) is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property,

Notes to the Financial Statement

Plant and Equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied.
All other repair and maintenance costs are recognised in the income statement as incurred.

Land and Building is measured at fair value less accumulated depreciation on building, less impairment losses. Valuations are performed with sufficient frequency (Once in 3 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognized in other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in the Statement of income, in which case the increase is recognized in the Statement of income. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost.

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of income when the asset is derecognized.
The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight line basis over the useful lives of the assets.

The useful lives of the assets are estimated as follows;

	2026	2025
Buildings and building integrals	20 – 70 years	20 – 70 years
Motor Vehicles	5- 10 Years	5- 10 Years
Kitchen Equipment	20 Years	20 Years
Furniture and Fittings	20 Years	20 Years
Office Equipment	20 Years	20 Years
Recreational Equipment	10 Years	10 Years
Hotel Equipment	5-20 Years	5-20 Years
Air Condition and Ventilation	10 Years	10 Years
Computer Equipment	5 Years	5 Years
Linen & Furnishing	1-3 Years	1-3 Years
Cutlery, Crockery & Glassware	1-3 Years	1-3 Years
Solar Water Heater System	10 Years	10 Years

Depreciation of an asset begin when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Capital Work-in-Progress
Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalisation.

2.3.8 Financial Assets and Liabilities
Initial recognition of Financial Assets and Financial Liabilities
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

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

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

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

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

Financial assets at amortised cost (debt instruments)
The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes following,

Trade receivables and other current financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost.

Equity investments in non-listed companies are classified and measured as Equity instruments designated at fair value through OCI. The Company elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as equity instrument fair value through OCI, since it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

Debt instrument at Fair Value through OCI
A debt instrument is measured at FVOCI only if it meets both of the following conditions:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

And

- The contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains or losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Derecognition of financial assets
A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired

Or

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

Impairment of Financial Assets
The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss which includes trade receivables.

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

Notes to the Financial Statement

life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

The Company considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

Financial Liabilities
Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The financial liabilities of the Company include loans and borrowings, Trade and other payables and Amount due to related parties.

Subsequent Measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

The Company does not have any Financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities
The Company may remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—i.e when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

2.3.9 Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, except capitalized development costs, are not capitalized and expenditure is recognized in the income statement when it is incurred.

The Company's intangible assets include the value of computer software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 5 years

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful lives 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible assets.

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 the income statement when the asset is derecognised.

2.3.10 Provisions

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

2.3.11 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the company are disclosed in Note No. 23 & 25.

2.3.12 Retirement Benefit Obligations

a) Defined Benefit Plans – Gratuity

A defined benefit plan is a post – employment benefit plan other than a defined contribution plan.

The Company measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary once in every year using the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in Other Comprehensive Income and current service cost and interest costs at the income statement.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligation are given in Note 21. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on "Employee benefits' However, under the payment of gratuity act no 12 of 1983, the liability to an employee rises only on completion of 5 years of continued service.

The gratuity liability is not externally funded.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.13 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 or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may

Notes to the Financial Statement

have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the 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 recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.14 Leases

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

The Company recognises a right-of-use asset representing the right to use the underlying asset and a lease liability at the lease commencement date.

2.3.14.1 Right-of-use Asset

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. After the commencement date, Company measures the right-of-use asset on cost model.

2.3.14.2 Depreciation

Right of use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

If the ownership of the leased asset transfers to the Company at the end of the lease term, or the cost of the right of use asset reflects the exercise a purchase option, the asset is depreciated over the useful life of the underlying asset.

The right of use assets are subject to impairment.

2.3.14.3 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, on initial application the Company used the incremental borrowing rate as the discount rate to determine the lease liability.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

2.3.14.4 Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

2.3.14.5 Presentation in the Statement of Financial Position

The Company presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its 'statement of financial position.

2.3.14.6 Dividend Distributions

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in income as a separate line in statement of comprehensive income.

2.4 New Accounting Standard Issued but not yet effective as at Reporting Date

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

2.4.1 SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being Identified and evaluated.

2.4.2 SLFRS 19 Subsidiaries without public accountability: Disclosures

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027.
Early application is permitted

The potential impact of SLFRS 19 is currently being identified and evaluated.

2.4.3 Classification and Measurement of Financial Instruments –

Amendments to SLFRS 9 and SLFRS 7

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements

2.4.4 Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted will be adopted, if applicable, when they become effective.

Notes to the Financial Statement

Year ended 31 March 2026

3. REVENUE

	2026 Rs.	2025 Rs.
Room Revenue	379,406,039	286,806,733
Food and Beverage Revenue	612,445,532	624,083,630
Other Hotel Related Revenue	58,873,649	44,955,015
	1,050,725,219	955,845,378

4. OTHER INCOME & GAINS

	2026 Rs.	2025 Rs.
Exchange Gain / (Loss)	72,552,158	(12,401,107)
Profit from Disposal of Property, Plant & Equipment	-	-
Income from Staff Meals	85,650	134,531
	72,637,808	(12,266,576)

5. PROFIT BEFORE TAXATION

Stated After Charging / (Crediting)	2026 Rs.	2025 Rs.
Depreciation	77,162,579	73,255,933
Amortisation of Intangible Assets	12,996	12,996
Auditors' Remuneration (Fees & Expenses)	717,000	676,500
Operation and Marketing Fee - Related Party	40,492,863	36,884,350
Staff Costs		
-Wages and Salaries	190,604,143	170,419,413
-Cost of Meals	38,829,519	35,956,320
-Defined Benefit Plan Costs - Gratuity	9,761,003	8,792,488
-Defined Contribution Plan Costs - EPF & ETF	21,494,293	19,639,444
Donations / CSR	10,000	-
Directors' Fee	1,075,000	545,000
Marketing and Promotional Fee	10,475,899	14,400,805
Power and Energy Expenditures	70,328,407	82,764,636
Repair and Maintenance Expenditures	63,056,964	65,852,471
(Profit) / Loss on Disposal of Property, Plant & Equipments	145,111	1,568,737
Social Security Contribution Levy	16,342,149	12,991,272
Surplus/(Deficit) on Year End Foreign Currency Conversion	72,552,158	(12,401,107)

6. NET FINANCE INCOME/(EXPENSES)

	2026 Rs.	2025 Rs.
6.1 Interest Income - Related Party	2,765,786	2,633,584
Interest Income - Other	15,581,977	10,538,559
	18,347,763	13,172,143
6.2 Interest on Bank Overdrafts	(37,834)	(141,481)
Interest Expense on Term Loans	-	-
Interest Charge on Lease Liabilities	(1,777,893)	(1,926,004)
	(1,815,727)	(2,067,485)
	16,532,036	11,104,658

7. EARNINGS PER SHARE

Basic Earnings Per Share is Calculated by Dividing the Net Profit for the Year Attributable to Ordinary Shareholders by the Weighted Average Number of Ordinary Shares Outstanding During the Year. The Weighted Average Number of Ordinary Shares Outstanding During the Year and the Previous Year are Adjusted for Events that have Changed the Number of Ordinary Shares Outstanding.

The Following Reflects the Income and Share Data Used in the Basic Earnings Per Share Computations.

	2026 Rs.	2025 Rs.
Amount Used as the Numerator:		
Net Profit for the Period	154,066,979	16,055,869
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	154,066,979	16,055,869
Number of Ordinary Shares Used as Denominator	Number	Number
Weighted Average Number of Ordinary Shares Applicable to Basic Earnings Per Share	50,000,000	50,000,000
Earnings Per Share	3.08	0.32

Notes to the Financial Statement

Year ended 31 March 2026

8. INCOME TAX

The Major Components of Income Tax Expense for the Year Ended 31 March are as Follows:

Income Statement	2026 Rs.	2025 Rs.
Current Income Tax		
Current Income Tax charge	58,819,804	22,412,103
Under/(Over) Provision of Current Taxes in Respect of Prior Years	(1,858,645)	2,405,305
	56,961,159	24,817,408
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) (Note 8.2)		
Recognition of Deferred Tax on Temporary Differences	(7,573,501)	(6,958,527)
Recognition of Deferred Tax on Income Tax Rate Change	-	-
	(7,573,501)	(6,958,527)
Income Tax Expense Reported in the Income Statement	49,387,658	17,858,881
Statement of Changes in Equity		
Deferred Income Tax Related to Items Charged or Credited Directly to Equity :		
Recognition of Deferred Tax on Temporary Differences	1,623,750	622,234
Revaluation of Land and Buildings to Fair Value	7,104,841	(94,444,009)
Income Tax Expense Reported in Equity	8,728,591	(93,821,775)

