SERENDIB HOTELS PLC

ANNUAL REPORT | 2025/26

BENTOTA
Thaala

Contents

ANNUAL REPORT
2025/26

OUR VISION

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

OUR MISSION

Our Guests

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

Our Customers

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

Our People

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

Our Community

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

Our Shareholders

» To deliver superior returns to our shareholders through sustained performance excellence

OUR VISION
OUR MISSION
Overview

OUR PHILOSOPHY

To reflect our engagement with our stake-holders and our passion to elevate the Serendib Hotels to the pinnacle of service excellence. Our decade-long experience in hospitality and pursuit of achieving 100% customer satisfaction drives all our operations.

OUR VALUES

We Think Boldly

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

We Lead Change

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

We Thrive On Creativity

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

We Evolve With Our Customers

» We foster a dynamic culture that inspires total confidence and evolves based on the changing demands of all our stakeholders

We Personalise Experiences

» For our career journeys as well as for our customers, we believe in catering to the individual rather than to the masses

We Keep Learning

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

About Browns Hotels and Resorts

One of the leading hotel groups in Sri Lanka, Browns Hotels and Resorts Group has built a sound reputation as a renowned operator of some of the most unique hotel and villa brands in the island, underscored by a sustainable tourism philosophy.

The Browns Hotels and Resorts Group's hospitality offerings encompass the island's key attractions: beach, jungle and lagoon. Each property known for its stunning architecture, strategic locations and excellent service.

Thaala Bentota Resort , Club Hotel Dolphin and Hotel Sigiriya are popular holiday destinations and patronised by a multi-cultural clientele hailing from different parts of the world.

The boutique hotel and villa portfolio, Reveal, includes Lantern Boutique Hotel, Ubuntu Beach Villa and The Beach House, all remarkable spaces providing guests with an intimate and personalised tropical vacation.

Browns Hotels and Resorts and villas are nationally and internationally acclaimed for their skilled culinary teams and extremely professional service staff that go the extra mile to make guests feel special and cared for.

Financial Highlights - Group

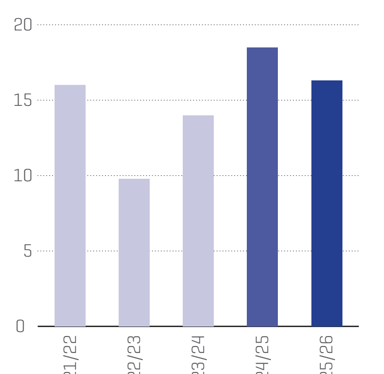
		2026	2025
Revenue	Rs.000's	3,782,612	3,400,755
Profit before Interest, Tax, Depreciation & Amortization (EBITDA)	Rs.000's	872,794	868,204
Profit before Tax	Rs.000's	746,801	596,842
Profit after Tax	Rs.000's	567,820	592,446
Profit Attributable to Equity Holders of the Parent	Rs.000's	463,594	523,777
Earnings per Share	Rs.	1.04	1.17
Cash Earnings per Share	Rs.	0.20	0.55
Interest Cover	Times	10.92	4.73
Return on Equity (ROE)	%	7	9
Return on Capital Employed (ROCE)	%	5	6
Statement of Financial Position Highlights and Ratios			
Total Assets	Rs.000's	12,004,458	11,550,642
Total Debt	Rs.000's	152,605	81,572
Total Shareholders' Funds	Rs.000's	8,458,415	7,885,718
No. of Shares in Issue		446,103,176	446,103,176
Net Assets per Share	Rs.	18.96	17.68
Debt / Total Equity	%	1.80	1.03
Debt / Total Assets	%	1.27	0.71
Market/ Shareholder Information			
Market Price of Share as at 31st March	Rs.	16.30	18.50
Market Price of Share as at 31st March - Non Voting	Rs.	12.70	11.70
Float Adjusted Market Capitalization - Voting	Rs.000's	713,424	954,216
Float Adjusted Market Capitalization - Non Voting	Rs.000's	487,525	533,510
Price Earnings Ratio	Times	15.67	15.81
Dividends per Share	Rs.	Nil	Nil
Dividends pay out	%	Nil	Nil

Rs. 165 Mn
Net Finance Income

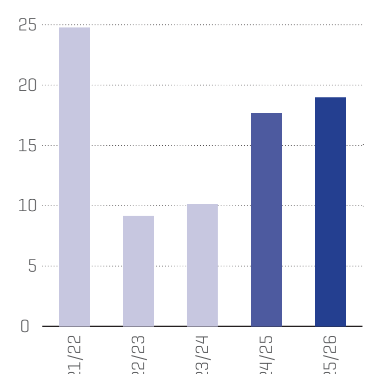
Rs. 747 Mn
Profit Before Tax

Rs. 8,458 Mn
Net Assets

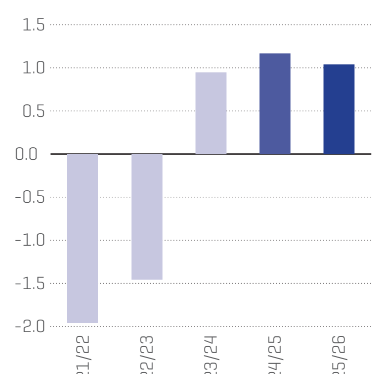
Market price Per Share
Rs.



Net Assets Per Share
Rs.



Earning Per Share
Rs.



LEADERSHIP

FROM RECOVERY TO RENEWED GROWTH

INTRODUCTION

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

The year under review marked another year of resilience for the hospitality industry as global travel continued its gradual recovery despite persistent geopolitical uncertainty, inflationary pressures, and evolving traveller preferences. Against this backdrop, the Company and the Group delivered a commendable financial and operational performance, supported by disciplined execution, effective revenue management, prudent cost control, and an unwavering commitment to service excellence.

Throughout the year, the Board remained focused on providing strategic oversight and ensuring that management's initiatives were aligned with the Company's long-term objectives. Emphasis was placed on strengthening operational efficiency, enhancing guest experiences, preserving the quality of our assets, and maintaining sound financial discipline. These efforts further reinforced the Group's competitive position and strengthened its ability to create sustainable long-term value for shareholders and other stakeholders.

OPERATING ENVIRONMENT

The global tourism industry continued its recovery during the year under review, supported by resilient travel demand and growing consumer confidence. Nevertheless, the operating environment remained challenging, with geopolitical tensions, inflationary pressures, and evolving travel patterns influencing international tourism and aviation markets.

The escalation of geopolitical tensions in the Middle East created disruptions across key international air travel corridors, resulting in higher airfares, longer travel times, and periodic fluctuations in airline capacity. As Sri Lanka relies significantly on major Middle Eastern transit hubs for international connectivity, these developments affected travel planning across several source markets and contributed to more cautious booking behaviour among travellers.

Despite these challenges, Sri Lanka's tourism industry continued to demonstrate resilience. Strong destination appeal, growing interest in experiential and wellness tourism, ongoing destination marketing initiatives, and continued market diversification supported visitor demand throughout the year. While external uncertainties remain, the Board is encouraged by the positive long-term fundamentals of Sri Lanka's tourism sector and remains confident in the industry's ability to sustain its recovery and support future growth.

FINANCIAL PERFORMANCE

I am pleased to report that the Company delivered another year of sound financial performance despite a challenging operating environment. Supported by effective revenue management, disciplined cost control, and sustained demand across its properties, the Company strengthened both its revenue base and profitability during the year under review.

The Company recorded an occupancy level of 76%, compared with 78% in the previous financial year. While occupancy moderated slightly, this was more than offset by a significant improvement in the Average Room Rate (ARR), reflecting the success of the Company's revenue optimisation strategy. Consequently, revenue increased by 13% over the previous year, demonstrating the Company's ability to maximise yield while maintaining healthy demand.

At Group level, revenue increased by 11% to Rs. 3.8 Bn from Rs. 3.4 Bn recorded in the previous financial year, supported by the continued contribution of both the accommodation and food and beverage segments.

The hospitality sector continued to experience inflationary cost pressures across utilities, food and beverage procurement, employee costs, property maintenance, and technology investments. In response, management maintained a disciplined approach to expenditure, supported by enhanced operational efficiencies and prudent financial management, while continuing to invest in maintaining asset quality and service standards.

Reflecting these initiatives, the Company's Earnings Before Interest and Tax (EBIT) increased to Rs. 289.5 Mn from Rs. 172.7 Mn recorded in the previous year, while Profit Before Tax (PBT) improved significantly to Rs. 218.9 Mn from Rs. 71.2 Mn.

At Group level, certain subsidiaries incurred higher operational expenditure as part of planned investments to strengthen asset quality and support future growth. Consequently, Group EBIT declined marginally compared with the previous year. Nevertheless, the Group recorded a Profit Before Tax of Rs. 746.8 Mn, compared with Rs. 596.8 Mn in the previous financial year, representing an increase of 25%. This performance reflects the resilience of the Group's diversified operating model and its continued ability to deliver sustainable value despite a challenging business environment.

BOARD OVERSIGHT AND STRATEGIC PRIORITIES

Throughout the year, the Board remained focused on providing effective strategic oversight while ensuring that the Company's operations and long-term objectives remained closely aligned. Working closely with management, the Board monitored business performance, assessed emerging risks and market developments, and supported the disciplined execution of initiatives aimed at strengthening revenue quality, operational resilience, and sustainable value creation.

Revenue optimisation, operational efficiency, and prudent financial management remained key priorities during the year. The Board supported management's ongoing efforts to enhance pricing strategies, strengthen sales and distribution channels, improve cost efficiencies, and optimise resource utilisation. At the same time, continued investment in property maintenance, refurbishment, and operational infrastructure ensured that the Company's assets, service standards, and guest experiences remained aligned with the expectations of an increasingly competitive hospitality market.

The Board also remained committed to upholding the highest standards of governance while fostering a culture of accountability, innovation, and continuous improvement across the organisation. Supported by a dedicated management team and an engaged workforce, the Company is well positioned to respond to evolving market conditions, strengthen its competitive advantage, and deliver sustainable long-term value for shareholders and all other stakeholders.

WAY FORWARD

The Board remains confident in the long-term prospects of both the Company and the Group. While geopolitical developments, inflationary pressures, and evolving travel patterns continue to present challenges, Sri Lanka's tourism industry is well positioned to benefit from strengthening international visitor arrivals, improving air connectivity, and growing demand for authentic leisure and experiential travel.

Building on the progress achieved during the year, the Company will continue to focus on disciplined execution, operational excellence, prudent financial management, and enhancing the guest experience. The Board will also continue to support investments that strengthen the quality of the Group's assets, improve operational capabilities, and reinforce its competitive position in an increasingly dynamic hospitality market.

Supported by sound governance, an experienced management team, and the dedication of our employees, we remain confident in our ability to navigate changing market conditions, capitalise on emerging opportunities, and deliver sustainable long-term value for our shareholders and all other stakeholders.

ACKNOWLEDGEMENTS

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

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

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

W D K Jayawardena
Chairman

NAVIGATING EXCELLENCE IN HOSPITALITY

OPERATIONAL ENVIRONMENT AND MARKET DYNAMICS

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

A notable development during the year was the escalation of geopolitical tensions in the Middle East, which significantly affected global aviation networks and international travel patterns. Airspace restrictions, flight rerouting requirements, and operational disruptions across key international flight corridors resulted in longer flight durations, increased fuel consumption, and scheduling inefficiencies, leading to higher operating costs for airlines. A portion of these additional costs was transferred to travellers through increased airfares, particularly on long-haul routes.

The impact was particularly significant for Sri Lanka, given its dependence on major Middle Eastern aviation hubs such as Dubai and Doha for international connectivity. Disruptions within these transit networks contributed to longer travel times, reduced scheduling flexibility, and higher travel costs for visitors from several key source markets. As a result, travellers adopted a more cautious and price-sensitive approach to travel planning, leading to extended booking cycles and increased sensitivity to fluctuations in airfare pricing.

Furthermore, uncertainty surrounding the geopolitical environment influenced airline capacity deployment and route optimisation strategies, resulting in periodic fluctuations in seat availability to Sri Lanka. These variations occasionally affected the consistency of inbound tourist arrivals, particularly during peak travel periods when capacity constraints became more evident.

Despite these external challenges, the Sri Lankan tourism industry demonstrated considerable resilience and adaptability. Industry stakeholders responded by strengthening market diversification initiatives, intensifying promotional activities in regional and emerging source markets, and increasing engagement with short-haul travellers to reduce reliance on traditional transit routes. In parallel, tourism operators focused on enhancing direct distribution channels and adopting more agile commercial strategies to effectively navigate the evolving operating environment.

Encouragingly, the underlying demand fundamentals for Sri Lanka as a destination remained robust throughout the year. Continued global interest in experiential travel, cultural heritage tourism, wellness-focused experiences, and nature-based tourism supported visitor demand and reinforced the country's attractiveness as a preferred travel destination.

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

OPERATIONAL PERFORMANCE OVERVIEW

Despite continued global economic and geopolitical uncertainties, evolving travel patterns, and increasing operating costs, Serendib Hotels PLC and the Group achieved steady operational progress and improved financial performance during the year under review. The Company/Group remained committed to the disciplined execution of its strategic priorities, successfully balancing revenue growth initiatives with prudent cost management while maintaining the quality and authenticity of the guest experience.

Favourable market conditions, supported by effective revenue management strategies and enhanced operational controls, contributed positively to the Company's/Group's performance throughout the year. Management continued to focus on optimising occupancy levels, improving rate realisation, enhancing operational efficiencies, and elevating service standards. These initiatives enabled the Company/Group to further strengthen its financial position and create sustainable long-term value for stakeholders.

REVENUE AND BUSINESS SEGMENT PERFORMANCE

During the year under review, the Company recorded an occupancy level of 76%, compared to 78% achieved in the previous financial year. Although occupancy declined marginally, the impact was more than compensated by a substantial improvement in the Average Room Rate (ARR), underscoring the effectiveness of the Company's revenue optimisation and pricing strategies. Consequently, total revenue increased by 13% compared to the previous year, reflecting the Company's ability to capitalise on improving market demand while maximising yield performance.

The Group reported a topline revenue of Rs 3.8 Bn during the year under review, compared to Rs 3.4 Bn recorded in the previous year, representing an overall increase of 11%.

The strong performance achieved during the year reflects management's continued emphasis on revenue diversification, operational excellence, and enhanced guest engagement. The balanced contribution from both the accommodation and food and beverage segments further strengthened the Company's revenue base, enhancing its capacity to generate sustainable long-term value for stakeholders.

COST MANAGEMENT AND OPERATIONAL PRESSURES

The year under review continued to be characterised by cost pressures across several key areas of the business, including utilities and energy, food and beverage

CEO's Review

procurement, employee-related expenses, technology investments, and ongoing property maintenance requirements. These challenges were largely driven by broader inflationary trends and rising operating costs experienced across the hospitality industry.

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

Supported by strong revenue growth and prudent financial management practices, the Company delivered a significant improvement in profitability during the year under review. Earnings Before Interest and Tax (EBIT) increased to Rs. 289.5 Mn from Rs. 172.7 Mn recorded in the previous financial year, reflecting enhanced operational performance and improved efficiencies across the business. Consequently, the Company reported a Profit Before Tax (PBT) of Rs. 218.9 Mn compared to Rs. 71.2 Mn reported in the previous year.

As part of the Group's ongoing commitment to enhancing its overall value proposition, several subsidiaries incurred significant operational expenditure during the year under review. As a result, Group Earnings Before Interest and Tax (EBIT) declined by Rs. 28 Mn compared to the previous year. This was a deliberate strategic decision aimed at safeguarding asset quality and strengthening long-term revenue-generating capabilities.

Despite these elevated cost pressures, the Group delivered a Profit Before Tax (PBT) of Rs. 746.8 Mn for the financial year 2025/26, compared to Rs. 596.8 Mn reported in the previous period, representing an increase of 25%. This performance demonstrates the resilience of the Group's operating model and its ability to sustain profitability while continuing to invest in long-term growth and asset enhancement initiatives.

OPERATIONAL ENVIRONMENT AND MARKET DYNAMICS

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Encouragingly, the underlying demand fundamentals for Sri Lanka as a destination remained robust throughout the year. Continued global interest in experiential travel, cultural heritage tourism, wellness-focused experiences, and nature-based tourism supported visitor demand and reinforced the country's attractiveness as a preferred travel destination.