8.1 A Reconciliation Between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate is as Follows :

	2026 Rs.	2025 Rs.
Accounting Profit /(Loss)Before Tax	203,454,637	33,914,750
Disallowable Expenses	91,048,496	88,732,734
Allowable Expenses	(108,866,093)	(58,326,549)
	185,637,040	64,320,935
Assessable Income From Investment	10,428,975	10,386,076
Applicable Tax Rate	30%	30%
Current Tax Charge	58,819,804	22,412,103

8.2 Deferred Tax Assets , Liabilities

	2026 Rs.	2025 Rs.
Deferred Tax Liabilities	760,048,739	772,563,098
Deferred Tax Assets	(22,278,875)	(18,491,142)
Net Deferred Tax Liabilities	737,769,864	754,071,956

Deferred Taxation Charge/(Reversal) - Statement of Profit or Loss /Other Comprehensive Income

	Statement of Financial Position		Income Statement		Statement of Other Comprehensive Income	
Deferred Tax Liabilities	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revalued Land and Buildings	710,559,172	721,903,793	(3,783,923)	(3,110,220)	(7,560,698)	93,627,707
Capital allowances for Tax Purposes	48,137,030	49,762,625	(1,625,595)	(2,301,701)	-	-
Investment in Unquoted Investment	1,352,537	896,680	-	-	455,857	816,302
	760,048,739	772,563,098	(5,409,518)	(5,411,921)	(7,104,841)	94,444,009
Deferred Tax Assets						
Defined Benefit Plans - Recognised through Income Statement	(20,080,371)	(16,440,416)	(2,016,205)	(2,122,087)	(1,623,750)	(622,234)
Right of Use Assets - Recognised through Income Statement	(613,710)	(531,477)	(82,233)	(51,474)	-	-
General Provisions -						
Allowances for Doubtful Receivables	(287,199)	(189,680)	(97,519)	847,380	-	-
Allowances for Obsolete Inventories	(1,297,595)	(1,329,569)	31,974	(220,425)	-	-
	(22,278,875)	(18,491,142)				
			(2,163,983)	(1,546,606)	(1,623,750)	(622,234)
Deferred Tax Charge to the Income Statement			(7,573,501)	(6,958,527)		
Deferred Tax Charge to Other Comprehensive Income					(8,728,591)	93,821,775
Deferred Tax Assets/ Liability	737,769,864	754,071,956				

Notes to the Financial Statement

Year ended 31 March 2026

9. PROPERTY, PLANT AND EQUIPMENTS

9.1 Gross Carrying Amounts

	Balance As At 01.04.2025	Additions	Disposals / Derecognition	Balance As At 31.03.2026
	Rs.	Rs.	Rs.	Rs.
At Cost or Valuation				
Freehold Land	970,000,000	-	-	970,000,000
Buildings on Freehold Land	1,570,000,000	28,423,361	(406,370)	1,598,016,991
Motor Vehicles	25,050,823	26,390,678		51,441,501
Kitchen Equipments	68,077,913	1,565,400	(171,450)	69,471,863
Furniture and Fittings	129,047,730	990,000	-	130,037,730
Office Equipments	2,073,442	-	-	2,073,442
Recreational Equipments	7,729,871	73,900	-	7,803,771
Hotel Equipments	226,580,993	3,756,524	(2,364,609)	227,972,908
Air Condition & Ventilation Systems	56,146,300	3,428,902	(1,342,308)	58,232,894
Solar Water Heater Systems	4,262,028	-		4,262,028
Computer Equipments	15,476,460	548,978	(109,175)	15,916,263
Linen & Furnishing	44,884,772	11,058,198	(5,853,537)	50,089,433
Cutlery, Crockery & Glasswares	11,298,144	2,873,215	(2,187,583)	11,983,776
Gross Carrying Amounts	**3,130,628,476**	**79,109,156**	**(12,435,032)**	**3,197,302,600**
In the Course of Construction				
Capital Work-in-Progress	-	30,524,001	-	30,524,001
	3,130,628,476	**109,633,157**	**(12,435,032)**	**3,227,826,601**

9.2 Depreciation

	Balance As At 01.04.2025	Charge For the Year	Disposals / Derecognition	Balance As at 31.03.2026
At Cost or Valuation	Rs.	Rs.	Rs.	Rs.
Buildings on freehold land	-	41,033,370	(9,236)	41,024,134
Motor Vehicles	25,050,823	1,798,602		26,849,425
Kitchen Equipments	34,911,580	3,040,909	(110,765)	37,841,724
Furniture and Fittings	80,651,062	6,044,385	-	86,695,447
Office Equipments	1,261,524	74,507	-	1,336,031
Recreational Equipments	7,397,222	82,232	-	7,479,454
Hotel Equipments	99,525,780	11,147,067	(2,055,607)	108,617,240
Air Condition & Ventilation Systems	49,787,178	2,024,266	(1,342,308)	50,469,136
Solar Water Heater Systems	3,764,796	426,203		4,190,999
Computer Equipments	13,111,256	825,739	(109,175)	13,827,820
Linen & Furnishing	33,808,110	8,532,130	(5,853,537)	36,486,703
Cutlery, Crockery & Glasswares	7,668,022	2,133,169	(2,187,583)	7,613,608
Total Depreciation	**356,937,353**	**77,162,579**	**(11,668,211)**	**422,431,721**

9.3 Net Book Values

At Cost or Valuation	2026 Rs.	2025 Rs.
Freehold Land	970,000,000	970,000,000
Buildings on Freehold Land	1,556,992,857	1,570,000,000
Motor Vehicles	24,592,076	-
Kitchen Equipments	31,630,139	33,166,333
Furniture and Fittings	43,342,283	48,396,668
Office Equipments	737,411	811,918
Recreational Equipments	324,317	332,649
Hotel Equipments	119,355,668	127,055,213
Air Condition & Ventilation Systems	7,763,758	6,359,122
Solar Water Heater Systems	71,029	497,232
Computer Equipments	2,088,443	2,365,204
Linen & Furnishing	13,602,730	11,076,662
Cutlery, Crockery & Glasswares	4,370,168	3,630,122
Total Net Carrying Amount of Property, Plant & Equipments	**2,774,870,879**	**2,773,691,123**
In the Course of Construction		
Capital Work-in-Progress	30,524,001	-
Total Carrying Amount of Property, Plant & Equipment	**2,805,394,880**	**2,773,691,123**

9.4

a) Land and Building is measured at fair value less depreciation on building, less impairment losses. Valuations are performed with sufficient frequency (Once in 03 years). The fair value of land and buildings was determined by means of a revaluation during the financial year 2024/2025 by Messrs. E.G Jayatissa an independent valuer based on market based evidence and depreciated replacement cost method. The results of such evaluation were incorporated in these Financial Statements from its effective date which is 31 March 2025. The surplus arising from the revaluation net of deferred taxes was transferred to a revaluation reserves.

b) The Carrying Amount of Revalued Assets that would have been Included in the Financial Statements had the Assets been Carried at Cost less Depreciation, is as Follows:

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets were at Cost Rs.	Net Carrying Amount 2026 Rs.	Net Carrying Amount 2025 Rs.
Freehold Land	98,203,611	-	98,203,611	98,203,611
Buildings on Freehold Land	823,957,189	248,481,302	575,475,887	563,239,096
	922,160,800	**248,481,302**	**673,679,498**	**661,442,707**

9.5 During the Financial Year, the Company Acquired Property, Plant & Equipment to the Aggregate Value of Rs.109,633,157/- (2025 -Rs. 59,990.147-) for cash consideration.

9.6 Property, Plant & Equipment includes fully depreciated assets which are still in use having a gross carrying amount of Rs 158,370,729/- (2025- Rs.146,936,207/-).

Notes to the Financial Statement

Year ended 31 March 2026

9.7 With Effect from 1 April 2012, the Company Reviewed the Useful Life of Each Significant Component of Buildings. In the Review Process, the Company has taken the assistance of an Independent Professional Valuer. Accordingly, Depreciation was Calculated for the year ended 31 March 2026 using a Straight Line Method for each Individual Significant Component of Building.