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

EXECUTION FOCUS AND MANAGEMENT PRIORITIES

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

Revenue management continued to be a key area of focus during the year. Through a structured and data-driven approach, the Company/Group enhanced yield performance by leveraging dynamic pricing strategies, advanced demand forecasting capabilities, and targeted market segmentation initiatives. Occupancy levels were further supported through focused sales and marketing efforts, improved effectiveness of distribution channels, and stronger conversion rates across both direct and third-party booking platforms. These initiatives enabled the Company/Group to maximise revenue opportunities while maintaining a balanced and sustainable customer portfolio.

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

Recognising that service excellence remains a key differentiator within the hospitality industry, the Company/Group continued to enhance guest engagement and service delivery throughout the customer journey. Efforts were focused on improving responsiveness, strengthening service consistency, and elevating guest satisfaction across all touchpoints. These initiatives were supported by targeted staff development programmes, enhanced cross-functional collaboration, and strengthened accountability mechanisms aimed at fostering a culture of continuous improvement and customer-centricity.

The Company/Group also remained committed to preserving and enhancing the long-term value of its assets through ongoing investment in property maintenance, refurbishment, and operational infrastructure. Preventive maintenance programmes were further strengthened, while selected capital improvement projects were undertaken to enhance operational effectiveness and guest comfort. These investments remain essential in maintaining the property's competitive position, protecting brand equity, and supporting sustainable long-term revenue growth.

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

SUSTAINABILITY

Thaala Bentota continued its partnership with the Department of Wildlife Conservation through the Rathamilla Conservation Initiative, focused on protecting Lumnitzera littorea, one of Sri Lanka's rarest mangrove species. The programme combined scientific monitoring with community awareness activities involving local residents, schoolchildren and guests, contributing to the long-term conservation of a nationally significant species.

OUTLOOK AND OPERATIONAL DIRECTION

The year under review demonstrated the Company's/Group's resilience and ability to perform effectively within a complex and challenging operating environment. Despite external headwinds, the business successfully delivered revenue growth, sustained profitability, and continued targeted investments aimed at strengthening long-term operational capabilities. This performance was underpinned by a consistent focus on execution discipline, operational efficiency, and service excellence, enabling the Company/Group to maintain strong financial and operational outcomes throughout the year.

Management continues to navigate an operating landscape characterised by cost inflation, geopolitical uncertainty, and evolving travel patterns with agility and resilience. Responsive operational frameworks and adaptive business practices have enabled the Company/Group to react swiftly to market fluctuations, including shifts in demand, pricing pressures, and changes in international travel flows. This flexibility has played a critical role in maintaining operational stability and performance consistency.

Looking ahead, the Company/Group remains confident in its ability to manage ongoing external uncertainties, including geopolitical developments affecting global travel networks and continued inflationary pressures on operating costs. At the same time, the business is well positioned to capitalise on Sri Lanka's continuing tourism recovery, supported by improving airline connectivity, strengthening inbound visitor demand, and growing interest in experiential and leisure travel segments.

A key factor supporting this positive outlook is the Company's/Group's disciplined execution framework, reinforced by a committed, experienced, and capable workforce. This combination has enabled the consistent delivery of strategic priorities, efficient utilisation of resources, and an unwavering focus on guest satisfaction. Operational discipline, workforce capability, and strategic agility continue to form the foundation of the Company's/Group's sustained performance and future growth prospects.

Accordingly, Serendib Hotels PLC and the Group remain well positioned to maintain operational momentum, further strengthen financial performance, and create sustainable long-term value for all stakeholders through a continued focus on efficiency, service excellence, and strategic growth initiatives.

APPRECIATION

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

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

Board of Directors

W D K JAYAWARDENA
Chairman

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

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

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

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

D S K AMARASEKERA
Non Executive Director

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

DR J M SWAMINATHAN
Independent Director

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

T DHARMARAJAH
Independent Director

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

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

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

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

Board of Directors

K U AMARASINGHE (MRS)

Non-Executive Director

Mrs. Amarasinghe was appointed to the Board on 11th February 2021. She holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of subsidiaries of Browns Group of Companies and L O L C Holdings PLC.

Executive Director

LOLC Holdings PLC

Non-Executive Director

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

E J D RAJAKARIER

Non-Executive Director

Mr. Rajakarier was appointed to the Board on 26th May 2010. He is the Group Chief Executive Officer of Minor International Public Company Limited and the Chief Executive Officer of the Minor Hotels Group. He has also served as the Deputy Chief Financial Officer of Orient-Express Hotels, Trains & Cruises and as the Group Financial Controller of Easi Solutions PLC.

Mr. Rajakarier has a Masters' Degree in Business Administration, from the UK and is also a Member of UK Institute of Management Information Systems. He is also an Associate Member of the British Association of Hotel Accountants, a Member of the Association of Computer Professionals, a Member of the Association of Business & Administrative Computing, UK, and a Member of the Institute of Directors.

J SELVARATNAM

Independent Director

Mr Selvaratnam was appointed to the Board of the Company on 9th July 2026. In his last role, a career spanning 25 years with Citibank N.A., Sri Lanka, he was the Vice President heading the Local Corporate Bank & Public Sector for the Sri Lankan franchise. The scope of his responsibilities included the managing of client portfolios in corporate, multinational, non–banking financial and public sector segments. In addition, he has wide spread experience in corporate governance, compliance, credit and risk management and banking operations. Whilst at Citibank N.A., he was a member of the Bank's Management Committee and served on the Assets & Liability Committee, Bank's Integrated Risk Management Committee and the Credit Committee. He has received extensive training and exposure under the bank's executive development and leadership programs. He holds a Post Graduate Diploma in Business Administration from the University of Wales (PrifysgolCymru) and a Diploma in Banking from the Institute of Bankers of Sri Lanka. He engages in business development and consultancies in the Banking, Non-Banking Financial Institutions, Insurance Brokerage and Corporate Sectors.

CURRENT APPOINTMENTS:

He is a Non-Independent Non-Executive Director of Siyapatha Finance PLC, appointed on the 18th of December 2018.Currently, he serves as the Chairman of the Board Credit Committee and a member of the Board Integrated Risk Management Committee and the Related Party Transaction Review Committee. He serves as an Independent Non-Executive Director of Palm Garden Hotels PLC, Eden Hotel Lanka PLC w.e.f. 1st January 2025 and Serendib Hotels PLC from July 2026. He is Chairman of the Nomination Committee and a member of the Audit and Related Party Transaction Review Committee. He is also the Independent member of the Board Audit Committee of the Hirdaramani Group.

FORMER APPOINTMENTS:

He was the consultant to Sampath Bank PLC's Board Credit Committee. His main role was in the provision of advisory services on corporate and commercial banking credit risk evaluation and approval, strategy and credit quality expansion.

He commenced his career at Citibank N. A., Sri Lanka in 1990. He held several key leadership positions which include Head of Sales and Marketing for Commercial Banking and Vice President, Head Local Corporate Bank and Public Sector at Citibank N A until 2015. Subsequently, he served as the Consultant on Risk Management to the Board of Directors of Richard Pieris Finance PLC and as the Consultant to Foresight Insurance Brokers (Pvt) Ltd.

Board of Directors

W A T M WIJESINGHE
Non-Executive Director

Mr. Wijesinghe has three bachelors' degrees in Engineering, Economics and Business Administration from Cornell University, USA.

Having commenced his career as a Senior Management Consultant at Price Waterhouse Coopers, Colombo, Mr. Wijesinghe co-founded Asia Capital PLC, which became Sri Lanka's largest investment bank in terms of market capitalisation. In late 1995 Mr. Wijesinghe exited his shareholding in Asia Capital to become the youngest ever Chairman/ Director General of the Board of Investment of Sri Lanka. During his 5 year tenure, he directed several pioneering privatisation and Public-Private Partnership (PPP) transactions in large scale infrastructure projects. Mr. Wijesinghe is also a co-founder and Board member for life of the Sri Lanka Institute of Information Technology, which has become Sri Lanka's largest IT and engineering University.

Mr. Wijesinghe was the former Managing Director of Forbes & Walker Group and headed Sri Lanka's two largest listed property companies, Asian Hotels Properties PLC and Overseas Realty PLC. He continues as a Board member of MJF Leisure and is a co-founder and Director of the award winning Ceylon Tea Trails Resort. He was also a co-founder/ Director of Wow.lk, which was sold to Dialog Axiata.

Mr. Wijesinghe currently is the Chairman & CEO of TWC Holdings, a company he founded 13 years ago specialising in investment banking, including Private Equity and Public Private Partnerships. Mr. Wijesinghe also sits on the boards of several other public and private companies in Sri Lanka, India and Maldives.

W R WILLIAMS
Non Executive Director

Mr. Wayne Williams was appointed to the Board on 15th June 2026 He is the Chief Financial Officer for the Minor Hotel Group, the Hotel Division of the Thai Listed company Minor International.

He graduated from the University of Queensland, he has been a certified Australian CPA for over 30 years. He has more than 25 years' experience working in Thailand and has been with Minor International for close to 20 years. Prior to joining Minor, Mr. Wayne Williams held a number of senior finance roles in hotels and hospitality businesses in Thailand, Australia and the Pacific.

Mr. Wayne Williams was previously President of the Australian-Thai Chamber of Commerce in Thailand and was a member of the Thailand Board of Trade. He is currently Vice President of the Australia Council of Thailand and is a Board member of the Hands Across the Water charity foundation.

S A CHOJNACKI
Non-Executive Director(Resigned w.e.f. 15.06.2026)

Mr. S A Chojnacki was appointed to the Board in 2017 and is the Chief Commercial Officer and General Counsel of Minor International PCL. Mr. Chojnacki holds degrees in economics, foreign affairs and law from the University of Virginia, USA. Mr. Chojnacki is based in Bangkok and has worked for Minor International for 17 years, across Minor's hotel, food and distribution businesses. Mr. Chojnacki is a practicing lawyer admitted to the New York Bar. Prior to joining Minor International, Mr. Chojnacki worked for Linklaters, a large global law firm, in their New York, Hong- Kong and Bangkok offices.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

1. OVERVIEW

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

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

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

2. INDUSTRY OVERVIEW

A) GLOBAL TOURISM INDUSTRY OVERVIEW – 2026

The global tourism industry continued its gradual recovery and expansion during 2026, supported by increasing international travel demand, improved airline connectivity, easing travel restrictions and growing consumer confidence across major tourism markets. Many destinations experienced increased tourist arrivals driven by pent-up travel demand, growth in experiential tourism and a shift towards wellness and lifestyle-oriented travel.

This positive momentum continued to unfold within a complex economic environment characterised by inflationary pressures, geopolitical uncertainties, rising operational costs and volatile energy prices, all of which affected travel affordability, operating margins and overall industry profitability. Even so, travellers increasingly prioritised unique and personalised experiences, sustainable tourism practices, digital convenience and high-quality guest engagement, prompting operators globally to invest in service enhancement, technological transformation and long-term sustainability.

The sector also saw increasing competition within the leisure and resort segment, with operators focusing on brand differentiation, customer experience, operational efficiency and digital marketing to maintain market share. The continued growth of online booking platforms, direct booking channels and digital customer engagement further reshaped the global tourism operating landscape during the year.

B) SRI LANKA TOURISM INDUSTRY OVERVIEW – 2026

Sri Lanka's tourism industry demonstrated encouraging recovery momentum during 2026, following a challenging period in preceding years. The industry benefited from improved macroeconomic stability, increased international tourist arrivals, enhanced destination marketing and strengthening confidence among global travellers, as the country continued to regain its positioning as a preferred leisure and experiential travel destination within the region.

The recovery in tourist arrivals positively impacted occupancy levels, average room rates and revenue generation across the hospitality industry, particularly within the leisure and resort segments, with increased contributions from European, regional and independent leisure travellers. Strengthening partnerships with international tour operators, destination management companies and online travel platforms further supported tourism demand during the year.

The industry nonetheless continued to face inflationary cost pressures, higher utility and energy costs, exchange rate volatility and competitive pricing pressures. In response, hotel operators increasingly focused on operational efficiency, service quality enhancement, digital transformation and guest experience improvement to maintain competitiveness and long-term sustainability.

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

C) EMERGING TRENDS IN TOURISM – KEY FOCUS AREAS

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

Experience-Driven Travel

Travellers increasingly seek immersive and personalised experiences rather than conventional accommodation offerings, intensifying focus on:

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

Digital Transformation

Technology continues to play a significant role in tourism operations and customer engagement, with hotels increasingly investing in:

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

Sustainability and Responsible Tourism

Environmental sustainability and responsible tourism practices have become increasingly important, with guests placing greater emphasis on:

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

Service Quality and Guest Experience

Increased competition within the hospitality industry has heightened the importance of:

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

Leisure and Wellness Tourism

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

3. FINANCIAL REVIEW

During the year under review, the Company recorded an occupancy level of 76%, compared to 78% achieved in the previous financial year. Although occupancy declined marginally, the impact was more than compensated by a substantial improvement in the Average Room Rate (ARR), underscoring the effectiveness of the Company's revenue optimisation and pricing strategies. Consequently, total revenue increased by 13% compared to the previous year, reflecting the Company's ability to capitalise on improving market demand while maximising yield performance.

The Group reported a topline revenue of Rs 3.8 Bn during the year under review, compared to Rs 3.4 Bn recorded in the previous year, representing an overall increase of 11%. This performance reflects management's continued emphasis on revenue diversification, operational excellence and enhanced guest engagement, with balanced contribution from both the accommodation and food and beverage segments strengthening the Company's revenue base and its capacity to generate sustainable long-term value for stakeholders.

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

In response, management maintained a disciplined approach to cost management through enhanced expenditure controls, strengthened budget monitoring processes and operational efficiency initiatives across all departments, while continuing to invest in essential property maintenance, infrastructure enhancements and service quality improvements to preserve its competitive positioning and ensure the consistent delivery of exceptional guest experiences.

Supported by strong revenue growth and prudent financial management practices, the Company delivered a significant improvement in profitability during the year under review. Earnings Before Interest and Tax (EBIT) increased to Rs. 289.5 Mn from Rs. 172.7 Mn recorded in the previous financial year, reflecting enhanced operational performance and improved efficiencies across the business. Consequently, the Company reported a Profit Before Tax (PBT) of Rs. 218.9 Mn compared to Rs. 71.2 Mn reported in the previous year.

As part of the Group's ongoing commitment to enhancing its overall value proposition, several subsidiaries incurred significant operational expenditure during the year under review. As a result, Group Earnings Before Interest and Tax (EBIT) declined by Rs. 28 Mn compared to the previous year. This was a deliberate strategic decision aimed at safeguarding asset quality and strengthening long-term revenue-generating capabilities.

Despite these elevated cost pressures, the Group delivered a Profit Before Tax (PBT) of Rs. 746.8 Mn for the financial year 2025/26, compared to Rs. 596.8 Mn reported in the previous period, representing an increase of 25%. This performance demonstrates the resilience of the Group's operating model and its ability to sustain profitability while continuing to invest in long-term growth and asset enhancement initiatives.

4. OPERATIONAL REVIEW

A) KEY TOUR OPERATOR AND CUSTOMER DEVELOPMENTS

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

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

The gradual recovery in inbound tourism and strengthening relationships with key travel partners contributed positively towards occupancy growth and revenue generation during the year. The Company also continued to diversify its customer base through increased focus on direct bookings, online travel agencies, international leisure travellers and repeat guest segments, and remains committed to further strengthening strategic partnerships and expanding market penetration opportunities in the future.

B) CAPITAL INVESTMENTS AND FUTURE DEVELOPMENT

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

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

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

5. RISK MANAGEMENT

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

During the year, management continued to closely monitor global and domestic economic developments that could impact tourism demand, operational performance and overall business stability, including global economic uncertainties, geopolitical developments, inflationary trends and fluctuations in international travel patterns. Inflationary pressures and rising operational costs remained key challenges, particularly in relation to utility expenses, food and beverage costs, employee remuneration and maintenance expenditure. Management continued to implement cost management and operational efficiency initiatives while ensuring service standards and guest experience were maintained at expected levels.

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

Given the sensitivity of the tourism and hospitality industry to changes in travel demand and market conditions, the Company continued to strengthen its relationships with international tour operators, travel agents, online booking platforms and repeat customer segments to maintain occupancy stability and revenue growth, while diversifying customer channels and enhancing direct booking capabilities to strengthen market competitiveness.

Competitive market conditions within the leisure hospitality sector continued to intensify during the year, prompting Serendib Hotels PLC/Group to invest strategically in guest experience enhancement, property face-uplift programmes, technological improvements and operational infrastructure upgrades aimed at strengthening the hotel's overall value proposition.

The Company also recognises the increasing importance of environmental sustainability and climate-related risk management within the tourism sector, and continues to closely monitor adverse weather conditions, coastal and environmental impacts and other sustainability-related operational risks, remaining committed to responsible operational practices and continuous improvement in environmental sustainability and operational resilience.

Infrastructure and operational disruptions also remain an important consideration, with management continuing to prioritise preventive maintenance, operational continuity planning, information technology improvements and infrastructure enhancement to minimise disruption and maintain service quality.

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

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

A) INDUSTRY OUTLOOK

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

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

B) SRI LANKA TOURISM POTENTIAL

Sri Lanka continues to demonstrate strong long-term tourism potential, supported by its diverse tourism offerings, natural attractions, cultural heritage, wildlife experiences and growing international destination appeal, and remains well-positioned to benefit from the continued recovery in global travel demand and increasing interest in leisure-oriented tourism destinations within the region.

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

C)OUTLOOK FOR SERENDIB HOTELS PLC/ GROUP

Against this backdrop, Serendib Hotels PLC/ Group remains optimistic regarding its future growth prospects and operational performance. Management expects the Company to continue benefiting from improving tourism demand, strengthened relationships with international tour operators, increasing direct booking opportunities and the gradual recovery in international leisure travel, with further growth opportunities expected through continued strategic operational enhancements, strengthened guest experience initiatives, expansion of digital and direct booking channels, and ongoing investment in property and infrastructure.

In line with this long-term growth strategy, management intends to proceed with the planned soft refurbishment programme in the 2026/27 financial year, aimed at enhancing the overall value proposition of the hotel, improving guest satisfaction, strengthening market positioning and supporting future revenue growth.

D) CHALLENGES AND MARKET RISKS

Despite the positive outlook, management remains mindful of potential challenges and uncertainties that may continue to affect the tourism and hospitality industry, including global economic conditions, inflationary pressures, exchange rate volatility, geopolitical developments and competitive market dynamics. The industry also continues to experience increasing competition within the leisure sector, requiring operators to continuously improve service quality, operational efficiency, pricing strategies and customer engagement to maintain competitiveness and long-term sustainability. Management will continue to closely monitor market developments and adopt appropriate operational, financial and strategic measures to respond to changing industry conditions.

E) STRATEGIC FOCUS GOING FORWARD

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

- Enhancing operational efficiencies
- Strengthening customer experience and service quality
- Strategic investments in property and infrastructure enhancement
- Expansion of digital engagement and direct booking capabilities
- Sustainable business practices and long-term operational resilience

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

7. CONCLUSION

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

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

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

Serendib Hotels PLC/Group remains committed to delivering sustainable growth, operational excellence and long-term value creation to all stakeholders in the years ahead.

STEWARDSHIP

Risk Management

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

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

THE GROUP RISK POLICY

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

This implies that we will:

- Implement an effective and integrated risk management system while maintaining business flexibility.
- Identify and assess material risks associated with our business, monitor, manage and mitigate risks

INTERNAL CONTROL AND RISK MANAGEMENT

The group reviews and assesses significant risks on a regular basis and has implemented an oversight program to ensure that there is a system of information gathering, awareness and action to mitigate exposure to identified risks.

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

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

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

RISK EVALUATION AND MAPPING

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

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

RISK MATRIX

IMPACT					
Extraordinary	S	H	H	H	E
Major	S	S	H	H	H
Moderate	M	M	S	S	H
Minor	L	L	M	S	S
Insignificant	L	L	L	M	S
	Rare	Unlikely	Moderate	Likely	Almost Certain
	LIKELIHOOD				

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

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

MANAGING RISK

Risk category	Risk Exposure	Risk Mitigating Actions
1. Global Travel Risk Risk Assessment Impact : Extraordinary Likelihood : Almost certain	Adverse impact on global travel due to country borders being shutdown / negative travel advisories / cancellation of flights and negative appetite of foreign travel among global travellers due to adverse social and economic condition of the country	» Implementation of recommended safety protocols to ensure safety of guests and employees » Actively participate in industry associations to lobby for releasing negative travel advisories » Join in Destination marketing campaigns on social media and other digital media
2. Macroeconomic & Political Risks Risk Assessment Impact : Extraordinary Likelihood : Almost certain	Increase of operational costs / Decrease in revenue / Increase in finance cost / Cash flow deficiencies / Cancellation of reservations / Barriers on supply chain	» · Placement of contingency and recovery plans to mitigate the exposure to unexpected fluctuations / crisis » Active participation in industry associations to lobby for releasing negative travel advisories » Management being on alert regularly for changes in economic and political environment as to identify risks at possible earliest stage
3. Liquidity Risk Risk Assessment Impact : Major Likelihood : Likely	Risk of inability to meet short term loan repayments / supplier payments and other liabilities	» A significant component of interest bearing loans and borrowings were settled from the cash proceeds obtained from the right issue. » Negotiating new overdraft facilities to fund short term cash requirements » Negotiation of longer credit periods with suppliers » Re-negotiation of all contracts / subscriptions and annuities for better credit terms » Maintaining the fixed overheads at a minimum level to control operational cash-burn

Risk category	Risk Exposure	Risk Mitigating Actions
4. Risk of non-compliance **Risk Assessment** Impact : Major Likelihood : Likely	Possible requirement of mandatory disclosure of star rating of hotels	» Invest in all properties for the necessary improvements to retain the currently advertise star rating
5. Market Risk **Risk Assessment** Impact : Major Likelihood : Almost certain	Adverse impact on yields and occupancies due to fluctuation in demand	» Diversification of group's business risk by entering in to boutique hotels and villa operation » Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets • Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence • Sourcing new markets and developing new channels » Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators
6. Credit Risk **Risk Assessment** Impact : Moderate Likelihood : Likely	Risk arising due to default by customers due to possible bankruptcy of travel agents / tour operators. Impact on liquidity and profitability	» Credit is allowed only for approved customers which is reviewed bi-annually » Monitor and review the overdue debtor balances monthly » Obtain booking advances » Compliance to laid down credit SOPs on credit control » Signing up for payment plans with Tour Operators& Travel Agents
7. Health and Safety Risk **Risk Assessment** Impact : Moderate Likelihood : Moderate	Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.	» Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition » The Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same » The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided » Tour operator safety standards are complied with and necessary action is taken immediately on any concern area related to health and safety based on audit inspections done by tour operators » The company sources its products and services from approved suppliers » Performing quarterly health and Safety audit reviews

Risk category	Risk Exposure	Risk Mitigating Actions
8. Foreign Exchange Rate Risk Risk Assessment Impact : Moderate Likelihood : Likely	Adverse impact on P&L and gearing	» Exchange rate movements are taken into consideration when entering into contracts with travel agents » Structure Forex borrowings in proportion to the revenue currency mix Hedge in Forward Rate Agreements (FRAs)
9. Human Resource Risk Risk Assessment Impact : Moderate Likelihood : Rare	Risk of losing skilled and trained human capital and recruitment of right staff for new hotel developments. Trade union activities resulting in work disruptions	» Establish career development programmes and succession plans in order to retain and motivate the talent pool of the company » Provide focused and structured training for staff at all levels to aid personal and professional development » Develop a strong employer brand to attract staff of the right quality » Increasing employee engagement through designing recognition programmes

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

WASTE MANAGEMENT

Sustainability Related Risk (SRRO) - Waste Management		
Impact on Prospects	Description	Hotel operations generate significant volumes of solid and organic waste. Regulatory expectations regarding waste segregation, recycling, plastic reduction, and disposal are increasing, particularly in environmentally sensitive destinations such as Sri Lanka and the Maldives.
	Risk	Sustainability Related Risk
	Time Horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	Operational activities continue to generate significant volumes of food waste, packaging waste, and single-use plastic consumption across hospitality operations and guest services. Current hotel operations increasingly incorporate environmentally responsible waste management practices as part of broader sustainability and responsible tourism initiatives across the leisure portfolio. Waste management considerations are progressively influencing procurement, housekeeping, food and beverage operations, guest services, and supplier engagement practices , while increasing regulatory scrutiny on plastics, recyclability, and labelling is creating greater compliance sensitivity across operations.
	Anticipated effects on business model and value chain	The business model is expected to increasingly integrate circular economy principles and sustainable tourism practices in response to tightening environmental regulations, evolving stakeholder expectations, the growing influence of plastics Extended Producer Responsibility (EPR) requirements. Future hotel operations are likely to require enhanced waste segregation systems, greater recycling and composting capabilities, stronger monitoring of waste streams, and formalised partnerships with certified waste management and recycling providers. Sustainable procurement is expected to strengthen through increased use of recyclable, reusable, and biodegradable materials and reduced single-use plastics, while the value chain will require greater traceability and accountability of materials, waste practices, and supplier environmental performance in line with emerging regulations and GSTC principles.
	Where is it concentrated	Operational Risk Compliance Risk Reputational Risk Supply Chain Risk
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate-related targets	Current strategic decision-making on waste management increasingly incorporates environmental sustainability and responsible tourism considerations into hotel operations, refurbishment activities, procurement processes, and long-term operational planning. Ongoing sustainability initiatives, including waste reduction, single-use plastic reduction, water conservation, energy efficiency, and eco-friendly operations, are gradually being embedded into operational management frameworks, particularly across environmentally sensitive coastal resort properties.

Sustainability Related Risk (SRRO) - Waste Management		
	How the Company is resourcing and planning to resource activities	Future strategic priorities are expected to place greater emphasis on strengthening waste governance frameworks, enhancing environmental monitoring systems, and pursuing sustainability certifications aligned with responsible tourism standards by adopting zero-waste landfill and landfill diversion targets as part of its broader ESG strategy. Investment priorities may increasingly focus on advanced waste segregation infrastructure, composting systems for food and organic waste, wastewater treatment improvements, sustainable packaging initiatives, and digital systems for tracking waste generation and disposal practices. The Group is also likely to strengthen staff awareness programs, environmental training initiatives, and guest engagement efforts aimed at promoting responsible consumption and waste reduction behaviours across hotel operations. Supplier engagement practices may increasingly incorporate sustainability-related procurement criteria emphasising recyclable materials, packaging reduction, and environmentally preferable products.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts primarily relate to operational costs associated with waste collection, disposal, and incremental sustainability initiatives such as plastic reduction and recycling programs.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased expenditure may be required for sustainable packaging alternatives, enhanced waste infrastructure, regulatory compliance, and circular economy partnerships. Improved waste management practices may support long-term operational efficiencies, reduced disposal costs, enhanced brand value, and stronger alignment with sustainable tourism expectations. Non-compliance with evolving waste-related regulations may result in reputational impacts and increased operational costs over time.

FOOD SAFETY

Sustainability Related Risk (SRRO) - Food Safety		
Impact on Prospects	Description	Food safety is a critical operational and reputational risk for hotels. Compliance with food hygiene regulations, health standards, and supplier controls is essential to protect guest wellbeing and trust.
	Risk	Sustainability Related Risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	Food safety and hygiene management currently form an important component of operational management across LOLC Leisure properties due to the significant role of food and beverage services within the hospitality value chain. Hotel operations increasingly require adherence to food hygiene procedures, safe food handling practices, quality control standards, supplier screening processes, and compliance with local public health regulations in order to maintain operational continuity and guest confidence.

Sustainability Related Risk (SRRO) - Food Safety		
	Anticipated effects on business model and value chain	The business model is expected to increasingly integrate stronger food safety governance, hygiene monitoring systems, and traceability practices in response to evolving public health regulations, international tourism standards, and growing customer expectations regarding food quality and safety. Future hotel operations are expected to place greater emphasis on strengthened supplier due diligence, tighter food safety and cold-chain controls, and improved transparency across sourcing, preparation, and storage activities, supported by enhanced traceability, stricter supplier certification standards, and more robust monitoring systems throughout the value chain. Sustainability-focused tourism trends may also increase demand for healthier, locally sourced, environmentally sustainable, and traceable food products across hospitality operations. Food safety performance is expected to become a more significant factor influencing brand positioning, customer trust, online reputation, and long-term competitiveness within the hospitality sector.
	Where is it concentrated	Operational Risk Compliance Risk Reputational Risk Supply Chain Risk Health and Safety Risk
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Current operational management across the leisure portfolio increasingly emphasises food hygiene, customer well-being, culinary quality, and responsible hospitality practices in line with evolving international tourism and public health expectations. Food safety considerations are progressively integrated into procurement activities, kitchen operations, supplier selection, inventory handling, sanitation procedures, and staff training programs across hotel properties..
	How the Company is resourcing and planning to resource activities	Future strategic priorities are expected to focus on strengthening food safety governance frameworks, hygiene monitoring systems, supplier assurance mechanisms, and staff competency programs across hotel operations. Investment priorities may increasingly include upgraded kitchen infrastructure, temperature monitoring systems, food traceability technologies, hygiene audits, digital compliance systems, and enhanced quality assurance processes. Supplier engagement processes may increasingly incorporate food safety certifications, traceability requirements, and sustainability-related sourcing criteria aligned with evolving hospitality standards. Strategic decision-making is expected to align more closely with international hospitality food safety standards (ISO 22000, ISO 9001, HACCP), public health regulations, responsible tourism principles, and broader ESG expectations relating to customer health, safety, and operational resilience.

Sustainability Related Risk (SRRO) - Food Safety		
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts primarily arise from operational expenditure associated with food safety compliance activities, hygiene management systems, quality assurance procedures, kitchen maintenance, supplier audits, employee training, and compliance with public health and hospitality regulations. Additional costs may also arise from implementation of food storage controls, sanitation procedures, waste management practices, and customer safety initiatives across hotel operations. At the same time, maintaining strong food safety standards may support customer satisfaction, protect brand value, reduce operational disruptions, and strengthen guest retention and occupancy performance across the leisure portfolio.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Future expenditure may increase due to investments in food safety management systems, hygiene monitoring technologies, supplier audits, staff training programs, food traceability systems, and potential certification-related compliance activities associated with internationally recognised standards However, stronger alignment with recognised food safety and quality management frameworks may enhance customer confidence, strengthen brand reputation, improve operational consistency, reduce food contamination risks.

WATER STEWARDSHIP

Sustainability Related Risk (SRRO) - Water Stewardship		
Impact on Prospects	Description	Hotels rely heavily on water for guest services, landscaping, kitchens, and sanitation. Water scarcity, quality concerns, and regulatory controls present operational and environmental risks, especially in island and coastal destinations.
	Risk	Sustainability related risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	Water is a critical input in hotel operations, with current usage driven by guest services, housekeeping, landscaping, and food and beverage activities. Current hotel operations increasingly incorporate water conservation and environmentally responsible water management practices as part of broader sustainability and responsible tourism initiatives across the leisure portfolio. LOLC Holdings has identified water management as a core sustainability focus area across its hospitality assets in Sri Lanka, and Maldives.
	Anticipated effects on business model and value chain	The business model is expected to increasingly integrate comprehensive water stewardship practices, climate-resilient water infrastructure, and circular water management principles in response to growing water stress, climate-related risks, and evolving environmental regulations. Future hotel operations are likely to require enhanced water efficiency systems, wastewater recycling capabilities, rainwater harvesting infrastructure, smart water monitoring technologies, and stronger water governance frameworks across all properties. The hospitality value chain is also expected to increasingly align with sustainable tourism standards and Supplier engagement practices may progressively incorporate water-related sustainability criteria.
	Where is it concentrated	Operational Risk Compliance Risk Physical Climate Risk Reputational Risk Supply Chain Risk

Sustainability Related Risk (SRRO) - Water Stewardship		
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Current strategic decision-making increasingly incorporates water stewardship, resource efficiency, and environmentally responsible tourism practices into hotel operations, refurbishment projects, infrastructure investments, and sustainability management processes.
	How the Company is resourcing and planning to resource activities	Future strategy is expected to place greater emphasis on water stewardship as a key sustainability priority, particularly in high-risk or water-stressed locations. Decision-making may increasingly prioritise investment in water-efficient technologies, recycling systems, and infrastructure upgrades to reduce consumption and improve resilience. Water management considerations are likely to be further integrated into capital planning, refurbishment decisions, and ESG performance targets and employee trainings. Operational decision-making is also expected to increasingly consider climate-related water risks, including drought conditions, water scarcity, saline intrusion, changing rainfall patterns, and rising environmental compliance requirements within coastal and island tourism destinations.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts primarily arise from operational expenditure associated with water supply, wastewater treatment, irrigation systems, and water conservation initiatives. At the same time, resource-efficiency initiatives relating to water conservation, treated wastewater reuse, and operational optimisation may contribute to gradual reductions in utility consumption costs and improved operational efficiency over time.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased capital expenditure may be required for advanced water recycling systems, smart monitoring technologies, and infrastructure upgrades to improve water efficiency. Improved water management practices may lead to long-term cost savings, enhanced operational resilience, and stronger alignment with sustainability expectations in the tourism sector. Failure to manage water risks effectively may result in higher operating costs and potential constraints on operations in water-stressed regions.