Components Included in Buildings and Building Integrals:

- Buildings Superstructure 70 Years
- Bathroom Fittings 25 Years
- Roof 40 Years
- Flooring 25 Years
- Elevators 20 Years
- Gazeebo Hut 50 Years

10. INTANGIBLE ASSETS

	Computer Software	
	2026	2025
	Rs.	Rs.
10.1 Cost		
As at the Beginning of the Year	6,366,406	6,366,406
Incurred During the Year	-	-
As at the End of the Year	6,366,406	6,366,406
10.2 Amortisation		
As at the Beginning of the Year	6,342,564	6,329,568
Amortised During the Year	12,996	12,996
As at the End of the Year	6,355,560	6,342,564
10.3 Net Book Value		
As at the Beginning of the Year	23,842	36,838
As at the End of the Year	10,846	23,842

11. INVENTORIES

	2026	2025
	Rs.	Rs.
Food and Beverage Inventories	16,570,425	15,534,730
Housekeeping and General Inventories	4,568,173	4,257,851
Uniforms	6,204,525	4,935,637
Others Consumables	11,360,797	10,784,964
	38,703,920	35,513,182
Less: Allowances for Obsolete Inventories	(4,325,315)	(4,431,895)
	34,378,605	**31,081,287**

12. TRADE AND OTHER RECEIVABLES

		2026 Rs.	2025 Rs.
Trade Receivables	- Related Party (Note 12.1)	23,070,034	34,121,221
	- Other	222,392,988	256,235,129
Less : Allowances for Doubtful Trade Receivables (Note 12.2)		(957,330)	(632,267)
		244,505,692	289,724,083
Other Receivables		3,944,864	3,904,930
Loans to Company Officers		854,073	864,138
		249,304,629	**294,493,151**

12.1 Trade Due From Related Parties

Name of the Company	Relationship	2026 Rs.	2025 Rs.
Tangerine Tours (Pvt) Limited	Other Related Party	23,070,034	34,121,221
		23,070,034	**34,121,221**

12.2 Total Allowance for Impairment on Trade Debtors

	2026 Rs.	2025 Rs.
Balance as at Beginning of the Year	632,267	3,456,865
Charge/(Reversal) for the Year	325,063	(2,824,598)
Balance as at the End of the Year	957,330	632,267

13. RIGHT-OF-USE ASSETS

	Right-of-Use Buildings	
Movement During the Year	2026 Rs.	2025 Rs.
Cost		
Balance as at Beginning of the Year	20,126,395	20,126,395
Recognition / (Derecognition) of Operating Leases Under SLFRS 16	4,000,620	-
Balance as at the End of the Year	24,127,015	20,126,395
Accumulated Depreciation / Impairment		
Balance as at Beginning of the year	12,775,746	9,610,170
Charge for the Year	3,416,216	3,165,576
Balance as at the End of the Year	16,191,962	12,775,746
Net Book Value		
As at the Beginning of the Year	7,350,649	10,516,225
As at the End of the Year	7,935,053	7,350,649

Notes to the Financial Statement

Year ended 31 March 2026

Details of Right-of-Use Asset Relating to Leased Property

Nature of the Leasing Activity	Location of the Leased Property	Unexpired lease period as at 31.03.2026
Building - 898.44 Sq.Ft.	Colombo 03	5 Year
Building - 1975.25 Sq.Ft.	Kalutara	1 Year

13.1 Sensitivity of Right-of-Use Assets / Lease Liability to Key Assumption

Sensitivity to Discount Rate/ Incremental Borrowing Rates

	ROU Asset Rs.	Lease Liability Rs.
Increased 1%	(184,340)	(114,268)
Decreased -1%	192,680	118,679

14. OTHER NON FINANCIAL ASSETS

	2026 Rs.	2025 Rs.
Prepayments and Advances	20,972,652	33,095,644
Input VAT Receivable	13,731,677	13,731,677
Other Receivables	1,436,431	1,601,059
	36,140,760	48,428,380

15. OTHER FINANCIAL ASSETS

15.1 Measured at Fair value through OCI

Non Quoted Equity Securities with Related Parties	No. of Shares 2026	No. of Shares 2025	Cost 2026 Rs.	Directors Valuation ** 2026 Rs.	Cost 2025 Rs.	Directors Valuation ** 2025 Rs.
Fair View Hotel (Pvt) Ltd.- Related Party	1,800,000	1,800,000	18,000,000	22,593,292	18,000,000	21,073,770
Gross Carrying Value of Investments			18,000,000	22,593,292	18,000,000	21,073,770
Total Current Non Quoted Equity Securities				22,593,292		21,073,770

15.1.1 The Company held 3% (2025 - 3%) Shareholding in Fair View Hotel (Pvt) Ltd. The Fair Value of above Unquoted Equity Securities was Determined using Discounted Cash Flow (DCF) Valuation technique, where Significant inputs were not Based on Observable Market Data (Level 3). There were no Share Sales or Purchases During the year. Valuation techniques, Key assumption and the Sensitivity of the Significant inputs to the Fair Value of the Investment are as follows:

Valuation Technique	Significant Unobservable Inputs	Sensitivity of the input to fair value
Discounted cash flow (DCF) method	Long term growth rate 5%	1% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by Rs.2,060,598 and (Rs.1,615,698) respectively.
	Weighted Average Cost of Capital (WACC) 13%	1% increase/(decrease) in the WACC would result in (decrease)/Increase in fair value by (Rs. 4,774,535) and Rs. 6,106,627 respectively.

Financial Assets Measured at Fair Value through OCI

Investment in Equity Securities- Non-Quoted:

Fair View Hotel (Pvt) Ltd.- Related Party	2026 Rs.	2025 Rs.
Fair Value at the Beginning of the Year	21,073,770	18,352,764
Gain Recognised in the Other Comprehensive Income (Note 18.2)	1,519,522	2,721,006
Fair Value at the Beginning of the Year	22,593,292	21,073,770

15.2 Measured at Amortized Cost

Short Term Investments - Fixed Deposits

	Institute	Relationship	2026 Rs.	2025 Rs.
Fixed Deposits	Mercantile Investments and Finance PLC	Other Related Party	68,565,786	10,900,000
Fixed Deposits	Commercial Bank of Ceylon PLC		71,381,886	-
Fixed Deposits	Hatton National Bank PLC		329,052,233	230,067,591
			468,999,906	240,967,591

15.3 Measured at Amortized cost

Other Receivable due from Related Parties

Name of the Company	Relationship	2026 Rs.	2025 Rs.
Tangerine Beach Hotels PLC	Significant Investor	2,667,133	2,648,151
The Nuwara Eliya Hotels Co. PLC	Other Related Party	50,286	45,197
Mercantile Investments & Finance PLC	Other Related Party	46,125	-
		2,763,544	2,693,348

Notes to the Financial Statement

Year ended 31 March 2026

16. CASH AND BANK BALANCES

	2026 Rs.	2025 Rs.
Cash at Bank and Cash in Hand	334,373,026	361,874,631
	334,373,026	361,874,631
For the Purposes of the Cash Flow Statement, the Year End Cash and Cash Equivalents Comprise the Following:		
Cash and Bank Balances	334,373,026	361,874,631
Bank Overdraft (Note 22)	(13,430,166)	(62,893,839)
	320,942,860	298,980,792

17. STATED CAPITAL

	Number of Shares	Ordinary Shares Rs.
At 31 March 2025	50,000,000	521,583,448
At 31 March 2026	**50,000,000**	**521,583,448**

Ordinary Shares

The Holders of Ordinary Shares are Entitled to Receive Dividends as Declared from time to time on the Residue of Profits and are Eligible to Participate in any Surplus Assets in a Winding Up. They are also Entitled to One Vote per Share at Meetings of the Company. There are no other preferences or restrictions on Ordinary Shares.

18. RESERVE

18.1 Revaluation Reserve

	2026 Rs.	2025 Rs.
As at the Beginning of the Year	1,452,105,480	1,209,150,533
Revaluations During the Year	-	336,582,654
Tax Effect on Surplus on Revaluation	7,560,698	(93,627,707)
As at the End of the Year	1,459,666,178	1,452,105,480

18.2 Fair Value Reserve

Fair Value Reserve of Financial Assets at FVTOCI	2026 Rs.	2025 Rs.
As at 1st April	2,177,094	272,390
Gain/(Loss) on Financial Assets at FVOCI (Note 15.1)	1,519,522	2,721,006
Deferred Tax Impact	(455,857)	(816,302)
As at 31st March	3,240,760	2,177,094

19. TRADE AND OTHER PAYABLES

	2026 Rs.	2025 Rs.
Financial Liabilities (Note 19.1)	86,021,622	56,268,624
Non Financial Liabilities (Note 19.2)	68,501,555	46,136,091
	154,523,178	102,404,715

19.1 Financial Liabilities

	2026 Rs.	2025 Rs.
Trade Payables	69,589,814	40,975,790
Service Charge Payable	7,577,423	10,337,407
Other Payables	8,854,385	4,955,427
	86,021,622	56,268,624

19.2 Non Financial Liabilities

	2026 Rs.	2025 Rs.
Advanced Received for Reservation	29,431,496	6,194,737
Accrued Expenses	3,134,445	3,172,496
VAT Payable	12,504,865	13,905,481
SSCL Payable	1,436,593	1,473,374
EPF & ETF Payable	2,846,375	2,529,410
TDL Payable	3,841,938	3,808,955
Refundable Deposits	1,350,000	1,000,000
Other Payables	13,955,845	14,051,641
	68,501,557	46,136,093