CLIMATE RELATED RISK AND OPPORTUNITIES (CRRO)

Physical risk

Disruption of operations due to extreme weather events

Physical climate risks for LOLC Leisure assets are categorised into acute events, including riverine flooding and extreme rainfall flood, and chronic risks, including sea level rise and extreme heat. These climate-related hazards pose material risks to hospitality infrastructure, particularly hotels and resorts located in coastal and low-lying tourism destinations, through accelerated asset deterioration, operational disruptions, and reduced guest accessibility during and following extreme weather events.

LEGEND

No hazard | Low hazard | Medium hazard | High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Dolphin Hotels PLC	Gampaha	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	Medium hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
The Eden Hotel Lanka PLC	Kalutara	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	Medium hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	High hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Serendib Hotels PLC	Galle	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Sea level rise	Medium hazard	Medium hazard	Medium hazard	Medium hazard	Medium hazard

Hotel	District	Hazard	Baseline	SSP3-7		SSP5-8.5	
				2030	2050	2030	2050
Hotel Sigiriya PLC	Matale	Extreme Heat	High hazard	High hazard	High hazard	High hazard	High hazard
		Riverine flood	High hazard	High hazard	High hazard	Medium hazard	High hazard
		Extreme Rainfall flood	High hazard	High hazard	High hazard	High hazard	High hazard
		Sea level rise	No hazard	No hazard	No hazard	No hazard	No hazard

CRRO Physical risk - Disruption of operations due to extreme weather events		
Impact on Prospects	Description	LOLC Leisure's hotel portfolio is exposed to a combination of acute risks, such as riverine flooding and extreme rainfall flood events, and chronic risks including sea level rise and increasing temperatures. Some properties are highly exposed to flooding, storm surges, and long-term sea-level rise, and more vulnerable to extreme heat. These risks can disrupt operations, damage assets, increase operational costs, and affect long-term tourism demand and asset values.
	Risk	Physical – Acute Risk & Chronic Risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, acute physical risks such as riverine flooding and extreme rainfall already impact operations; these events disrupt guest access, reduce occupancy, and occasionally result in temporary service interruptions or partial operational constraints. Operational disruptions also affect staff mobility and supply chain continuity, leading to short-term inefficiencies in service delivery, especially during peak monsoon periods. Early signs of coastal erosion and saline intrusion are emerging risks for beach front assets, reflecting broader country-level coastal exposure in Sri Lanka, where a significant portion of the coastline is already considered vulnerable to erosion and inundation. Extreme heat is already impacting operations in inland and dry-zone properties primarily through increased cooling demand, higher energy consumption, and reduced comfort for outdoor guest experiences.
	Anticipated effects on business model and value chain	Sea level rise is expected to become a material for long-term risk, particularly for coastal assets, potentially affecting land usability, infrastructure integrity, and long-term asset value. However, this impact is not currently material. Extreme rainfall and flooding events are expected to increase frequency and intensity, leading to more recurring operational disruptions, higher maintenance requirements, and increased reliance on resilient infrastructure design. Extreme weather variability is expected to further disrupt tourism operations, while shifting rainfall and temperature patterns may alter seasonal demand cycles. Overall, climate change is expected to progressively reshape tourism flows, requiring adaptation in infrastructure design, service delivery, and destination positioning.
	Where is it concentrated	Operational Risk
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Climate risk is currently addressed through reactive operational responses, primarily focused on managing extreme weather disruptions rather than long-term structural adaptation and predominantly reactive business continuity measures in response to extreme weather events. Climate considerations are partially embedded into long-term capital allocation, site selection, or portfolio optimisation decisions.

CRRO Physical risk – Disruption of operations due to extreme weather events		
	How the Company is resourcing and planning to resource activities	Climate adaptation is expected to become increasingly embedded in strategic planning, investment decisions, and asset development frameworks. Strengthening business continuity and disaster recovery frameworks across all properties by integrating acute and chronic climate risks into capital allocation, site selection, and refurbishment decisions, while using climate scenario analysis to assess the impacts of flooding, sea level rise, and rising temperatures on operations and asset values. At the same time, the company is increasing investment in climate-resilient infrastructure including flood defenses, elevation, drainage improvements, energy-efficient systems, and passive cooling technologies while strategically diversifying its hotel portfolio toward lower-risk geographic locations.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts are primarily driven by event-based disruptions, including revenue losses from booking cancellations, reduced occupancy during extreme weather events, and increased maintenance costs following flood or storm damage. Higher energy consumption due to cooling requirements also contributes to increased operating expenditure, particularly inland properties exposed to heat stress. These impacts remain largely episodic and are not yet materially reflected in long-term asset valuations.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the long term, increasing climate variability is expected to result in greater revenue volatility and higher operating costs, particularly due to disruptions in coastal tourism demand. Sea-level rise and coastal erosion may lead to potential impairment risks for beach front assets, affecting balance sheet valuations and long-term investment returns. Additional capital expenditure will likely be required for climate adaptation measures, including resilient infrastructure, drainage systems, and energy-efficient technologies. Broader ecosystem degradation may also indirectly impact tourism demand and pricing power, particularly in coastal destinations reliant on natural attractiveness.

TRANSITION RISK

Regulatory and Conduct Risk with Increasing Transparency Expectation

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
Impact on Prospects	Description	Regulation expectations on disclosure and transparency, along with broader regulatory and conduct risks in the leisure industry, reflect increasing requirements for standardised ESG reporting, climate-related disclosures, and compliance with environmental, safety, labour, and consumer protection regulations. Leisure operations are subject to multi-layered oversight covering responsible environmental practices, public safety, and ethical conduct. Failure to comply with these requirements may result in fines, operational restrictions, license suspensions, reputational damage, and reduced customer confidence, thereby adversely affecting long-term business sustainability.
	Physical / Transition risk	Transition Risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	The current business model operates within existing regulatory frameworks covering environmental management, health and safety, labour practices, and tourism operational standards. Sri Lanka's Net Zero 2050 Roadmap, NDC 3.0 and National Tourism Policy are already pushing hotels toward lower carbon, resource efficient and climate resilient operating models, including more efficient buildings, higher renewable energy use and stronger environmental safeguards in tourism projects. SLFRS S1 and S2 disclosure requirements are progressively influencing governance and reporting practices, with growing emphasis on integrating climate-related risks, opportunities, and environmental performance considerations into investment approvals and strategic planning processes.
	Anticipated effects on business model and value chain	The business model is expected to increasingly integrate structured sustainability and climate disclosure requirements aligned with evolving national and international frameworks, including SLFRS S1 & S2 expectations, NDC commitments, and sectoral sustainability standards. Regulatory oversight is expected to intensify across environmental protection, consumer safety, ethical operations, and community resource use. The value chain is likely to require enhanced data collection, traceability, and reporting systems aligned with GSTC (Global Sustainable Tourism Council) principles for accommodation providers and national sustainable tourism certification guidelines (SLTDA/NSTC). Greater standardisation of ESG data across suppliers, operations, and guest services is expected to support improved transparency and comparability of sustainability performance. The business model is expected to pivot toward a circular economy approach to meet future regulations on resource optimisation and zero-waste-to-landfill targets
	Where is it concentrated	Operational Risk Compliance Risk

Climate Related Risk (CRRO) - Regulatory and Conduct Risk with Increasing Transparency Expectation		
Strategy and decision making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Strategic decisions are primarily focused on maintaining compliance with statutory tourism, safety, and environmental requirements. Current strategic decision-making increasingly considers alignment with Sri Lanka's Net Zero 2050 commitments, Nationally Determined Contributions (NDCs), and the National Sustainable Tourism Policy when evaluating new developments, major refurbishments, and energy-related investments such as rooftop solar installations and high-efficiency systems.
	How the Company is resourcing and planning to resource activities	Strategic priorities will place greater emphasis on compliance with labour standards, environmental regulations, and strengthened guest health and safety requirements across all operations. Anticipated strategy is expected to prioritise obtaining recognised sustainability certifications such as Sri Lanka Tourism Development Authority (SLTDA), National Sustainable Tourism Certification (NSTC) and other eco-labels, positioning selected properties in line with emerging sustainable tourism standards. Strategic focus may increasingly emphasise improving transparency and sustainability communication, including clearer disclosure of environmental performance, certification status, and ESG initiatives to align with stakeholder expectations and market trends. Future decision-making is likely to be more closely aligned with national policy frameworks and action agendas, including Sri Lanka's National Sustainable Tourism Policy, Net Zero 2050 commitments, and broader environmental sustainability goals. The plastics EPR regime and tightening waste policy framework are expected to strengthen structured supplier engagement and promote circular economy partnerships, leading to formalised policies on sustainable materials, packaging standards, and waste management practices.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Financial impacts are primarily driven by incremental costs related to data collection, reporting processes, and compliance with evolving national regulatory requirements
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased expenditure may be required for advanced ESG data systems, third-party assurance, and compliance with evolving disclosure frameworks such as SLFRS S1 & S2 and GSTC-aligned reporting expectations. Stronger transparency and alignment with national and international sustainability standards may enhance investor confidence, access to sustainable finance, and market competitiveness in the tourism sector. Non-alignment with evolving disclosure expectations may result in reputational pressure and reduced attractiveness to sustainability-focused travellers and investors.

TECHNOLOGICAL OBSOLESCENCE DUE TO GREEN MARKET SHIFTS

Climate Related Risk (CRRO) -: Technological Obsolescence Due to Green Market Shifts		
Impact on Prospects	Description	Technological Obsolescence Due to Green Market Shifts refers to the risk that existing hotel infrastructure and operational systems may become less competitive as the hospitality industry transitions toward low-carbon, energy-efficient, and sustainability-driven technologies. This may result in operational inefficiencies, reduced market attractiveness, and potential long-term asset value erosion if timely upgrades are not undertaken.
	Physical / Transition risk	Transition Risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, sustainability-related technological adoption within the LOLC Leisure value chain is evident but remains incremental and not yet fully embedded across the portfolio. Energy efficiency improvements are progressively being driven through planned refurbishment programmers, including upgrades to lighting systems, HVAC equipment, and broader infrastructure enhancements. In parallel, several properties have already adopted renewable energy solutions, such as solar installations, reflecting an increasing shift towards cleaner energy sources.
	Anticipated effects on business model and value chain	The LOLC Leisure business model is expected to face increasing pressure to transition toward a low-carbon, resource-efficient hospitality platform, requiring broader integration of sustainable practices across operations. The value chain is likely to evolve through greater adoption of renewable energy, smart energy management systems, and gradual integration of low-carbon mobility solutions for fleet and guest transportation. Green building principles and sustainable procurement practices may be more consistently embedded, supporting improved energy efficiency, reduced emissions, and environmentally responsible sourcing across properties. Shifting customer preferences toward eco-tourism and wellness-oriented experiences may drive the repositioning of offerings and require a broader transformation of operational processes and asset configuration across the portfolio
	Where is it concentrated	Operational Risk Compliance Risk
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Technology-related decisions are primarily driven by operational efficiency, asset maintenance requirements, and cost considerations, with selective investment in sustainability-related upgrades. Sustainability-linked technological transformation remains at an early stage of integration within portfolio-level strategic planning.

Climate Related Risk (CRRO) -: Technological Obsolescence Due to Green Market Shifts		
	How the Company is resourcing and planning to resource activities	Future strategy is expected to increasingly embed green hospitality transformation as a core strategic priority, focusing on aligning the portfolio with evolving eco-tourism and low-carbon hospitality standards. Capital allocation decisions are likely to prioritise investment in advanced sustainability technologies, including smart building management systems, energy optimisation solutions, and integrated digital platforms for real-time environmental performance monitoring. Strategic decision-making may increasingly incorporate ESG-driven criteria across asset development, refurbishment cycles, and operational planning, including adoption of smart logistics planning, route optimisation, and transition toward electric or hybrid vehicles and low-emission machinery to support more efficient and low-carbon operations and will improve energy cost stability, and enhance resilience against fuel price volatility and future carbon-related regulatory pressures Greater emphasis is expected on capability building, including upskilling and recruitment of talent with expertise in sustainable hospitality operations, digital sustainability systems, and green technology adoption to support long-term transformation.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial effects are reflected through ongoing capital expenditure on refurbishment and energy efficiency improvements, including upgrades to lighting, HVAC systems, and general infrastructure, which are capitalised on the balance sheet and require continuous cash outflows. However, as renewable energy integration remains limited, relatively high utility costs that are exposed to energy price fluctuations and directly impact operating margins.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	Increased capital expenditure may be required to adopt advanced green hospitality technologies, including smart energy systems and sustainable infrastructure upgrades. Failure to keep pace with technological advancements may result in competitive pressure on occupancy rates, pricing power, and long-term asset performance. Potential long-term benefits include operational efficiency gains and improved market positioning through technology-enabled sustainability performance.

CONSUMER SHIFT TOWARD GREEN HOSPITALITY

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
Impact on Prospects	Description	Consumer Shift Toward Green Hospitality refers to the increasing preference among global travellers, corporate clients, and travel platforms for environmentally responsible and sustainability-certified accommodation, which may impact demand, pricing power, and competitiveness of hospitality assets within the portfolio that are not fully aligned with evolving sustainability expectations.
	Physical / Transition risk	Transition Risk
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	At present, the LOLC Leisure portfolio demonstrates a growing awareness of sustainability trends, with initiatives such as energy efficiency improvements, solar installations at certain properties, and environmental conservation activities. These efforts contribute positively to brand perception; however, sustainability is not yet uniformly embedded as a core component of the customer value proposition across all properties. Guest experience design, marketing strategies, and service offerings are primarily driven by traditional hospitality attributes such as location, comfort, and pricing, with sustainability not yet fully embedded as a core element.
	Anticipated effects on business model and value chain	Consumer demand is expected to shift further toward green hospitality, with travellers placing greater emphasis on transparency, measurable sustainability performance, and authentic eco-friendly experiences, requiring LOLC Leisure to increasingly integrate sustainability into its business model to remain competitive. This shift may necessitate a transition toward integrating sustainability as a core element of the value proposition, including the development of eco-certified properties, expansion of renewable energy usage, and incorporation of sustainable practices across all operational areas. In addition, guest offerings may increasingly focus on wellness, nature-based experiences, and low-impact tourism, aligning with broader global trends. The value chain may also evolve to support this transition, with increased emphasis on sustainable sourcing, environmentally responsible service delivery, and enhanced communication of sustainability credentials through digital platforms and travel intermediaries.
	Where is it concentrated	Market Risk Operational Risk
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Sustainability considerations are incorporated into broader corporate responsibility initiatives; however, they are not yet fully integrated into customer-facing strategy or brand positioning across the leisure segment. Marketing and product development decisions continue to prioritise traditional performance drivers, with sustainability factors considered where they support operational efficiency or enhance reputation. Investment decisions related to sustainability initiatives, such as renewable energy or eco-friendly upgrades, are generally evaluated based on cost savings and return on investment, rather than as strategic enablers of demand growth or market differentiation.