20. AMOUNTS DUE TO RELATED PARTIES

Name of the Related Party	Relationship	2026 Rs.	2025 Rs.
Security Ceylon (Pvt) Ltd.	Other Related Party	1,636,740	1,239,148
Tangerine Tours (Pvt.) Ltd.	Other Related Party	4,522,496	5,241,488
Mercantile Investments & Finance PLC	Other Related Party	-	74,826
Nilaveli Beavch Hotels (Pvt.) Ltd.	Other Related Party	118,192	-
		6,277,428	6,555,462

Notes to the Financial Statement

Year ended 31 March 2026

21. EMPLOYEE BENEFIT LIABILITY

	2026 Rs.	2025 Rs.
Balance as at the Beginning of the Year	54,801,386	45,653,650
Charge for the Year (Note 21.1)	15,173,503	10,866,601
Payments During the Year	(3,040,320)	(1,718,865)
Balance as at the End of the Year	66,934,569	54,801,386

21.1 Expenses on Defined Benefit Plan

	2026 Rs.	2025 Rs.
Current Service Cost for the year	4,280,864	3,314,049
Actuarial (Gain) / Loss	5,412,500	2,074,114
Interest Cost for the Year	5,480,139	5,478,438
Past Service Cost	-	-
	15,173,503	10,866,601

21.2 Actuarial Assumptions

	2026	2025
Discount Rate	10%	10%
Salary Increment	10%	9%
Mortality - A 1967/70 Mortality Table issued by the Institute of Actuaries London		
Retirement Age	60 years.	60 years.
Disability Rate	Simple disability rate	

Staff Turnover

The Staff Turn Over Rate Used in the Valuation:
CAT 1 : 10.00% up to age 54 and thereafter zero
CAT 2 : 17.00% up to age 54 and thereafter zero

An Actuarial Valuation of the Gratuity was Carried Out as at 31 March 2026 by Actuarial and Management Consultants (Pvt) Limited, a Firm of Professional Actuaries. The Valuation Method Used by the Actuaries is the "Projected Unit Credit Method", Recommended by LKAS 19 Employee Benefits.

21.3 Sensitivity of Assumptions Employed in Actuary Valuation

The Following Table Demonstrates the Sensitivity to a Reasonably Possible Change in the Key Assumptions Employed with all Other Variables held Constant in the Employment Benefit Liability Measures.

The Sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the Effect of the Assumed Changes in Discount Rate & Salary Increment Rate on the Profit or Loss & Employment Benefit Obligation for the Year.

31 March 2026	Sensitivity Effect on Comprehensive Income Statement Increase /Reduction) in Results for the year	Sensitivity Effect on Employee Benefit Obligation Increase /(Reduction) in the Liability
Increase/ (Decrease) in Discount Rate		
1%	3,146,404	(3,146,404)
-1%	(3,442,787)	3,442,787
Increase/ (Decrease) in Salary Increment		
1%	(3,694,793)	3,694,793
-1%	3,432,601	(3,432,601)

31 March 2025	Sensitivity Effect on Comprehensive Income Statement Increase /Reduction) in Results for the year	Sensitivity Effect on Employee Benefit Obligation Increase / (Reduction) in the Liability
Increase/ (Decrease) in Discount Rate		
1%	2,158,313	(2,158,313)
-1%	(2,341,947)	2,341,947
Increase/ (Decrease) in Salary Increment		
1%	(2,570,331)	2,570,331
-1%	2,407,527	(2,407,527)

21.4 Maturity Profile

	2026 Rs.	2025 Rs.
Distribution of Defined Benefit Obligation Over the Future Working Life Time		
Less than or Equal 1 Year	9,587,599	12,225,718
Over 1 Year and Less than or Equal 2 Years	15,022,963	14,251,701
Over 2 Years and Less than or Equal 5 Years	18,560,805	9,690,684
Over 5 Years and Less than or Equal 10 Years	16,246,075	14,802,843
Over 10 years	7,517,127	3,830,440
Total	**66,934,569**	**54,801,386**

Notes to the Financial Statement

Year ended 31 March 2026

22. INTEREST BEARING LOANS AND BORROWINGS

	2026	2025
Current	Rs.	Rs.
Bank Overdraft	13,430,166	62,893,839
	13,430,166	62,893,839

23. COMMITMENTS

23.1 Financial Guarantees

There are no Financial Guarantees Given by the Company as at the Reporting Date.

23.2 Capital Expenditure Commitments

There are no Capital Expenditure Commitments as at the Reporting Date.

24. LEASE LIABILITIES

24.1 Movement of Lease Liabilities

	2026	2025
	Rs.	Rs.
Balance as at the Beginning of the Year	9,122,238	12,116,234
Payment of Lease Liabilities	(4,920,000)	(4,920,000)
Recognition of Operating Lease Liability (Note 13)	4,000,619	-
Interest Expense	1,777,893	1,926,004
Balance as at the End of the Year	9,980,750	9,122,238
Current Portion of Lease Liabilities		
2026/27 FY Lease Payments	4,920,000	4,920,000
2026/27 FY Lease Interest	(1,309,513)	(1,474,287)
	3,610,487	3,445,713
Non Current Portion of Lease Liabilities	6,370,263	5,676,525

** The Company used 13.90% and 18.29% as Incremental Borrowing Rate

24.2 The Following are the Amount Recognized in Profit or Loss:

	2026	2025
	Rs.	Rs.
Depreciation Expenses of Right of Use Assets	3,416,216	3,165,575
Interest Expense on Lease Liability	1,777,893	1,926,004
Total Amount Recognized in Profit and Loss	5,194,109	5,091,579

24.3 Following is the Maturity Lease Liability for Future Periods with Interest Cost

	0-12 Months	1 to 5 Years	5 to 10 Years	Total
	Rs.	Rs.	Rs.	Rs.
Lease Liability	6,370,263	3,610,487	-	9,980,751

25. CONTINGENCIES

There are no Significant Contingencies as at the Reporting Date.

26. RELATED PARTY DISCLOSURES

Details of Significant Related Party Disclosures are as Follows:

The Following Table Provides the Significant Amount of Transactions, Which have been Entered into With Related Parties for the Relevant Financial Year.

26.1 Transactions with Related Parties

Transaction with Entities Having Significant Influence Over the Company- Recurring Transactions

Tangerine Beach Hotels PLC - Significant Investor

Nature of Transactions	Terms of Transaction	2026 Rs.	2025 Rs.
As at the Beginning of the Year		2,648,151	3,032,688
Staff Quarters Rent	Market Terms	(3,120,000)	(3,120,000)
Swerage Treatment Plant rent	Market Terms	(3,116,219)	(3,529,928)
Laundry Charges	Market Terms	30,196,920	27,707,160
Water Bottles	Market Terms	(409,613)	(347,499)
Goods Transfer	At Cost	1,461,740	1,394,724
Reimbursement of Expenses - (Net)		(2,349,681)	(3,846,427)
Funds Transfers for Settlements		(22,644,165)	(18,642,567)
Balance as at 31st March		2,667,133	2,648,151

26.2 Transactions with Key Management Personnel

Key Management Personnel (KMPs) are Defined as Those Persons having Authority and Responsibility for Planning, Directing and Controlling the Activities of the Company. The Key Management Personnel of the Company are the Board of Directors of the Company and Personnel Holding the Designation General Manager and Above. Transactions with Key Management Personnel and Transactions with the Close Family Members (CFMs) of the KMPs, if any, also have been taken into Consideration in the Following Disclosure.

a) Key Management Personnel Compensation

	2026 Rs.	2025 Rs.
Short-Term Post Employment Benefits	14,756,000	13,377,000

26.3 Transaction with Other Related Parties - Recurring Transactions

Transactions with entities that are significantly influenced by Key Management Personnel of the Company:

Some Key Management Personnel of the Company and their Members of the Families Collectively have control Directly or Indirectly in Certain Entities with which the Company Entered into the Transactions, Summarised as Follows:

The Company Carries out Transactions with KMPs & their Close Family Members in the Ordinary Course of its Business on Standard Commercial Terms.

Notes to the Financial Statement

Year ended 31 March 2026

Name of the Related Party	Relationship	Nature of Transactions	Terms of Transactions	Amount		Balance as at 31st March	
				2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Security Ceylon (Pvt) Ltd.	Other Related Company	Security Services	As per Agreement	(17,375,486)	(16,218,243)	(1,636,740)	(1,239,148)
		Security Staff Meals	Market Terms	1,798,692	2,802,891		
		Settlements		15,179,203	13,433,113		
Tangerine Tours (Pvt) Ltd	Other Related Company	Tour Operation	As per Agreement	47,852,948	63,245,248	18,547,538	28,879,733
		Operation & Marketing Fee	As per Agreement	(40,492,863)	(36,884,350)	-	-
		Reimbursement of Expenses		(5,385,231)	(4,371,504)	-	-
		Settlements- Net		(9,667,640)	(92,701,424)		
Mercantile Investments & Finance PLC	Other Related Company	Repairs & Services to Motor Vehicles	Market Terms	(736,391)	-	46,125	(74,826)
		Head Office Rent	As per Agreement	(1,845,000)	(1,845,000)	-	-
		Reimbursement of Expenses		(1,632,569)	(1,306,875)	-	-
		Settlements- Net		4,334,909	3,167,762	-	-
		Net Movement of Fixed Deposits Investments	Market Terms	57,665,786	(26,672,248)	68,565,786	10,900,000
		Interest Income	Market Terms	2,765,786	2,633,584	-	-
The Nuwara Eliya Hotels Co. PLC	Other Related Company	Reimbursement of Expenses	-	540,201	4,104,460	50,286	45,197
		Settlements	-	(535,112)	(4,494,193)	-	-
Nilaveli Beach Hotels (Pvt.) Ltd.	Other Related Company	Reimbursement of Expenses	-	(1,067,716)	-	(118,192)	-
		Settlements	-	949,524	-		

There were no non-recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of equity or 5% of total assets which ever is lower.

27. GOING CONCERN

The Directors, After Making necessary Inquiries and Reviews including Reviews of the Hotel Budgets for the Ensuing Year. Capital Expenditure Requirements, Future prospects along with Risks, Cash Flows and Borrowing Facilities have a Reasonable Expectation that the Company has adequate Resources to continue in Operational Existence for the Foreseeable Future. Therefore, the Going Concern Basis has been Adopted in the Preparation of the Financial Statements. In Determining the Basis of Preparing the Financial Statements for the Year Ended 31 March 2026, Based on available Information, the Management has Assessed the Existing and anticipated Effects of Current Economic situation on the Company..

28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

28.1 Carrying amounts and Fair Values of Financial Instruments

Financial Instruments of the Company comprise of Financial Assets and Financial Liabilities. Fair value is the price that would be Received to sell an Asset or paid to Transfer a Liability in an Orderly Transaction Between Market Participants at the Measurement Date. The Information Presented herein represents the Determination of Fair Values as at the Reporting Date.

Fair Values of Financial Assets and Financial Liabilities, together with the Carrying amounts in the Statement of Financial position, are as follows:

31 March 2026	Amortized Cost Rs.	Fair value through Profit & Loss Rs.	Fair value through Other Comprehensive Income Rs.	Total Carrying Amount Rs.	Fair Value Rs.
Financial Assets					
Current Assets					
Trade & Other Receivables	249,304,629	-	-	249,304,629	249,304,629
Cash and Short-Term Deposits	803,372,932	-	-	803,372,932	803,372,932
Amounts Due from Related Parties	2,763,544	-	-	2,763,544	2,763,544
	1,055,441,105	-	-	1,055,441,105	1,055,441,105
Non-Current Assets					
Investments	-	-	22,593,292	22,593,292	22,593,292
	-	-	22,593,292	22,593,292	22,593,292
Financial Liabilities					
Current Liabilities					
Trade and Other Payables	154,523,178	-	-	154,523,178	154,523,178
Amounts Due to Related Parties	6,277,428	-	-	6,277,428	6,277,428
Bank Overdrafts	13,430,166	-	-	13,430,166	13,430,166
	174,230,771	-	-	174,230,771	174,230,771
Non-Current Liabilities					
Interest-bearing Loans and Borrowings	-	-	-	-	-
	-	-	-	-	-

Notes to the Financial Statement

Year ended 31 March 2026

31 March 2026	Amortized Cost Rs.	Fair value through Profit & Loss Rs.	Fair value through Other Comprehensive Income Rs.	Total Carrying Amount Rs.	Fair Value Rs.
Financial assets					
Current Assets					
Trade & Other Receivables	294,493,151	-	-	294,493,151	294,493,151
Cash and Short-Term Deposits	602,842,222	-	-	602,842,222	602,842,222
Amounts Due From Related Parties	2,693,348	-	-	2,693,348	2,693,348
	900,028,722	-	-	900,028,721	900,028,722
Non-Current Assets					
Investments	-	-	21,073,770	21,073,770	21,073,770
	-	-	21,073,770	21,073,770	21,073,770
Financial Liabilities					
Current Liabilities					
Trade and other Payables	102,404,715	-	-	102,404,715	102,404,715
Amounts due to Related Parties	6,555,462	-	-	6,555,462	6,555,462
Bank Overdrafts	62,893,839	-	-	62,893,839	62,893,839
Interest-Bearing Loans and Borrowings	-	-	-	-	-
	171,854,016	-	-	171,854,016	171,854,016
Non-Current Liabilities					
Interest-Bearing Loans and Borrowings	-	-	-	-	-
	-	-	-	-	-

28.2 Determination of Fair value and Fair Value Hierarchy

The Company uses the Following hierarchy for Determining and Disclosing the Fair Value of Financial Instruments by Valuation Technique:

Level 1: Quoted (unadjusted) Prices in active Markets for Identical Assets or Liabilities

Level 2: Other Techniques for which all Inputs which have a Significant Effect on the Disclosed Fair Value are Observable, either Directly or Indirectly

Level 3: Techniques Which use Inputs that have a Significant Effect on the Disclosed Fair Value that are not Based on Observable Market Data

28.3 Financial Instruments not Carried at Fair Value

Given Below is a Comparison, by class, of the Carrying amounts and Fair Values of the Company's Financial Instruments that are not carried at Fair value in the Financial Statements. This Table does not Include the Fair Values of Non–Financial Assets and Non–Financial Liabilities.

	2026		2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs.	Rs.	Rs.	Rs.
Current Assets				
Trade and Other Receivables	249,304,629	249,304,629	294,493,151	294,493,151
Amounts Due from Related Parties	2,763,544	2,763,544	2,693,348	2,693,348
Short-Term Deposits	468,999,906	468,999,906	240,967,591	240,967,591
Cash at Bank and Cash in Hand	334,373,026	334,373,026	361,874,631	361,874,631
	1,055,441,105	1,055,441,105	900,028,720	900,028,720
Current Liabilities				
Trade and Other Payables	154,523,178	154,523,178	102,404,715	102,404,715
Amounts Due to Related Parties	6,277,428	6,277,428	6,555,462	6,555,462
	160,800,606	160,800,606	108,960,177	108,960,177

The Following describes the Methodologies and Assumptions used to Determine Fair Values for those Financial Instruments which are not Recorded at Fair value in the Financial Statements:

For Financial Assets and Financial Liabilities that have a Short Term Maturity (Less than Three Months) it is Assumed that the Carrying amounts Approximate their Fair Value. This Assumption is also applied to Trade and Other Receivables, Amounts due from/to Related Parties, Cash and Bank & Trade and Other Payables without a Specific Maturity.

Interest-Bearing Loans and Borrowings

The Fair Value of Financial Liabilities Does not Significantly vary From the Value Based on the Amortised Cost Methodology

		2026		2025	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Level	Rs.	Rs.	Rs.	Rs.
Financial Liabilities					
Interest-Bearing Loans and Borrowings (Note 22)	Level 2	13,430,166	13,430,166	62,893,839	62,893,839
		13,430,166	13,430,166	62,893,839	62,893,839

The Following Describes the Methodologies and Assumptions used to Determine Fair values for those Financial Instruments which are not Recorded at Fair value in the Financial Statements:

For Financial Assets and Financial Liabilities that have a Short Term Maturity (Less than Three Months) it is Assumed that the Carrying Amounts Approximate their Fair Value. This Assumption is also applied to Trade and Other Receivables, Cash and Bank, Interest Bearing Loans and Borrowings & Trade and Other Payables without a Specific Maturity.

Notes to the Financial Statement

Year ended 31 March 2026

28.4 Non Financial Assets Disclosed at Fair value

	Method	Date of valuation	Level **	Value (Rs)	Unobservable Inputs	Average Price Per Perch/Sq.ft (Rs)
2026						
Free hold land	Market Approach	31.03.2025	03	970,000,000	Estimated Price per Perch	900,000 / 1,200,000
Buildings	Depreciated Replacement cost Method	31.03.2025	03	1,556,992,857	Estimated Price per Sq.ft	15,000/ 5,500 / 6,250 /6,000 /7,000
2025						
Free hold land	Market Approach	31.03.2025	03	970,000,000	Estimated Price per Perch	900,000 / 1,200,000
Buildings	Depreciated Replacement cost Method	31.03.2025	03	1,570,000,000	Estimated Price per Sq.ft	15,000/ 5,500 / 6,250 /6,000 /7,000

** Fair Value Measurement Sensitivity to Unobservable Inputs - Positive Impact to the Fair Value

The valuation was Carried out by a Professionally Qualified Independent Valuer in Compliance with Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement).