Climate Related Risk (CRRO) -: Consumer shift toward Green Hospitality		
	How the Company resourcing and planning to resource activities	In response to evolving consumer preferences, LOLC Leisure may increasingly integrate sustainability into core strategic and commercial decision-making processes. This may include repositioning selected properties as eco-friendly or sustainable destinations, pursuing recognised environmental certifications, and embedding sustainability into brand identity and marketing communications. Capital allocation may shift toward investments that enhance the environmental performance and visibility of properties, including sustainable design features, and guest-facing green initiatives. In addition, decision-making frameworks may increasingly incorporate customer-driven sustainability metrics, enabling the Group to align product offerings with emerging market expectations. Over time, sustainability may transition from a supporting function to a key driver of competitive advantage, influencing portfolio development, pricing strategies, and customer engagement models.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	At present, financial impacts are relatively limited and indirect, primarily reflected through modest capital expenditure on sustainability initiatives and incremental marketing benefits associated with improved brand perception. Revenue streams remain largely driven by traditional demand factors, with limited differentiation based on sustainability performance. Operating costs may benefit marginally from efficiency improvements; however, the absence of a fully developed green value proposition limits the ability to capture premium pricing or significantly influence occupancy levels.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the short term, financial impacts may include increased capital expenditure on sustainability enhancements, certification processes, and marketing initiatives aimed at strengthening green positioning. These investments may place modest pressure on cash flows and short-term returns. In the medium term, failure to align with consumer preferences may result in revenue-related risks, including reduced occupancy rates, lower average daily rates, and diminished competitiveness in key international markets. Conversely, proactive adaptation may support improved demand, stronger customer loyalty, and enhanced pricing power. In the long term, successful integration of sustainability into the core business model is expected to contribute to stronger financial performance through increased revenue resilience, premium positioning, and improved asset valuation. In contrast, properties that lag behind in meeting consumer expectations may face declining market relevance and potential value erosion.

ECO-TOURISM AND SUSTAINABLE PRODUCT DEVELOPMENT

Transition Opportunity - Eco-tourism and sustainable product development		
Impact on Prospects	Description	Eco-tourism and sustainable product development present an opportunity for LOLC Leisure to align with the growing demand for environmentally responsible travel by integrating eco-friendly infrastructure, renewable energy, and nature-focused offerings, thereby enhancing brand differentiation and long-term value creation.
	Physical / Transition	Transition Opportunity
	Time horizon	ST | MT | LT
Business Model and Value Chain	Current effects on business model and value chain	Sustainability is incorporated selectively through initiatives such as energy efficiency, renewable energy adoption, and conservation activities. Guest offerings and value chain activities remain largely aligned with traditional hospitality models, with limited integration of eco-tourism–focused products.
	Anticipated effects on business model and value chain	LOLC Leisure has the opportunity to reposition its business model by integrating sustainability as a central component of its product and service offerings. The Group's business model is expected to increasingly incorporate eco-tourism and sustainable hospitality concepts, including eco-friendly accommodation, nature-based and wildlife experiences, wellness tourism, community-based tourism programmes, and local cultural experiences. Guest value propositions may evolve into sustainable food and beverage concepts, farm-to-table dining experiences, locally sourced and organic food offerings, plastic-free guest experiences, low-carbon travel packages, and environmentally responsible recreational activities, enhancing differentiation in the hospitality market. Opportunities may also emerge through the development of green-certified hotels, climate-resilient resort infrastructure, renewable energy-integrated properties, and digital low-impact guest services such as paperless and smart-energy-enabled hospitality solutions and enhanced use of digital tools to communicate sustainability performance to customers.
Strategy and Decision Making	Plans to respond to in strategy, risk management, transition plans and climate- related targets	Eco-tourism and sustainable product development are supported through selected initiatives and property-level programs; however, they are not yet fully integrated into core strategic planning or portfolio-wide product development. Investment decisions related to sustainability are primarily driven by operational efficiency and cost considerations, rather than being positioned as key drivers of revenue growth and market differentiation. The eco-tourism segment presents significant potential for further structured and coordinated development across the portfolio.

Transition Opportunity - Eco-tourism and sustainable product development		
	How the Company resourcing and planning to resource activities	LOLC Leisure may increasingly incorporate eco-tourism and sustainable product development into its core growth strategy. Strategy is expected to increasingly focus on repositioning selected properties as eco-friendly destinations, including pursuing recognised certifications (Green Globe, Travelife) and strengthening sustainability-led branding in line with evolving global eco-tourism trends and enhanced marketing of sustainable offerings. Capital allocation is likely to strengthen renewable energy investments, green building upgrades, and the development of eco-tourism products such as wellness, nature-based, and conservation-focused experiences. Decision-making is expected to further integrate ESG considerations across operations, supported by sustainable supplier selection, environmentally responsible service design, enhanced digital communication of sustainability initiatives, and targeted talent development and upskilling to support sustainable hospitality capabilities. This shift may position sustainability not only as a risk mitigation tool but as a key driver of innovation, differentiation, and long-term value creation.
Financial Effects	Current year financial effects to P&L, BS and CF (Profit and Loss, Balance Sheet, Statement of Cashflows)	Current financial impacts are relatively modest and primarily reflected through incremental capital expenditure on sustainability initiatives and operational improvements. While these investments contribute to cost efficiencies and brand enhancement, their direct impact on revenue growth remains limited at present due to the absence of a fully developed eco-tourism product portfolio.
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	In the short term, the development of eco-tourism offerings may require increased capital investment in sustainable infrastructure, property upgrades, and marketing initiatives, resulting in higher cash outflows and potential pressure on short-term returns. In the medium term, these investments are expected to support revenue growth through improved occupancy rates, enhanced pricing power, and stronger customer loyalty, particularly among environmentally conscious travellers and premium market segments. In the long term, successful integration of eco-tourism and sustainable product development is likely to enhance overall financial performance by strengthening brand equity, increasing asset value, and improving resilience to changing market conditions. This may also support access to ESG-linked financing and partnerships, further contributing to long-term value creation.

Corporate Governance

INTRODUCTION

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

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE FRAMEWORK

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

AUDIT, RISK AND INTERNAL CONTROL

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

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

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

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

a) Code of Business Conduct and Ethics

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

b) IT Governance

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

BOARD INDEPENDENCE

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

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

To facilitate more detailed discussion, the Board has appointed Board sub committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 58 to 65

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on pages 12 to 14

AUDITORS

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

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

During the year under review Deloitte Partners Chartered Accountants were paid Rs. 1,680,000 as Audit fees.

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

STAKEHOLDERS

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

SHAREHOLDER RELATIONS

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

CORPORATE SOCIAL RESPONSIBILITY

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

BOARD SUB COMMITTEES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

NOMINATIONS & GOVERNANCE COMMITTEE

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

Reviews annual evaluations of Board Members

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically and that all necessary information is called for. On occasion, senior management officers are invited to Board Sub Committee meetings. This enhances discussion and the resolution of issues in a manner that facilitates not only improved performance but also strengthened controls.

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

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

The Reports of these Committees can be found on pages 58 to 64 and provide further details.

ASSURANCE OF COMPLIANCE

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

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

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

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out, in the Annual report of the Company.	**Complied with** The Company's commitment to the Corporate Governance Code of CSE is detailed herein.
9.2	Policies	
9.2.1	The Company shall establish and maintain the following new policies and disclose the fact of existence of such policies by the Company on its website. a) Policy on the matters relating to the Board of Directors b) Policy on board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities f) Policy on Risk management and Internal Control g) Policy on Relations with Shareholders and Investors	**Complied with** Summarised versions of all policies are now hosted on the Corporate Website https://www.brownshotels.com/investor-Relations

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
	h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti- Bribery and Corruption	
9.3	Board Committees	
9.3.1.	The Company to ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. a) Audit Committee b) Remuneration Committee c) Related Party Transaction Review Committee d) Nominations & Governance Committee	The Committees are already in place and are functioning effectively:
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	**Complied With**
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	**Complied with.** Mr W D K Jayawardena serves as the Chairman of the Company while T Dharmarajah -Independent Director serves as the Committee Chairman
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1.	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. A) The number of shares in respect of which proxy appointments have been validly made; B) The number of votes in favour of the resolution; C) The number of votes against the resolution; and D) The number of shares in respect of which the vote was directed to be abstained	**Complied with** Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.	In terms of Rule 9.2.1, a policy on Relations with Shareholders and Investors is in place and hosted on the website.
9.5	Policy on matters relating to the Board of Directors	
9.5.1.	Listed Entities to establish and maintain a formal policy governing matters relating to the Board of Directors	In terms of Rule 9.2.1, a policy on Matters Relating to the Board of Directors is in place and hosted on the website.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.6	**Chairperson and CEO**	
9.6.1	The Chairperson of the Company shall be a Non Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed by such Entity in terms of Rule 9.6.3 below	**Complied with** The Chairman of the Company is a Non-Executive Director. The positions of Chairperson and CEO are not held by the same individual.
9.6.3.	The Company shall appoint an Independent Director as the SID in the following instances: i) The positions of the Chairperson and CEO are held by the same individual. ii) The Chairperson is an Executive Director. iii) The Chairperson and CEO are Close Family Members or Related Parties	Noted for Compliance should the need arise
9.7	**Fitness of Directors and CEOs**	
9.7.1-9.7.3	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	**Complied with** All the Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.
9.8	**Board Composition**	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of Five (05) Directors	**Complied with** The Board comprises 9 Directors as of report date
9.8.2	**Minimum No. of Independent Directors:** The Board of Directors shall include at least two (02) Independent Directors or such numbers equivalent to 1/3 of the Directors whichever is higher.	**Complied with** The Board comprises 3 Independent Directors and 6 Non-Executive Directors

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

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.10	Disclosures relating to Directors	
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	**Complied with :** The maximum number of directorships a Board member is permitted to hold includes 10 Specified Business Entities (SBE) and 10 non-SBEs. This is specified in the Policy on Matters Relating to the Board of Directors which is hosted on the corporate website.
9.10.2.	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i) a brief resume of such Director; ii) his/her capacity of directorship; and, iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	**Complied with.** All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee
9.11	Nomination and Governance Committee	
9.11.1	Listed Entities shall have a Nomination and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Rules.	**Complied with** A Nominations & Governance Committee is in place. As of 31st March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are Independent. Please refer the Report of the Nominations & Governance Committee published in this report.
9.11.2	Listed Entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	
9.11.4	**Composition :** (1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity.	

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.12	Remuneration Committee	
9.12.1 to 9.12.4	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference	**Complied with** Please refer the report of the Remuneration Committee for details.
9.12.6.	Composition of the Remuneration Committee The Committee shall comprise; » a minimum of 3 Directors out of which a minimum of 2 shall be independent » not consist of Executive Directors » Chairperson to be an Independent Director	**Complied with.** Please refer Committee Report for details.
9.13	Audit Committee	
9.13.1 & 9.13.2	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	**Complied with** An Audit Committee is already in place. The Audit Committee oversight of the Risk function, in addition. This reports are tabled at the Committee meetings by the Enterprise Risk Management team quarterly.
9.13.3	**Composition** 1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors (b) not comprise of Executive Directors	**Complied with** As of 31st March 2026, the Committee comprised 3 Non-Executive Directors of whom 2 are independent. Please refer Committee report on Pages 62 to 63
	2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	**Complied with**
	3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market	The Committee met 04 times during the financial year ended 31st March 2026
	4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors	**Complied with**
	5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	**Complied with.** The CEO BHRL & Head of Finance attend the Audit Committee by invitation.
	6) The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	**Complied with.** Mr T Dharmarajah-Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow Member of AAT and Fellow Member of the Institution of Public Finance and Development Accountancy

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee	**Complied with** Please refer Committee Report on page 62 to 63
9.14	Related Party Transaction Review Committee	
9.14.1.	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	**Complied with**
9.14.2 & 9.14.3	**Composition** The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	**Complied with** As of 31st March 2026 the Committee comprised 4 Non-Executive Directors of whom 2 are Independent and is chaired by Mr T Dharmarajah Independent Director. The Committee functions in accordance with the recommended rules.
9.14.4	**General Requirements** 1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	**Complied with** The Committee met 4 times during the financial year ended 31st March 2026 with minutes accurately documents and communicated to the board during board meetings.
	2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	Complied with.
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Noted for compliance
	4) If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not be present while the matter is being considered at the meeting; and vote on the matter.	Noted for compliance should the need arise.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	**Complied with** All related party transactions are reviewed prior to obtaining board approval and tabled at quarterly committee meetings, in addition. These Minutes are also noted by the board at the following board meeting.
9.14.6.	**Shareholder Approval** The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations	During the year under review, there were no such transactions, which required shareholder approval. Noted for compliance should the need arise.
9.16	Additional disclosures	Please refer report of the Board of Directors on page 12

DIRECTORS' DISCLOSURES IN TERMS OF SECTION 9.10.4 (e)

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

DIRECTORS' DISCLOSURES IN TERMS OF SECTION 9.10.4 (e)

Name of the Director	Number of Board Seats held in Listed Companies in Sri Lanka	Designation
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Sierra Cables PLC	Non-Executive director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Hapugastenne Planatations PLC	Non-Executive Director
	Udapusellawa Plantations PLC	Non- Executive Director
	Tea Smallholder Factories PLC	Non- Executive Director
	Sun & Fun Resorts Limited	Non- Executive Director
	Green Paradise (Private) Limited	Non- Executive Director
	Frontier Capital Lanka (Private) Limited	Non- Executive Director
	Excel Restaurants Private Limited	Non- Executive Director
	Riverina Resorts Private Limited	Non- Executive Director
	Samudra Beach Resorts Private Limited	Non- Executive Director
	Sanctuary Resorts Lanka (Private) Limited	Non- Executive Director
	Sansun Boutique Hotels Limited	Non- Executive Director
	Serendib Leisure Management Limited	Non- Executive Director
	Three Tips Ella Private Limited	Non- Executive Director
T Dharmarajah	Hotel Sigiriya PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Eden Hotel Lanka PLC	Independent Director
	Browns Investments PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Hapugastenna Plantations PLC	Independent Director
	Renuka City Hotels PLC	Non Executive Director
	Tea Smallholder Factories PLC	Independent Director
	Amerasekera & Company	Non Executive Director
	DHS Medical Group Private Limited	Non Executive Director
	Management Applications Private Limited	Non Executive Director
	Postgraduate Institute of Indigenous Medicine	Non Executive Director
	Lotus Tower Management Co.Limited	Non Executive Director

DIRECTORS' DISCLOSURES IN TERMS OF SECTION 9.10.4 (e)

Name of the Director	Number of Board Seats held in Listed Companies in Sri Lanka	Designation
Mrs. K U Amarasinghe	LOLC Holdings PLC	Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Three Tips Ella Private Limited	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Brown & Co. PLC	Non-Executive Director
	Browns Investment PLC	Non-Executive Director
	LOLC General Insurance PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Green Paradise Private Limited	Non-Executive Director
	P L Resorts Private Limited	Non-Executive Director
	Browns Holdings Limited	Non-Executive Director
	Danya Capital Private Limited	Non-Executive Director
	Ultimate Sports Private Limited	Non-Executive Director
	Melana Capital Private Limited	Non-Executive Director
J Selvaratnam	Eden Hotel Lanka PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Siyapatha Finance PLC	Non Executive Director

Annual Report of the Board of Directors

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

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

SERENDIB HOTELS PLC

Serendib Hotels PLC is a Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 09th September 1966 under the Companies Ordinance (Cap 145) and re-registered under the Companies Act No. 7 of 2007 as required under the provisions of the Companies Act No. 07 of 2007 on 20th June 2009. The Company was listed on the Main Board of the Colombo Stock Exchange on 1st January 1973. The Registered Office of the Company is No. 100/1 Sri Jayewardenapura Mawatha, Rajagiriya. The business premises is situated at Hotel Road, Bentota. The Company is a part of the Browns Hotels and Resorts group.

VISION, MISSION AND CORPORATE CONDUCT

The Vision and Mission statements are given on page 2 of this Annual Report.

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

PRINCIPAL ACTIVITY

The principal activity of the Company and its subsidiaries which is operating hotels remained unchanged during the year under review. The Company owns and operates Thaala Bentota Resort at Bentota.