29. RISK MANAGEMENT

29.1 Introduction

The Company has Exposure to the Following Risks From its Use of Financial Instruments;

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The Board of Directors has the Overall responsibility for the Establishment and Oversight of the Company's Risk Management Framework, which includes Developing and Monitoring the Company's Risk Management Policies.

The Audit Committee Oversees how Management Monitors Compliance with the Risk Management Policies and Procedures, and Reviews the Adequacy of the Risk ,Management Framework in Relation to the Risks Faced by it.

29.2 Credit Risk

(a) Introduction

Credit Risk is the Risk of Financial Loss to the Company if a Customer or Counterparty to a Financial Instrument Fails to Meet its Contractual Obligations, and Arises Principally from the Company's Receivables from Customers.

The Maximum Exposure to Credit Risk is Represented by the Carrying Value of Each Financial Asset on the Reporting Date.

(b) The Maximum Exposure to Credit Risk at the Reporting Date

	Note	2026 Rs.	2025 Rs.
Cash and Cash Equivalents	16	334,373,026	361,874,631
Trade and Other Receivables	12	249,304,629	294,493,151
Fixed Deposits	15.2	468,999,906	240,967,591
Amounts Due from Related Parties	15.3	2,763,544	2,693,348
		1,055,441,104	900,028,721

Expected Credit Loss Assessment

The Company adopted Expected Credit Loss (ECL) approach to Impairment of its Financial Assets. This Enables Better Credit Risk reporting of the Financial Instruments by Carrying reasonably Quantified default Risk adjusted Value of Assets in the Balance Sheet and Minimising the Timing difference in Recognition of Future Default Loss.

The ECL Measurement approach that is best suited for each Class of Asset is Determined Based on the Underlying Risk Characteristics of the Asset. Subsequent to Selection between General and Simplified approaches to Measurement, the Company assesses Financial Assets using Data that is Determined to be Predictive of default Risk, including but not Limited to External Ratings, Historical payment patterns, Audited Financial statements and Cash Flow Projections.

The Company Re-Evaluated its approach to the Measurement of ECL, as the Consequent Unexpected Deterioration in the Credit Quality of Loan Portfolios (Financial Institutions), will have a Significant Impact on the ECL measurement. The Company Considered all Reasonable and Supportable Information Available without Undue Cost or Effort at the Reporting Date as Well as Practical Expedients made Available. Economic Factor Adjustment (EFA) Updated to Reflect in Measuring ECL while Information used for Probability of Default (PD) and Loss Given Default (LGD) were used without Modification Due to Insufficiency of Updated Information relating to Borrowers repayment ability, Resource constraints and various Government relief measures as a result of the Outbreak.

The Company also Assessed its Financial Instruments for Significant Increase in Credit Risk (SICR) with available, Reasonable and supportable Information including Economic support and Relief Measures provided to Counterparties.

(c) The Ageing of the Trade Receivable as at the Reporting Date

	2026 Rs.	2025 Rs.
Gross Receivable		
Not Past Due	15,029,941	18,994,438
Past Due 0-30 Days	83,031,336	104,846,370
Past Due 31-60 Days	72,461,787	87,449,487
Past Due 61-90 Days	68,044,449	62,057,279
Past Due 90-120 Days	1,288,254	10,043,948
Past Due 120-180 Days	4,354,515	3,263,649
More than 180 Days	1,252,740	3,701,179
Total Gross Receivable	245,463,022	290,356,350
Impairment Allowance*		
Allowance for Impairment	(957,330)	(632,267)
Carrying Value	**244,505,692**	**289,724,083**

Notes to the Financial Statement

Year ended 31 March 2026

Movement in the Impairment Allowance*	2026 Rs.	2025 Rs.
Balances at 1 April	632,267	3,456,865
Impairment Recognised	325,063	(2,824,598)
Balances at 31 March	957,330	632,267

29.3 Liquidity Risk

(a) Introduction

Liquidity Risk is the Risk that the Company will not be able to meet its Financial Obligations as they Fall due. The Company's approach to Managing Liquidity is to Ensure, as Far as Possible, that it will always have Sufficient Liquidity to Meet its Liabilities When Due, Under Both normal and Stressed Conditions, without incurring Unacceptable Losses or Risking Damage to the Company's Reputation.

(b) The Following Summarises the Maturity Profile of the Company's Financial Liabilities based on Contractual undiscounted Payments:

		Contractual Maturities of Financial Liabilities			
	Total Rs.	Up to 3 Months Rs.	3-12 Months Rs.	1 - 5 Years Rs.	More than 5 Years Rs.
31 March 2026					
Financial Liabilities	86,021,622	86,021,622	-	-	-
Bank Overdraft	13,430,166	13,430,166	-	-	-
Amounts Due to Related Parties	6,277,428	6,277,428	-	-	-
	105,729,216	105,729,216	-	-	-
31 March 2025					
Financial Liabilities	56,268,624	56,268,624	-	-	-
Bank Overdraft	62,893,839	62,893,839	-	-	-
Amounts Due to Related Parties	6,555,462	6,555,462	-	-	-
	125,717,925	125,717,925	-	-	-

(c) Undrawn Committed Borrowing Facilities

There are no Undrawn Borrowing Facilities available to the Company as at the Reporting Date.

29.4 Market Risk

(a) Introduction

Market Risk is the Risk that the Fair value of Future cash flows of Financial Instruments will Fluctuate due to the Changes in Market Prices. Mainly the 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.

(b) Foreign Currency Risk

The Company is exposed to Foreign Currency risk on Revenue and Receivables and Cash Deposits Denominated in Currencies Other than the Functional Currency of the Company. The Currencies giving rise to this Risk are Primarily US Dollars, Sterling Pounds and Euro. The Company Finance team Closely monitors the Exchange Rate Movement, for necessary action.

The Sri Lankan Rupee is fluctuating against the US Dollar in March 2025 on the back of economic turmoil in global, regional and local markets. The Company exposed to foreign currency denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

If market rate appreciate or depreciate by 20% the effect of the same to the exchange gain/(loss) would be:

Currency	Sensitivity Effect on Comprehensive Income increase/(decrease) in Results for the Year	
	20%	-20%
Euro (€)	101,150,069	(101,150,069)
Dollar ($)	36,226,374	(36,226,374)
Sterling Pound (£)	2,220,361	(2,220,361)
	139,596,804	(139,596,804)

(c) Interest Rate Risk

Interest Rate Risk is the Risk that the Fair Value or Future Cash Flows of a Financial Instrument will Fluctuate because of Changes in Market Interest Rates. The Company's Borrowing Portfolio Consist with Fixed Rate Borrowings thus Company does not have an Interest Rate Risk as at the reporting Date.

30. CAPITAL MANAGEMENT

The Company's Capital Structure Comprising Share Capital, Reserves and Retained Earnings, as Disclosed in the Statement of Changes in Equity. The Board's Intention is to Maintain a Strong Capital base so as to Maintain Investor, Creditor and Market Confidence and to Sustain future Development of the Business. The Company's Objective for Managing its Capital is to Ensure that Company will be able to Continue as a Going Concern while Maximizing the Return to Shareholders, as well as Sustaining the Future Development of its Business. In order to Maintain or Adjust the Capital Structure, the Company may alter the total amount of Dividends paid to Shareholders, issue New Shares, and Draw down additional Debt.

31. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no Material Events Occurring After the Reporting Date that Require Adjustments to or Disclosure in the Financial Statements.

Investor Information

Shareholding			No.of Members	Shareholding	%
1	-	1000	1393	208,502	0.42%
1001	-	10000	249	927,962	1.86%
10001	-	100000	83	2,555,442	5.11%
100001	-	1000000	20	6,729,893	13.46%
	>	1000000	10	39,578,201	79.16%
			1755	50,000,000	100.00%

Category	Shareholding	%
Resident	47,354,721	94.71%
Non Resident	2,645,279	5.29%
	50,000,000	**100.00%**

Category	Shareholding	%
Individuals	14,738,243	29.48%
Corporate	35,261,757	70.52%
	50,000,000	100.00%

Shareholding	
Market Value per share as at 31st March	50.60
Highest Market Value Per Share	70.90
Lowest Market Value Per Share	45.00
Public Holding	14,231,012
No. of Ordinary Shares	28.46
Percentage	

20 Largest Shareholders	2026		2025	
	No. of Shares Held	%	No. of Shares Held	%
Tangerine Beach Hotels PLC	14,202,786	28.41%	14,202,786	28.41%
Mercantile Investments and Finance PLC	8,576,700	17.15%	8,576,700	17.15%
Tangerine Tours (Pvt) Ltd	3,966,289	7.93%	3,966,289	7.93%
The Nuwara Eliya Hotels Co. PLC	2,750,000	5.50%	2,750,000	5.50%
Mr. M U Maniku	2,552,823	5.11%	2,552,823	5.11%
Mr. D C Fernando	2,439,642	4.88%	250,000	0.50%
Mr. M J Fernando (Deceased)	1,467,261	2.93%	3,649,403	7.30%
Mr. T J Ondaatjie	1,414,233	2.83%	1,414,233	2.83%
Ms. A M Ondaatjie	1,126,733	2.25%	1,126,733	2.25%
Mr. G G Ondaatjie	1,081,734	2.16%	1,081,734	2.16%
Mercantile Fortunes (Pvt) Ltd	829,870	1.66%	829,870	1.66%
Peoples Leasing & Finance PLC / Suhada Gas Distributors (Pvt) Ltd	761,162	1.52%	-	-
Nilaveli Beach Hotels (Pvt) Ltd	707,375	1.41%	707,375	1.41%
Assetline Finance Ltd / Suhada Gas Distributors (Pvt) Ltd	650,691	1.30%	-	-
Security Ceylon (Pvt) Ltd	650,000	1.30%	650,000	1.30%
Mrs. K M N Perera	414,542	0.83%	414,542	0.83%
N Vaitilingam & Co. (Pvt) Ltd	332,166	0.66%	362,498	0.72%
Mr. J A S S Adhihetty	299,050	0.60%	299,050	0.60%
Mr. N H V Perera	295,798	0.59%	295,798	0.59%
Ceylon Galvernizing Industries Ltd	235,998	0.47%	249,998	0.50%

Ten Years Summary

Year ended 31st March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Trading Results										
Turnover Net of Tax	1,050,725	955,845	1,092,317	670,853	336,870	150,953	617,604	754,840	656,686	582,319
Operating profit/(Loss) before interest exp.										
and other income	114,285	35,077	136,767	(72,458)	(94,595)	(180,939)	42,399	128,426	85,520	69,723
Profit/(Loss) before Taxation	203,455	33,915	164,723	5,598	(17,776)	(119,921)	97,006	162,991	133,335	96,744
Taxation provision	(49,388)	(17,859)	4,359	(112,622)	(4,514)	(8,937)	(27,894)	(36,067)	(45,562)	(10,005)
Profit after taxation on Ordinary activities	154,067	16,056	169,082	(107,024)	(22,290)	(128,857)	69,111	126,924	87,773	86,739
Share Capital & Reserve										
Issued Share Capital	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583
Revaluation Reserve	1,459,666	1,452,105	1,209,151	1,201,893	1,453,005	1,096,954	1,113,515	1,130,327	962,802	1,034,216
Revenue Reserve	950,822	800,543	785,939	619,411	724,386	745,247	856,087	821,090	736,090	691,284
Fair value Reserve of Financials Assets at FVOCI	3,241	2,177	272	272	115					
Total Equity	2,935,312	2,776,408	2,516,945	2,343,160	2,699,089	2,363,785	2,491,186	2,464,001	2,220,475	2,247,084
Assets Employed										
Current Assets	1,125,961	979,538	958,178	761,050	642,329	593,314	695,190	668,997	551,747	465,598
Current Liabilities	(215,508)	(190,719)	(201,057)	(172,139)	(92,447)	(73,472)	(93,738)	(104,558)	(89,009)	(89,176)
Working Capital	910,453	788,819	757,121	588,911	549,882	519,842	601,452	564,419	462,738	376,423
Non Current Assets	2,835,934	2,802,139	2,481,810	2,485,711	2,524,146	2,171,981	2,197,113	2,198,865	2,018,120	2,034,656
Non- Current Liabilities	(811,075)	(814,550)	(721,985)	(731,462)	(374,940)	(328,038)	(307,379)	(299,283)	(260,382)	(163,994)
	2,935,312	2,776,408	2,516,946	2,343,160	2,699,089	2,363,785	2,491,186	2,464,001	2,220,476	2,247,084
Ratio & Statistics										
Gearing Ratio (Times)	0.46	2.27	2.31	2.09	1.48	1.49	0.90	0.92	0.50	0.33
Current ratio (Times)	5.22	5.14	4.77	4.42	6.95	8.08	7.42	6.40	6.20	5.22
Market Price per Share	50.60	33.00	30.00	26.30	16.30	14.30	12.70	16.10	18.00	21.90
Earnings per Share	3.08	0.32	3.38	(2.14)	(0.45)	(2.58)	1.38	2.54	1.76	1.73
Net assets per Share	58.71	55.53	50.34	46.86	53.98	47.28	49.82	49.28	44.41	44.94
Interest Cover (Times)	113.05	17.40	57.79	2.90	(9.17)	(189.48)	302.86	6,101.65	1,081.76	365.13
Return on Shareholder's Funds(%)	5.25	0.58	6.72	(4.57)	(0.83)	(5.45)	2.77	5.15	3.95	3.86
Return on Total Assets(%)	3.89	0.42	4.92	(3.30)	(0.70)	(4.66)	2.39	4.43	3.42	3.47
Price Earning Ratio	16.43	103.13	8.88	(12.29)	(36.22)	5.55	9.19	6.34	10.25	12.62

Value Added Statement

For the Year ended 31st March	2026	2025
Turnover	1,050,725,219	955,845,378
Less- Cost Of Sales	(657,268,081)	(673,138,597)
Value added	393,457,138	282,706,781
Other Income	90,985,571	905,567
Total Investment Created	**484,442,709**	**283,612,348**
Value Added to Employees	190,604,143	170,419,413
Providers of Capital	-	-
To Government	62,609,008	23,881,133
	253,213,151	194,300,546
For Expansion & Growth		
Retained Earnings	154,066,979	16,055,869
Depreciation	77,162,579	73,255,933
	231,229,558	**89,311,802**
	484,442,709	**283,612,348**

Real Estate Portfolio

Company & Location	Building in (Sq.Ft.)		No. of Buildings		Land in Acres		Net Book Value	
					Free hold Property		Rs.'000	Rs.'000
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Royal Palms Beach Hotels PLC No.35, De Abrew Road, Waskaduwa, Kalutara	184,143	184,143	10	10	6.64	6.64	2,526,993	2,540,000

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of Royal Palms Beach Hotels PLC. will be held as a virtual meeting on 30th September 2026 at 12.30 p.m. assembled at 236, Galle Road, Colombo 3.to transact the following business.

1. To receive and adopt the Report of the Directors and the Statements of Accounts for the year ended 31st March 2026, with the Report of the Auditors thereon.
2. To re-elect Mr. T J Ondaatjie who retires in terms of Article 88 (i) of the Articles of Association of the Company.
3. To re-elect Mr. G G Ondaatjie who retires in terms of Article 88 (i) of the Articles of Association of the Company
4. To elect Mr. Ajita de Zoysa, in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolution as an ordinary resolution.

   “Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Ajita de Zoysa who is 82 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act.”
5. To elect Mr. J D Vaz in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolution as an ordinary resolution.

   “Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. John Damasene Vaz who is 71 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act.”
6. To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine payments for charitable and other purposes for year 2026/27.

By Order of the Board,
Royal Palms Beach Hotels PLC
Mercantile Investments and Finance PLC

Secretaries

Colombo
17th August 2026

Notes: A member entitled to attend and vote at the meeting is entitled to appoint a proxy (whether a member or not) to attend and vote instead of him. A form of proxy is enclosed with the Report for this purpose and Shareholders who are unable to attend the meeting in person are requested to kindly complete and return such form of proxy in due time, in accordance with the instructions noted on the form of proxy.

For information on how to participate by virtual means in the above meeting please refer the supplementary notice to shareholders.

Supplementary Notice to Shareholders

ROYAL PALMS BEACH HOTELS PLC
34TH ANNUAL GENERAL MEETING

Dear Shareholder,
The Board of Directors of the Company, having taken into consideration the guidelines issued by Colombo Stock Exchange ("CSE") on holding virtual shareholder meetings through audio/visual means, have decided to hold the Annual General Meeting ("AGM") of the Company as a virtual meeting through audio/visual means using an online platform on 30th September 2026 as per the Notice of Meeting of the AGM.