The Directors to the best of their knowledge and belief confirm that the Company has not been engaged in any activity that contravenes laws and regulations.

CORPORATE GOVERNANCE & INTERNAL CONTROL

Through participation in various workshops / forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to the Listing Rules and applicable capital market provisions. The Corporate Governance practices of the Company are given on pages 42 to 50 of the Annual Report.

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

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

FIT & PROPER ASSESSMENT

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that the financial statements have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The financial statements together with the notes thereon are given on pages 68 to 142

GOING CONCERN

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

MATERIAL ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2026 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from pages 77 to 89

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on pages 98 to 107

MARKET VALUE OF PROPERTIES

Revaluations are made with sufficient regularity for land and buildings owned by the Group and the Company by independent professional valuers. A detailed description is given in Notes 12.1.9 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2026 amounted to Rs. 2,931,063,864/- divided into 302,058,952 ordinary voting shares and 144,044,224 ordinary non-voting shares..

RESERVES

The total Company Reserves as at 31st March 2026 amounts to Rs. 569.2 Mn by comparison to Rs.570.6 Mn in the previous year.

SHARE HOLDINGS / SHARE INFORMATION

The market value of an ordinary share of the Company as at 31st March 2026 was Rs. 16.30 (31st March 2025 – Rs. 18.50) The number of voting shareholders as at 31st March 2026 was 2,182 and number of non voting shareholders were 1,372

The information in respect of earnings, dividends, net assets per share is given on page 5

SHAREHOLDERS

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

EMPLOYMENT POLICIES

The Group employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good. The number of persons employed in the Company as of 31st March 2026 was 104 (31st March 2025 was 101). The Company promotes a culture of teamwork, integrity and dedication and remuneration is linked to performance by annual appraisals of both qualitative and quantitative performance of all employees.

HR INITIATIVES & STAFF ENGAGEMENT

The Company's HR initiatives and staff engagement during the year under review also included selecting the Employee of the Month.

CUSTOMERS

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

SUSTAINABILITY AND ENVIRONMENT PROTECTION

Serendib Hotels PLC is committed to safeguarding Sri Lanka's unique biodiversity through meaningful conservation initiatives that create lasting environmental value. One such initiative is the conservation of the newly discovered "Ratha Milla" mangrove in the Bentota Estuary undertaken in collaboration with the Department of Wildlife Conservation (DWC).

The Conservation of the Ratha Milla mangrove also supports several United Nations Sustainable Development Goals (SGDs), including SGD 13- Climate Action, SGD 14-Life Below Water, SGD 15-Life on Land and SGD 17-Partnerships for the goals. By protecting this rare ecosystem, the Company reinforces its commitment in responsible environmental stewardship while contributing to national and global biodiversity conservation efforts.

STATUTORY PAYMENTS

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

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

CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 926,758 /- (Rs. 1,258,810 in 2025).

DIRECTORS

The Directors of the Company as of report date were as follows:

W D K Jayawardena	-	Chairman
Mrs. K U Amarasinghe	-	Non Executive Director
D S K Amarasekera	-	Non-Executive Director
Dr. J M Swaminathan	-	Independent Director
W A T M Wijesinghe	-	Non Executive Director
T Dharmarajah	-	Independent Director
E J D Rajakarier	-	Non-Executive Director
W R Williams (Appointed w.e.f. 15.06.2026)	-	Non Executive Director
J Selvaratnam (Appointed w.e.f. 09.07.2026)	-	Interdependent Director
Mr S Chojnacki (resigned w.e.f. 15.06.2026)	-	Non-Executive Director

The profiles of the Directors are given on pages 12 to 14

DIRECTORS' MEETINGS

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

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

BOARD AND BOARD SUB-COMMITTEE MEMBERSHIP

Director	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination Committee	Board Meeting Attendance 2025/2026			
						29.05.2025	14.08.2025	13.11.2025	12.02.2026
W. D. K. Jayawardena									
Mrs. K U Amarasinghe		-	-	-	-	-			
D. S. K. Amarasekera			-		-	(online)	-	-	(online)
E J D Rajakarier						(online)	-	-	-
S A Chojnacki (resigned w.e.f. 15.06.26)		-	-		-	(online)	(online)	(online)	(online)
W R Williams (Appointed w.e.f. 15.06.2026)		-	-	-	-				
W A T M Wijesinghe							(online)	-	
Dr. J. M. Swaminathan		-	-	-	-				
T Dharmarajah									
Mr. J Selvaratnam (AWEF 09.07.26)		-	-	-	-				

Chairman Committee Chairman

INTEREST REGISTER

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

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

The declarations made by the directors confirm that there are no financial, business, family or other material/ relevant relationship(s) between Mr W D K Jayawardena, Chairman and amongst the other members of the Board. Other directorships held by the Directors in Sri Lanka are disclosed on pages 51 to 53

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 (2) of the Companies Act, the Directors have declared their interest in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' interest in contracts with the Company is disclosed on page 135 of the Annual report.

DIRECTORS' INTEREST IN SHARES

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

The Shareholding of the Directors during the financial year was as follows.

	2026	2025
W D K Jayawardena	Nil	Nil
D S K Amarasekera	Nil	Nil
Dr. J M Swaminathan	Nil	Nil
Mrs. K U Amarasinghe	Nil	Nil
T Dharmarajah	Nil	Nil
W A T M Wijesinghe	Nil	Nil
E J D Rajakarier	Nil	Nil
W R Williams (Appointed w.e.f. 15.06.2026)	Nil	Nil
S A Chojnacki (resigned w.e.f. 15.06.26)	Nil	Nil
J Selvaratnam (AWEF 09.07.26)	Nil	Nil

DIRECTORS' REMUNERATION

The Directors were paid Rs. 2,070,000/- during the period under review. The Remuneration Committee Report is given on page 51 to 52

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 85 of the Articles of Association of the Company, Mrs. K U Amarasinghe retires by rotation and being eligible, offers herself for re-election. The Directors recommend her re-election.

In terms of Article 85 of the Articles of Association of the Company, Mr W D K Jayawardena retires by rotation and being eligible, offers himself for re-election. The Directors recommend his re-election.

In terms of Article 73 of the Articles of Association of the Company, Mr. W R Williams retires and being eligible, offers himself for re-election. The Directors recommend his re-election.

In terms of Article 73 of the Articles of Association of the Company Mr. J Selvaratnam retires and being eligible , offers himself for re-election. The Directors recommend his re-election

In terms of Section 210 of the Companies Act No. 7 of 2007, Dr. J M Swaminathan who reached the age of 70 years in 2011 retires.

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

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

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

BOARD SUB COMMITTEES

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

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

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

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

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

The Reports of these Committees can be found on pages 58 to 64 and provide further details.

TRANSACTIONS WITH RELATED PARTIES

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24. Related Party Transactions are disclosed in Note 30 to the Financial Statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the Listing Rules of the Colombo Stock Exchange.

DIVIDENDS

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

AUDITORS

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

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

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

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries apart from acting as external Auditors. The Auditors were paid Rs 1,680,000/- as audit fee.

AUDITOR'S REPORT

The Auditor's report appears on pages 69 to 70

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

During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 28 to the Financial Statements found on page 130

RISK MANAGEMENT

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

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

The Directors declare that;

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

Internal Control & Risk Management

» the review of the internal controls framework covering financial, operational, compliance and risk management is conducted by the Internal Audit team, the results of which are reported to the Board Audit committee quarterly. Through the Audit committee, the Directors have obtained a reasonable assurance of the effectiveness of such Internal Controls and adherence thereto. The Risk Management review can be found on pages 22 to 25

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

Compliance with laws and regulations

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

ANNUAL GENERAL MEETING

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

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

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

For and on behalf of the Board of Serendib Hotels PLC

W D K Jayawardena
Chairman

Mrs K U Amarasinghe
Non-Executive Director

13 August 2026

Report of the Related Party Transactions Review Committee

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

KEY HIGHLIGHTS – FY 2025/26

» Four Committee meetings held to review related party transactions.

» Monitored compliance with RPT Policy and CSE Listing Rules

» Reviewed transactions to ensure basis and transparency.

» Ensured timely and accurate disclosures in financial statements.

» No material transactions requiring shareholder approval.

» No instances of regulatory non-compliance identified.

COMPOSITION

T Dharmarajah	Committee Chairman	Independent Director
W A T M Wijesinghe (resigned from the committee w.e.f 09.07.26)	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director
D S K Amarasekera	Committee Member	Non-Executive Director
Dr. J M Swaminathan (Appointed to the Committee on 09.07.26)	Committee Member	Independent Director

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

ROLES AND RESPONSIBILITIES

The Committee assists the Board in the following areas:

» Reviewing all Related Party Transactions

» Ensuring compliance with applicable Listing Rules and regulatory requirements

» Approving transactions within delegated thresholds

» Recommending transactions requiring shareholder approval

» Overseeing timely and accurate disclosures

POLICY FRAMEWORK

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

Key principles include:

» Transparency: Clear and timely disclosures must be made

» Approval Thresholds: Transactions exceeding specified thresholds are subject to Board or shareholder approval.

» Aggregation Rules: Transactions with the same related party are aggregated for threshold assessment

Approvals and Disclosure Framework includes;

(a) Shareholder Approval

» Non-recurrent transactions exceeding one-third (1/3) of total assets require shareholder approval

» Recurrent transactions exceeding one-third (1/3) of gross revenue require shareholder approval

» Aggregation rules apply for transactions with the same related party within a financial year

(b) Disclosure Requirements

» Immediate market disclosures are made for material transactions exceeding prescribed thresholds

» All Related Party Transactions are disclosed in note 30 to the Financial Statements in this Report in accordance with Section 9.14.8 of the Listing Rules and are found on page 131 to 135 of the Annual Report.

KEY ACTIVITIES DURING THE YEAR

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

» Reviewed transactions presented by management to assess compliance with policy and regulatory requirements.

» Monitored adherence to the RPT Policy

» Ensured that appropriate disclosures were made in the Financial Statements

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

» No transactions were identified that required shareholder approval.

» No transactions were identified which required immediate disclosures.

» No material non-compliance with applicable regulations was observed.

MEETINGS AND ATTENDANCE

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

Director	Attendance
T Dharmarajah	4/4
W D K Jayawardena	4/4
W A T M Wijesinghe	3/4
D S K Amarasekera	2/4

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

CONCLUSION

The Committee is satisfied that:

» Related Party Transactions are conducted in a transparent and compliant manner.

» Adequate processes are in place to identify, review, and monitor such transactions.

» Disclosure requirements have been met in accordance with applicable regulations.

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

On behalf of the Committee

T Dharmarajah
Chairman - Related Party Transactions Review Committee

Report of the Remuneration Committee

The Remuneration Committee is a sub committee of the Board formally constituted in compliance with the Listing Rules of the Colombo Stock Exchange.

The Committee supports the Board in establishing a fair, transparent, and performance-driven remuneration framework aligned with the Company's long-term strategic objectives and shareholder interests.

KEY HIGHLIGHTS – FY 2025/26

- Reviewed effectiveness of remuneration policies and practices
- Confirmed alignment of remuneration with Company performance and strategy
- Ensured competitiveness to attract and retain talent
- Strengthened linkage between rewards and performance outcomes
- Considered employee development and training initiatives
- Maintained transparent and governance-aligned remuneration framework

COMMITTEE COMPOSITION AND INDEPENDENCE

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

T Dharmarajah	Committee Chairman	Independent Director
W A T M Wijesinghe (resigned from the committee w.e.f. 09.07.26)	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director
Dr. J M Swaminathan (AWEF 09.07.26)	Committee Member	Independent Director

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

TERMS OF REFERENCE

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

ROLE & RESPONSIBILITIES

The Remuneration Committee assists the Board in the following areas:

- » **Remuneration Policy**
  - o Reviewing and recommending the remuneration framework for Directors and Key Management Personnel
  - o Ensuring alignment between remuneration and Company performance
- » **Performance Alignment**
  - o Linking rewards to individual and organisational performance
  - o Supporting long-term value creation and sustainability
- » **Market Competitiveness**
  - o Ensuring remuneration structures remain competitive to attract and retain talent
- » **Governance and Transparency**
  - o Promoting fairness, transparency, and consistency in remuneration practices

KEY ACTIVITIES DURING THE YEAR

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

- » Reviewed the effectiveness of the Company's remuneration policies and practices
- » Assessed whether remuneration structures appropriately support performance and strategic objectives
- » Evaluated the alignment of rewards with long-term shareholder value creation
- » Reviewed overall remuneration disclosures for inclusion in the Financial Statements

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

TALENT RETENTION

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

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

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

MEETINGS

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

FUTURE OUTLOOK FOR 2026/2027

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

Report of the Remuneration Committee

CONCLUSION

The Committee is satisfied that:

- The remuneration framework is aligned with the Company's strategic objectives
- Policies are fair, transparent, and competitive
- Remuneration practices support long-term sustainable performance

On behalf of the Committee

T Dharmarajah
Chairman - Remuneration Committee

Report of the Audit Committee

The Audit Committee is a sub committee of the Board formally constituted in compliance with the Listing Rules of the Colombo Stock Exchange.

The Committee supports the Board in ensuring the integrity of financial reporting, the effectiveness of internal controls, and the independence of audit functions.

KEY HIGHLIGHTS – FY 2025/26

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

COMPOSITION

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

T Dharmarajah	Committee Chairman	Independent Director
W A T M Wijesinghe (resigned from the Committee w.e.f. 09.07.26)	Committee Member	Independent Director
D S K Amarasekera	Committee Member	Non-Executive Director
Dr. J.M. Swaminathan (AWEF 09.07.26)	Committee Member	Independent Director

The Audit Chair is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka with extensive expertise in finance and accounting. The Board is satisfied that the Committee collectively has the necessary financial literacy, industry knowledge, and governance experience required to discharge its responsibilities effectively.

TERMS OF REFERENCE (TOR)

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

ROLES AND RESPONSIBILITIES

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

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

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

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

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

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

GOVERNANCE & COMPLIANCE FRAMEWORK

Internal Audit

Internal Audit services are provided by the Enterprise Risk Management Division of LOLC Holdings PLC. The function operates independently, reporting functionally to the Audit Committee and administratively to the Director/CEO.

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

During the year, the Committee:

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

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

Internal Controls

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

Report of the Audit Committee

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

The Committee concluded that:

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

External Audit

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

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

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

RISK MANAGEMENT

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

During the year, the Committee:

- » Reviewed principal and emerging risks
- » Assessed the adequacy of mitigation strategies.
- » Monitored developments in IT governance, cybersecurity, and control systems.
- » Evaluated responsiveness to evolving business and regulatory environments.

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

MEETINGS & ATTENDANCE

Meetings of the Committee are scheduled to take place four times a year and occur in line with the financial and reporting cycles of the Company. Meetings are generally held prior to Board meetings so that optimum collaboration with the Board is maintained. Members and their attendance at meetings during the year are set out in the table below. Each meeting followed a distinct agenda to reflect the financial reporting cycle and particular matters for the Committee's consideration. Committee members hold private sessions with the External Auditors to provide an additional opportunity for open dialogue and feedback without the management present.

The invitations to attend Audit committee meetings are extended to all Directors including the Chair of the Board, the Group Chief Executive Officer, the Company Secretary, Head of Finance and DGM-Enterprise Risk Management. The External Auditors are invited prior to releasing the interim financial statements for the last quarter as well as to discuss key audit matters and the Management Letter. The Head of IT is invited at the time of any updates required on the information security strategy. Heads of relevant departments and HR are invited when relevant Internal Audits reports are being discussed. The Chair provides updates to the Board on the proceedings, considerations and findings of each meeting.

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

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah (Committee Chairman)	4/4
D S K Amarasekera	2/4
T M Wijesinghe (resigned from the committee w.e.f 09.07.26)	3/4
Dr. J M Swaminathan (Appointed on 09.07.2026)	-

CONCLUSION:

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

- » Financial reporting processes are robust and reliable.
- » Internal controls and risk management systems are effective.
- » Audit functions operate independently and efficiently.