Please note the following procedure to be adopted in terms of same.
1. Notice of Meeting, Form of Proxy and Form of Registration are enclosed herewith.
2. The AGM will be held in compliance with the principals set out in the Guidelines issued by CSE for hosting of virtual Annual General Meeting.
3. Only the key officials who are essential for the administration of the formalities of the meeting will be physically present at the venue. All registered shareholders/proxy holders are requested to participate via online meeting platform.
4. Shareholders who wish to participate in the AGM through audio visual means should forward the duly perfected Registration Form (Annexure 1) to Mercantile Investments and Finance PLC, Secretaries, 236, Galle Road, Colombo 3 or by email to mercantile@mi.com.lk at least 48 hours before the time fixed for the meeting.
5. Adequate arrangements will be made for Shareholders who wish to participate in the AGM via the online meeting platform with log in information being forwarded to shareholders in advance of the meeting upon verification of registration details. Only Shareholders or their duly appointed proxyholders are requested to log in to the virtual meeting platform. It is recommended that Shareholders/Proxy Holders join the AGM at least 15 minutes before the start of the AGM. The digital Platform will be active 30 minutes before the start of the AGM. The Company will not be responsible or liable for misuse and/or unauthorized use of the login information.
6. Shareholders will be given the opportunity to raise any questions or comments on the matters listed on the Agenda for the meeting or forward the questions in advance to the email mercantile@mi.com.lk
7. Voting on items listed on the Agenda will be registered using an online platform. Shareholders/Proxyholders will be briefed on the procedure for voting prior to the commencement of the AGM.

In the event the Company is required to take any further action in relation to the Meeting and/or other communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and/or publication on the Company website www.tangerinehotels.com

The Board wishes to thank the Shareholders of the Company for their corporation and support to ensure a smooth and uninterrupted process at the Annual General Meeting of the Company and look forward to their virtual attendance.

BY ORDER OF THE BOARD
ROYAL PALMS BEACH HOTELS PLC
MERCANTILE INVESTMENTS AND FINANCE PLC

Secretaries
17th August 2026
Colombo

Form of Request

FOR A PRINTED COPY OF THE ANNUAL REPORT 2025/26 OF ROYAL PALMS BEACH HOTELS PLC

☐ I would like to receive the printed version of the Annual Report 2025/26 of Royal Palms Beach Hotels PLC

SHAREHOLDERS DETAILS	
Full name of Shareholder	
Shareholder's NIC/Passport/ Company Registration No.	
Contact Number	
Signature	Date

Notes:

1) Please complete the Form of Request by filling in legibly the required information /Date and signing in the space provided.

2) In the event the shareholder is a Company, the Form of Request should be signed under its Common Seal or by a duly authorised officer of the Company in accordance with its Article of Association.

3) Please forward the completed Form of Request to the Secretaries in one of the following methods-

   By post / Delivered by Hand-
   Secretaries
   Royal Palms Beach Hotels PLC
   236, Galle Road, Colombo 03

   By Fax – 0112434524
   By email – mercantile@mi.com.lk

Notes

Registration Form

ANNEXURE 1

ROYAL PALMS BEACH HOTELS PLC
34TH ANNUAL GENERAL MEETING

To: **Mercantile Investments and Finance PLC**
Secretaries
Royal Palms Beach Hotels PLC
236, Galle Road,
Colombo 3

Full Name of Shareholder ....

Address of Shareholder ....

....

Shareholder's NIC No/Passport No/Co. Reg No ....

Membership No/ CDS Account No ....

Shareholder's Contact Nos. Residence .... Mobile ....

Shareholder's e-mail address .... (Please type clearly, mandatory)

If Proxy is Appointed
Full Name of Proxy ....

Proxy Holder's NIC No/Passport No. ....

Telephone No. Residence .... Mobile ....

e-mail Address .... (Please type clearly, mandatory)

....	....	....
Shareholder's Signature/Date	1st Joint holder's Signature/date	2nd Joint holder's Signature/date

Notes: Instructions as to completion are noted on the reverse hereof.

Registration Form

INSTRUCTIONS AS TO COMPLETION

1. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform

2. The “Web Link” for participation at the AGM through the online platform will be forwarded to the Shareholder’s above noted email address.

3. In the case of a Company/Corporation, the registration form must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

4. If the registration form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.

5. The completed registration form should be deposited at the Secretaries office at No.236, Galle Road, Colombo 3 or emailed to mercantile@mi.com.lk 48 hours before the time appointed for the meeting.

Form of Proxy

I/We ....

of ....
being a member/members of ROYAL PALMS BEACH HOTELS PLC, do hereby appoint;

....

of .... or failing him/her

Angeline Myrese Ondaatjie	or failing her
Gerard George Ondaatjie	or failing him
Travice John Ondaatjie	or failing him
Nawagamuwage Hasantha Viraj Perera	or failing him
Ajita de Zoysa	or failing him
John Damasene Vaz	or failing him
Prasanna Senani Rajiv Casie Chitty	or failing him
Punyakanthi Tikiri Kumari Navaratne	or failing her
Getawa Kandage Sudath Kumar	or failing him
Aroshi Nanayakkara	

as my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2026 at 12.30 p.m. as a virtual meeting assembled at 236, Galle Road, Colombo 3 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against	Withhold
1)	To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2026, with the Report of the Auditors there on.			
2)	To elect Mr. T J Ondaatjie retiring in terms of Article 88(i) of the Articles of Association of the Company.			
3)	To elect Mr. G G Ondaatjie retiring in terms of Article 88(i) of the Articles of Association of the Company.			
4)	To elect Mr. A de Zoysa in terms of Section 211 of the Companies Act No.7 of 2007			
5)	To elect Mr. J D Vaz in terms of Section 211 of the Companies Act No.7 of 2007			
6)	To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.			
7)	To authorize the Directors to determine payments for charitable and other purposes for the year 2026/27.			

As witness my/our hand this .... day of 2026

....
Signature of Shareholder/s

Note:
Please delete the inappropriate words.
(Instructions as to completion are noted on the reverse hereof)

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy, after filling legibly your full name and address and by signing in the space provided and please fill in the date of signature.
2. If the proxy form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. The completed form of proxy should be deposited at the Registered Office of the Company at No.236, Galle Road, Colombo 3, 48 hours before the time appointed for the meeting.

Corporate Information

NAME OF THE COMPANY
Royal Palms Beach Hotels PLC.

STATUS & LEGAL FORM
Public quoted company with limited liability
Incorporated in Sri Lanka on 20th May 1992.

COMPANY REGISTRATION NUMBER
PQ 167

TAX PAYER IDENTIFICATION NUMBER
114092118

VAT REGISTRATION NUMBER
114092118 7000

COMMUNICATION REGISTERED OFFICE
236, Galle Road, Colombo 03, Sri Lanka
P.O. Box 195, Colombo
Tel : 2343720-7
Fax : 2434524, 2448279
E-mail : Salesandmarketing@tangerinehotels.com
Reservations@tangerinehotels.com
Website : www.tangerinehotels.com

HOTEL
Royal Palms Beach Hotel, De Abrew Road,
Nagashandiya,Waskaduwa.
Tel : 034-2228113-7
Fax : 034-2228112
E-mail : info@royalpams.lk

SECRETARIES
Mercantile Investments & Finance PLC

REMUNERATION COMMITTEE
P T K Navaratne - Chairperson
P S R Casie Chitty
G K S Kumar

AUDIT COMMITTEE
G K S Kumar - Chairman
N H V Perera
P T K Navaratne

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
G K S Kumar - Chairman
N H V Perera
P T K Navaratne

NOMINATIONS & GOVERNANCE COMMITTEE
P T K Navaratne - Chairperson
G K S Kumara
A M Ondaatjie

EXTERNAL AUDITORS
Ernst & Young.
Chartered Accountants

INTERNAL AUDITORS
Deloitte Associates
Chartered Accountants

BANKERS
Hatton National Bank PLC
Commercial Bank of Ceylon PLC

BOARD OF DIRECTORS
A.M. Ondaatjie -Chairperson
G.G.Ondaatjie
T.J. Ondaatjie
N.H.V.Perera
A.De.Zoysa
J.D.Vaz
P S R Casie Chitty
G K S Kumar
P T K Navaratne
Aroshi Nanayakkara

CORPORATE MANAGEMENT

Ravi Kurukulasooriya	General Manager
M.I. Shahabdeen	Chief Financial Officer
Manil Galagoda	Group Consultant for Engineering
Nelson Mayadunnage	Financial Controller
Menaka Fernando	Chief Accountant

MANAGEMENT TEAM

Ravi Kurukulasooriya	General Manager
Nelson Mayadunnage	Financial Controller
Menaka Fernando	Chief Accountant
Bandula Priyantha	Executive Chef
Janatha Kumara	Rooms Division Manager
Nilan Chandima	Food & Beverage Manager
Praboth Jayaweera	Credit Manager
Sugath Karunasnanda	Executive Housekeeper
Kumudu Priyantha	Food & Beverage Cost Executive
Jayantha Fernando	Cluster Chief Engineer
Dharani Namasivayam	Front Office Manager
Thilini Wijethunga	Human Resource Manager
Sidath Withanawasam	Purchasing Manager

Concept & Designed by
Copyline a great equation

ROYAL PALMS

www.tangerinehotels.com