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

On behalf of the Committee

T Dharmarajah
Chairman - Audit Committee

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

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

Key Highlights – FY 2025/26

- Ensured compliance with evolving corporate governance requirements.
- Reviewed and recommended Beneficial Ownership Policy in line with Companies Act amendments
- Oversaw Board evaluation, Fit & Proper assessments, and independence confirmations.
- Continued implementation of Board Diversity Policy
- Reviewed and recommended Directors for re-election at AGM
- Confirmed full compliance with CSE Listing Rules on governance.

Composition and Independence

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

T Dharmarajah	Committee Chairman	Independent Director
W A T M Wijesinghe (resigned from Committee on 09.07.2026)	Committee Member	Independent Director
W D K Jayawardena	Committee Member	Non-Executive Director
Dr. J M Swaminathan (AWEF 09.07.26)	Committee Member	Independent Director

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

TERMS OF REFERENCE

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

ROLE AND RESPONSIBILITIES

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

- Identifying and evaluating candidates qualified to become Board members.
- Revising the structure, size, and composition of the Board.
- Overseeing succession planning for the Board and Key Management Personnel (KMP).
- Reviewing and monitoring the company's corporate governance framework and code of conduct.
- Evaluating the overall effectiveness and independence of the Board, its committees, and individual directors.

Key Activities During the Year

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

- **Governance and Regulatory Compliance:** The Committee monitored evolving corporate governance regulations and ensured that the Policy on Disclosure and Maintenance of Beneficial Ownership was reviewed and recommended for board approval in line with the amended Companies Act No. 12 of 2025.
- **Board Evaluation & Independence :** During the year under review, the Board conducted its Fit & Proper Evaluations and Declaration of Independence on the directions of the Committee. Results of the Board evaluation were discussed by the committee and noted by the Board.
- **Board Diversity:** To ensure a well-rounded and effective Board, the Committee continued to implement the Board Diversity Policy, prioritizing diversity in professional experience, skill sets, geographic knowledge, age, and gender.
- **Re-election of Directors:** The Committee reviewed the performance, fitness, and propriety of directors seeking re-election at the Annual General Meeting (AGM) and recommended their continuation on the Board.

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

- Mrs. K U Amarasinghe retired by rotation and recommended her for re-election in terms of Article No. 85.
- Mr. W D K Jayawardena retired by rotation and recommended him for re-election in terms of Article No.85
- Mr. W R Williams retired by rotation and recommended and recommended for re election in terms of Article No. 73
- Mr. J .Selvaratnam by rotation and recommended fro re-election in terms of Article No. 73
- Dr. J M Swaminathan who reached age 70 in 2011 and recommended him for re-appointment in terms of Section 210 of the Companies Act no. 7 of 2007 subject to shareholder approval.
- Mr. T Dharmarajah who reached age 70 in 2026 and recommended him for re-appointment in terms of Section 210 of the Companies Act. No. 7 of 2007 subject to shareholder approval.

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

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

Description	K U Amarasinghe (Article 85)	W D K Jayawardena (Article 85)	Dr. J M Swaminathan (Sec. 210 of the CA)	T Dharmarajah (Sec 210 of the CA)	Mr. W R Williams (Article 73)	Mr. J Selvaratnam (Article 73)
Date of first appointment as a Director	11.02.2021	11.02.2021	11.02.2021	01.10.2024	15.06.2026	09.07.2026
Date of last re-election as a Director at an AGM	2023	2021	2025	2025	None	None
Board Committees Served on during the year under review	None	NGC, RPTRC, Rem Com	None	Audit, RPTRC, NGC, Rem Com	None	None
Present directorships in listed Companies	Please refer page 53	Please refer page 51	Please refer page 51	Please refer page 52	Please refer page 52	Please refer page 53
Any relationships including close family relationships between the Director proposed for re-election and other directors, the Company or its shareholders holding more than ten per centum (10%) of the shares of the Company	Mrs. Amarasinghe has a 5% shareholding in the ultimate parent LOLC Holdings PLC and shares a family relationship with the Beneficial Owner Mr. I C Nanayakkara	None	None	None	None	None

ASSESSMENT OF INDEPENDENCE

The Committee is of the opinion that M/s T Dharmarajah, Dr J M Swaminathan and Mr J Selvaratnam have met the criteria for determining their independence based on their professionalism, conduct, expertise and experience. As of 31st March 2026 Mr Dharmarajah and Dr Swaminathan have submitted declarations in accordance with the requirements of the CSE Listing Rules 9.8.5. Based on the recommendation of the Committee the Board has endorsed that M/s T Dharmarajah, J M Swaminathan were independent as of 31st March 2026 and Mr J Selvaratnam can also be classified independent as of report date.

COMPLIANCE WITH LISTING RULES OF THE COLOMBO STOCK EXCHANGE

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

CONCLUSION

The Committee is satisfied that:

» The Board composition remains appropriate and effective.

» Governance frameworks and policies are robust and compliant.

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

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

On behalf of the Committee

T Dharmarajah
Chairman-Nominations & Governance Committee

FINANCIAL STATEMENTS

Statement of Directors' Responsibility in Relation to Preparing Financial Statements

Financial Reports

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

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

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

» Appropriate accounting policies are used, selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained.

» All applicable and relevant Accounting Standards have been followed.

» Judgements and estimates have been made which are reasonable and prudent.

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

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

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

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

Compliance Report

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

By Order of the Board of Serendib Hotels PLC

W D K Jayawardena
13 August 2026

Independent Auditor's Report

Deloitte.

Deloitte Partners
100 Braybrooke Place
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Serendib Hotels PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company and the consolidated financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Serendib Hotels PLC (Contd)

Report on the Audit of the Financial Statements (Contd)

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

not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

» Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Deloitte Partners

CHARTERED ACCOUNTANTS

13 August 2026
Colombo

Statement of Financial Position

As at 31 March 2026

As At 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	7,466,246,858	7,444,603,890	1,234,280,635	1,249,167,052
Right-of-Use Assets	13	640,328,643	651,921,638	475,640,346	491,200,000
Intangible Assets	14	118,019,813	120,580,704	-	542,703
Investments in Subsidiaries	15	-	-	1,676,207,485	1,676,207,485
Other Financial Assets	16	124,122,999	128,221,191	122,855,945	124,222,011
Deferred Tax Asset	10	269,907,490	371,856,959	-	-
		8,618,625,803	8,717,184,382	3,508,984,411	3,541,339,251
Current Assets					
Inventories	17	84,174,648	82,938,390	18,921,799	22,359,814
Trade and Other Receivables	18	2,241,993,750	1,565,011,710	217,306,241	204,717,488
Taxation Recoverable		4,597,272	3,917,355	223,270	-
Other Financial Assets	16	108,185,410	-	233,307,027	178,413,891
Cash and Cash Equivalents	19	946,881,636	1,181,590,594	168,912,064	235,432,154
		3,385,832,716	2,833,458,049	638,670,401	640,923,347
Total Assets		12,004,458,519	11,550,642,431	4,147,654,812	4,182,262,598
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	2,931,063,864	2,931,063,864	2,931,063,864	2,931,063,864
Other Components of Equity	21	2,552,816,292	2,556,007,691	569,224,501	570,590,567
Retained Earnings	22	1,130,049,857	658,862,164	(534,424,322)	(664,995,105)
Equity Attributable to Equity Holders of the Parent		6,613,930,013	6,145,933,719	2,965,864,043	2,836,659,326
Non Controlling Interest		1,844,487,369	1,739,783,866	-	-
Total Equity		8,458,417,382	7,885,717,585	2,965,864,043	2,836,659,326
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	23	80,850,000	-	80,850,000	-
Lease Liabilities	25	114,598,524	128,691,132	82,033,991	98,178,589
Deferred Tax Liabilities	10	1,933,752,170	1,975,349,695	197,249,868	108,897,166
Retirement Benefit Obligations	24	75,903,640	66,894,567	18,709,796	15,514,380
		2,205,104,334	2,170,935,394	378,843,655	222,590,135
Current Liabilities					
Trade and Other Payables	26	1,115,736,818	1,285,751,469	215,312,196	436,253,773
Dividends Payable	27	-	9,303,218	-	3,163,059
Income Tax Liability		109,832,260	91,789,839	-	1,871,125
Interest Bearing Loans and Borrowings	23	-	-	556,135,276	661,178,326
Lease Liabilities	25	43,612,942	25,573,045	30,660,527	16,966,187
Bank Overdraft	19	71,754,783	81,571,881	839,115	3,580,667
		1,340,936,803	1,493,989,452	802,947,114	1,123,013,137
Total Equity and Liabilities		12,004,458,519	11,550,642,431	4,147,654,812	4,182,262,598

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

Jeewantha Perera
Head of Finance

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

W D K Jayawardena
Director

K U Amarasinghe
Director

The accounting policies and notes on page 77 through 142 form an Integral Part of the financial statements.

13 August 2026
Colombo

Statement of Profit or Loss

Year Ended 31 March 2026

Year Ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue	6	3,782,612,253	3,400,755,237	964,152,808	855,192,941
Cost of Sales		(1,017,027,244)	(973,935,024)	(202,576,278)	(204,255,933)
Gross Profit		2,765,585,009	2,426,820,213	761,576,530	650,937,008
Other Operating Income and Gains	7	32,117,041	19,777,004	8,939,658	7,667,538
Sales and Marketing Expenses		(87,079,649)	(43,021,473)	(10,344,004)	(8,785,477)
Administrative Expenses		(2,128,372,449)	(1,793,618,014)	(470,720,108)	(477,137,575)
Results from Operating Activities		582,249,952	609,957,730	289,452,076	172,681,494
Finance Cost	8.1	(53,305,252)	(145,059,157)	(90,746,268)	(122,354,043)
Finance Income	8.2	217,856,778	131,943,879	20,233,427	20,962,631
Profit Before Tax	9	746,801,478	596,842,452	218,939,235	71,290,082
Income Tax (Expense) / Credit	10	(178,981,748)	(4,396,448)	(89,306,343)	132,889,207
Profit for the Year		567,819,730	592,446,004	129,632,892	204,179,289
Profit for the year attributable to:					
Equity Holders of the Parent		463,593,952	523,777,435		
Non Controlling Interest		104,225,778	68,668,569		
		567,819,730	592,446,004		
Earnings Per Share - Basic / Diluted	11	1.04	1.17	0.29	0.46

The accounting policies and notes on page 77 through 142 an Integral Part of the financial statements.

Statement of Comprehensive Income

Year Ended 31 March 2026

		Group		Company	
		2026	2025	2026	2025
Year Ended 31 March	Note	Rs.	Rs.	Rs.	Rs.
Profit for the Year		567,819,730	592,446,004	129,632,892	204,179,289
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods					
Fair Value Loss on Fair Value through OCI Investments	16.1.2	(4,098,192)	(2,048,933)	(1,366,066)	(682,979)
Revaluation of Right-of-Use Assets	13	-	416,347,343	-	316,040,441
Revaluation of Property, Plant & Equipment	12	-	1,632,471,623	-	22,147,726
Deferred Taxation Attributable to Revaluation of Property, Plant & Equipment	10.2.2	-	(489,741,487)	-	(6,644,318)
Deferred Taxation Attributable to Revaluation of Right-of-Use Assets	10.2.2	-	(124,904,205)	-	(94,812,132)
Actuarial (Loss) / Gain on Retirement Benefit Obligations	24	(464,226)	8,437,360	(3,178,811)	1,192,280
Deferred Taxation Attributable to Actuarial (Loss) / Gain on Retirement Benefit Obligations	10	139,267	(2,531,208)	953,643	(357,684)
Net Other Comprehensive (Loss) / Income not to be Reclassified to Profit or Loss in Subsequent Periods		(4,423,151)	1,438,030,493	(3,591,234)	236,883,334
Other Comprehensive (Loss) / Income for the Year, Net of Tax		(4,423,151)	1,438,030,493	(3,591,234)	236,883,334
Total Comprehensive Income for the Year, Net of Tax		563,396,579	2,030,476,497	126,041,658	441,062,623
Attributable to:					
Equity Holders of the Parent		458,693,076	1,637,975,391		
Non Controlling Interest		104,703,503	392,501,106		
		563,396,579	2,030,476,497		

The accounting policies and notes on page 77 through 142 an Integral Part of the financial statements.

Statement of Changes in Equity - Group

Year Ended 31 March 2026

GROUP		Attributable to Equity Holders of the Parent						
			Other Components of Equity					Total
Year Ended 31 March	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non Controlling Interest Rs.	Rs.
Balance as at 01 April 2024		2,931,063,864	1,645,136,617	(198,847,804)	130,605,651	4,507,958,328	1,347,282,760	5,855,241,088
Net Profit for the Year		-	-	-	523,777,435	523,777,435	68,668,569	592,446,004
Other comprehensive Income								
Fair value loss on Fair Value through OCI Investments	16	-	-	(1,595,573)	-	(1,595,573)	(453,360)	(2,048,933)
Revaluation of Property, Plant & Equipment	12.1.1		1,207,064,327	-	-	1,207,064,327	425,407,296	1,632,471,623
Deferred Taxation Attributable to Revaluation of Property, Plant & Equipment & Right-of-Use Assets	10	-	(476,277,624)	-	-	(476,277,624)	(138,368,067)	(614,645,691)
Revaluation of Right-of-Use Assets	13	-	380,527,748	-	-	380,527,748	35,819,595	416,347,343
Actuarial losses on Defined Benefit Obligations	24	-	-	-	6,398,684	6,398,684	2,038,676	8,437,360
Deferred Taxation Attributable to Actuarial Loss on Defined Benefit Obligations	10	-	-	-	(1,919,606)	(1,919,606)	(611,603)	(2,531,209)
Total comprehensive Income / (Loss)		-	1,111,314,451	(1,595,573)	528,256,513	1,637,975,391	392,501,106	2,030,476,497
Balance as at 31 March 2025		2,931,063,864	2,756,451,068	(200,443,377)	658,862,164	6,145,933,719	1,739,783,866	7,885,717,585
Balance as at 01 April 2025		2,931,063,864	2,756,451,068	(200,443,377)	658,862,164	6,145,933,719	1,739,783,866	7,885,717,585
Net Profit for the Year		-	-	-	463,593,952	463,593,952	104,225,778	567,819,730
Other Comprehensive Income								
Fair Value loss on Fair Value Through OCI Investments	16	-	-	(3,191,399)	-	(3,191,399)	(906,793)	(4,098,192)
Actuarial Gains on Defined Benefit Obligations	24	-	-	-	(2,442,108)	(2,442,108)	1,977,882	(464,226)
Deferred Taxation Attributable to Actuarial Gains on Defined Benefit Obligations	10	-	-	-	732,631	732,631	(593,364)	139,267
Total Comprehensive Income		-	-	(3,191,399)	461,884,475	458,693,076	104,703,503	563,396,579
Transactions with owners:								
Unclaimed Dividends Written Back to Retained Earnings		-	-	-	9,303,218	9,303,218	-	9,303,218
Balance as at 31 March 2026		2,931,063,864	2,756,451,068	(203,634,776)	1,130,049,857	6,613,930,013	1,844,487,369	8,458,417,382

The accounting policies and notes on page 77 through 142 an Integral Part of the Financial Statements.

Statement of Changes in Equity - Company

Year Ended 31 March 2026

COMPANY		Attributable to Equity Holders of the Company				Total
			Other Components of Equity			
		Stated Capital	Revaluation Reserve	Fair Value Reserve	Retained Earnings	
Year Ended 31 March	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2024		2,931,063,864	531,743,324	(197,201,495)	(870,008,990)	2,395,596,703
Net Profit for the Year		-	-	-	204,179,289	204,179,289
Other Comprehensive Income						
Fair Value loss on Fair Value Through OCI Investments	16	-	-	(682,979)	-	(682,979)
Actuarial Gains on Defined Benefit Obligations	24	-	-	-	1,192,280	1,192,280
Deferred Taxation Attributable to Actuarial Gains on Defined Benefit Obligations	10	-	-	-	(357,684)	(357,684)
Revaluation of Right of Use Assets	13	-	316,040,441	-	-	316,040,441
Revaluation of Property, Plant and Equipment	21	-	22,147,726	-	-	22,147,726
Deferred Taxation Attributable to Revaluation of Property, Plant & Equipment & Right-of-Use Assets	10	-	(101,456,450)	-	-	(101,456,450)
Total Comprehensive Income / (Loss)		-	236,731,717	(682,979)	205,013,885	441,062,623
Balance as at 31 March 2025		2,931,063,864	768,475,041	(197,884,474)	(664,995,105)	2,836,659,326
Balance as at 1 April 2025		2,931,063,864	768,475,041	(197,884,474)	(664,995,105)	2,836,659,326
Net Profit for the Year		-	-	-	129,632,892	129,632,892
Other comprehensive Income						
Fair Value loss on Fair Value Through OCI Investments	16	-	-	(1,366,066)	-	(1,366,066)
Actuarial Gains on Defined Benefit Obligations	24	-	-	-	(3,178,811)	(3,178,811)
Deferred Taxation Attributable to Actuarial Gains on Defined Benefit Obligations	10	-	-	-	953,643	953,643
Total Comprehensive (Loss) / Income		-	-	(1,366,066)	127,407,724	126,041,658
Transactions with owners:						
Unclaimed Dividends Written Back to Retained Earnings	27	-	-	-	3,163,059	3,163,059
Balance as at 31 March 2026		2,931,063,864	768,475,041	(199,250,540)	(534,424,322)	2,965,864,043

The accounting policies and notes on page 77 through 142 form an Integral Part of the financial statements.

Statement of Cash Flows

Year Ended 31 March 2026

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Net Profit Before Income Tax		746,801,478	596,842,452	218,939,235	71,290,082
Adjustments for					
Depreciation of Property, Plant and Equipment	12	230,837,154	234,350,832	60,107,620	63,057,984
Amortisation of Intangible Assets	14	2,311,420	2,515,696	542,703	723,605
Interest on Lease Liabilities	25	21,882,144	35,613,626	15,929,778	31,217,492
Finance Costs	8	31,423,108	93,440,047	40,663,665	74,367,163
Finance Income	8	(153,830,047)	(115,055,776)	(20,233,427)	(20,962,631)
Exchange Loss on Loans		-	-	34,152,825	-
Loss on Disposal of Tangible Assets		157,388	3,053,516	-	3,817,421
Amortisation of Right-of-Use Assets	13	57,395,676	21,379,836	31,093,444	12,945,862
(Reversal of provision) / Provision for Impairment of Trade & Other Receivables	18.2	(2,139,950)	14,502,594	11,290,482	3,294,088
Write off of CWIP		-	29,799,763	-	29,799,763
Impact of Remeasurement of Lease Liabilities		-	17,026,387	-	17,026,387
Provision for Retirement Benefit Obligations	24	14,087,699	14,308,167	3,175,773	3,138,137
Write off of Income tax payable & Deferred income		4,640,358	-	-	-
		953,566,428	947,777,140	395,662,098	289,715,353
Working Capital Adjustments:					
(Increase)/ Decrease in Inventories		(1,236,259)	1,922,524	3,438,015	4,888,110
(Increase) / Decrease in Trade and Other Receivables		(935,083,124)	(338,076,399)	11,358,053	(39,362,807)
Increase / (Decrease) in Trade and Other Payables		178,505,680	(189,329,718)	(212,112,353)	(169,706,904)
Cash Generated From Operations		195,752,725	422,293,547	198,345,813	85,533,752
Finance Cost Paid		(4,364,422)	(93,440,047)	(44,742,614)	-
Retirement Benefit Plan Costs Paid	24	(5,542,852)	(4,310,386)	(3,159,168)	(1,480,338)
Income Tax Paid		(95,625,326)	(77,129,677)	-	-
Net Cash Flows Generated From Operating Activities		90,220,125	247,413,437	150,444,031	84,053,414
Investing Activities					
Acquisition of Property, Plant and Equipment	12	(298,640,189)	(200,473,633)	(61,547,674)	(34,438,973)
Acquisition of Intangible Assets	14	-	(3,135,000)	-	-
Proceeds from Disposal of Property, Plant and Equipment		357,388	-	-	-
Loans Granted to Related Parties	16.2	(108,000,000)	-	(108,000,000)	-
Proceeds from Disposal of Tangible Assets		200,000	-	-	-
Realisation of Current Financial Assets	16.2	-	-	65,149,012	-
Interest Received		49,926,966	-	2,825,879	1,492,457
Repayments of Loan Granted to Subsidiary		-	-	-	35,280,236
Net Cash Flows (Used in) / Generated From Investing Activities		(356,155,835)	(203,608,633)	(101,572,783)	2,333,720
Financing Activities					
Proceeds from Related Party Borrowings	23	75,000,000	-	75,000,000	-
Repayment of Interest Bearing Loans and Borrowings	23	-	(576,730,462)	-	-
Repayment of Related Party Borrowings	23	-	(16,814,428)	(169,269,750)	(40,000,000)
Payment of Lease Liabilities	25	(33,956,150)	(52,243,246)	(18,380,036)	(26,174,593)
Dividend Paid		-	-	-	-
Net Cash Flows From / (Used In) Financing Activities		41,043,850	(645,788,136)	(112,649,786)	(66,174,593)
Net (Decrease) /Increase in Cash and Cash Equivalents		(224,891,860)	(601,983,332)	(63,778,538)	20,212,541
Cash and Cash Equivalents at the Beginning of the Year		1,100,018,713	1,702,002,045	231,851,487	211,638,946
Cash and Cash Equivalents at the End of the Year		875,126,853	1,100,018,713	168,072,949	231,851,487
Movement in Cash and Cash Equivalents					
At the Beginning of Year		1,100,018,713	1,702,002,045	231,851,487	211,638,946
Net (Decrease) /Increase		(224,891,860)	(601,983,332)	(63,778,538)	20,212,541
Cash and Cash Equivalents at the End of the Year		875,126,853	1,100,018,713	168,072,949	231,851,487

The accounting policies and notes on page 77 through 142 form an Integral Part of the financial statements.

Notes to the Financial Statements

Year Ended 31 March 2026

1. CORPORATE INFORMATION

1.1 General

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

1.2 Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31 March 2026 comprise Serendib Hotels PLC (the "Company") and all its Subsidiaries whose accounts have been consolidated therein (the "Group").

1.3 Principal Activities and Nature of Operations

The principal activity of the Group/Company is hotel operation.

1.4 Parent Entity and Ultimate Parent Entity

Serendib Hotels PLC which is the Parent of Serendib Hotels Group, was acquired by Eden Hotel Lanka PLC. The Company's immediate, intermediate and ultimate parent undertaking and controlling parties are Eden Hotel Lanka PLC, Browns Investments PLC and LOLC Holdings PLC respectively, which are incorporated in Sri Lanka.

1.5 Date of Authorisation for Issue

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

1.6 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC") laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and in compliance with the requirements of the Companies Act No. 07 of 2007, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE). These financial statements have been prepared under the historical cost convention except for freehold land and building and motor vehicles and right of use assets at revalued amounts subsequently and financial assets and liabilities which are measured at amortised cost / fair value.

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in note 3 to the financial statements.

2.2 Going Concern

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

2.3 Basis of Measurement

The Financial Statements of the Group/Company have been prepared on an accrual basis and under the historical cost convention other than lands, buildings, motor vehicle, right-of-use assets, fair value through OCI investments, fair value through P&L investments and other financial assets & financial liabilities which are measured at fair value / amortised cost.

2.4 Functional and Presentation Currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, which is the functional and presentation currency. For each entity, the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.6 Comparative Information

The presentations and classification of Consolidated Financial Statements of the previous years have been amended for better presentation and to be comparable with those of the current year.

The presentation and classification of the financial statements of the previous year have been amended where relevant for better presentation and to be comparable with those of the current year. A summary of such changes as follows:

COMPANY

Statement of comprehensive income for the Company of the year ended 31 March 2025 (all amounts are in Sri Lankan Rupees)	As reported previously	Reclassifications	Current presentation
Revenue (See Note (a) below)	859,399,397	(4,206,456)	855,192,941
Other Operating Gains and Income (See Note (a) below)	3,461,082	4,206,456	7,667,538
Total	862,860,479	-	862,860,479

(a) In Company level Rental Income amounting to Rs. 4,206,456 which was previously classified under "Revenue" is now included under "Other Operating Gains and Income."

GROUP

Statement of comprehensive income for the Group Year Ended 31 March 2025 (all amounts are in Sri Lankan Rupees)	As reported previously	Reclassifications	Current presentation
Revenue (See Note (a) below)	3,404,961,693	(4,206,456)	3,400,755,237
Other Operating Gains and Income (See Note (a) below)	15,570,548	4,206,456	19,777,004
Total	3,420,532,241	-	3,420,532,241

(a) In Group level Rental Income amounting to Rs. 4,206,456 which was previously classified under "Revenue" is now included under "Other Operating Gains and Income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Judgements

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

a) SLFRS 16

Critical judgements in determining the lease term

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

b) Deferred Tax Assets

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

C) Recoverability and tax deductibility of related party service charges

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

3.2 Estimates and Assumptions

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

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

The Company carries its lands, buildings, motor vehicles and right of use assets at revalued amounts with changes in fair value being recognised in OCI.

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

b) Estimated useful lives of property, plant and equipment (PPE)

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

c) Impairment of Non - Financial Assets

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

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

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

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

d) Defined Benefit Obligations

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

e) Impairment of financial assets

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables refer Note 4.13 for further details..

f) Provisions

The Company recognises provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each statement of financial position date and adjusted to reflect the Company's / Group's current best estimate (refer Note 28 for the judgement involved in estimating the provision relating to expenditure required to undertake the reconstruction work).

4. SUMMERY OF MATERIAL ACCOUNTING POLICIES

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

The Group and the Company have not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

4.1 Changes in Accounting policies

The Accounting policies are consistent with the comparative period.

The Company/Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

4.2 Basis of Consolidation

The consolidated financial statements comprise the Financial Statement of the Parent and its subsidiaries as at 31 March 2026. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

» Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
» Exposure, or rights, to variable returns from its involvement with the investee
» The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

» The contractual arrangement with the other vote holders of the investee
» Rights arising from other contractual arrangements
» The Group's voting rights and potential voting rights

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

4.2.1 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in Statement of Profit or Loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to Other Comprehensive Income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is measured at fair value with change in fair value either in the Statement of Profit or Loss or as a change to the Other Comprehensive Income (OCI).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred.

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

4.2.2 Non- Controlling Interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non-Controlling Interests" in the Statement of Comprehensive Income. Losses applicable to the Non-Controlling Interests in a subsidiary is allocated to the Non- Controlling Interest even if doing so causes the Non-Controlling Interests to have a deficit balance.

4.2.3 Transactions Eliminated in Consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4.2.4 Investment in Subsidiaries

Investment in Subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of subsidiaries are immediately recognised in the Statement of Profit or Loss. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

4.3 Foreign Currencies

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing on 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 transaction of monetary items are recognised in Profit or Loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in Other Comprehensive Income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income.

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

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

4.4 Current Versus Non-Current Classification

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

» Expected to be realised or intended to sell or consumed in the normal operating cycle
» Held primarily for the purpose of trading
» Expected to be realised within twelve months after the reporting period or
» Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

» It is expected to be settled in the normal operating cycle
» It is held primarily for the purpose of trading
» It is due to be settled within twelve months after the reporting period or
» There It does not have a right at the reporting date to defer settlement of the liability at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

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

4.5 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

» In the principal market for the asset or liability
» In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations.

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

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

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

4.6 Revenue

4.6.1 Recognition of Revenue

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

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

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

Room revenue is recognised over time based on daily occupancy, reflecting the Company's measure of progress towards satisfaction of the accommodation service obligation. This method faithfully depicts the transfer of services, as guests simultaneously receive and consume the benefits of the accommodation services throughout their stay. Food and beverage revenue is recognised at the point of sale.

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

Goods Transferred at a Point in Time

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

Services Transferred Over Time

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

Contract Liabilities

Contract liabilities are Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities includes advances received for reservations. Contract liabilities of the Company have been disclosed in Trade and Other Payables note 26.3.

4.7 Taxation

4.7.1 Current Income Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

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

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

4.7.2 Deferred Taxation

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

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

i) Where the deferred income tax liability arises from the initial recognition of goodwill, an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward 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 utilised except:

i) Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

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

4.7.3 Tax on Dividend Income

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

4.8 Property, Plant and Equipment

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

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

Work in progress items are carried at cost less accumulated impairment.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

	2026	2025
Buildings on Leasehold Land	Over A maximum Period of 60 Years	Over A maximum Period of 60 Years
Buildings on Freehold Land	Over A maximum Period of 60 Years	Over A maximum Period of 60 Years
Land Improvements	Over A maximum Period of 30 Years	Over A maximum Period of 30 Years
Furniture, Fittings and Equipment	5 -15 Years	5 -15 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Cutlery, Crockery, Glassware and Silverware	2-3 Years	2-3 Years

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

a) Borrowing Costs

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

4.9 Right of Use Assets and Lease Liabilities

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

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

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

4.10 Right of use assets

The Group recognises right of use assets at the commencement date of the lease, when the underlying asset is available for use. Right of use assets are measured initially at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Subsequent measurement basis of the same is fair value. Further details are disclosed in Note 4.5.

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

4.10.1 Lease liabilities

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

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

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

4.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

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

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

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

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

4.12 Inventories

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

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

Foods and Beverages Stocks	- On weighted average basis.
Maintenance and Others	- On weighted average basis.

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

4.13 Financial Instruments

4.13.1 Financial Assets

4.13.1.1 Initial Recognition and Measurement

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

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

4.13.1.2 Subsequent Measurement

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

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

a) Financial Assets at Amortised Cost (Debt Instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

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

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

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

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

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group do not classify any instrument under this category as of 31 March 2026 and 31 March 2025.

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

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

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

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

d) Financial assets at fair value through profit or loss

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

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

4.13.1.3 Derecognition

A financial asset is derecognised when:

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

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

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

4.13.1.4 Impairment of financial assets

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

4.13.2 Financial Liabilities

4.13.2.1 Initial recognition and measurement

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

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

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

4.13.2.2 Subsequent Measurement

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

a) Financial Liabilities at Fair Value Through Profit or Loss

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

b) Loans and borrowings

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

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

4.13.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

4.13.2.4 Offsetting of financial instruments

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

4.14 Cash and Cash Equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks, and on hand and short-term deposits with an original maturity of three months or less.

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

4.15 Employee Benefit Obligation

4.15.1 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

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

4.15.2 Defined Benefit Plans – Employee Benefit Obligation

A defined benefit plan is post-employment benefits plan other than a defined contribution plan - Employees' Provident Fund and Employees' Trust Fund. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated using the 'Projected Unit Credit method'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

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

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

4.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SLFRS 18 Presentation and Disclosures in Financial Statements

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

SLFRS 18 introduces new requirements to:

» present specified categories and defined subtotals in the statement of profit or loss
» provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
» improve aggregation and disaggregation.

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

The directors of the Company anticipate that the application of this standard may have an impact on the Company's financial statements in future periods. The Company has not yet completed its assessment of the impact of SLFRS 18. Accordingly, the financial effect of adopting the standard cannot yet be reasonably estimated.

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

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

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

» it does not have public accountability, and

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

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

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

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

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

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

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

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

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

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

6 REVENUE

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Accommodation, Food and Beverage		3,680,928,755	3,198,459,203	934,777,523	835,646,824
Others (Hotel Operations)		101,683,498	83,285,135	29,375,285	19,546,117
Management Fees	30.4	-	119,010,899	-	-
		3,782,612,253	3,400,755,237	964,152,808	855,192,941

6.1 Disaggregation of revenue from contracts with customers

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Accommodation Revenue		1,596,653,825	1,186,052,941	567,545,681	497,509,346
Food & Beverage Revenue		2,084,274,930	2,012,406,262	367,231,842	338,137,478
Spa and Ayurvedic related Income		78,365,214	65,613,445	24,666,087	17,125,903
Transport Income		7,194,401	2,503,148	1,606,944	43,454
Laundry Income		6,667,442	5,525,745	1,472,134	1,211,087
Other Revenue		9,456,441	9,642,797	1,630,120	1,165,673
Management Fees	30.4	-	119,010,899	-	-
		3,782,612,253	3,400,755,237	964,152,808	855,192,941

6.2 Timing of Revenue Recognition

Year Ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue recognised over time	1,596,653,825	1,186,052,941	567,545,681	497,509,346
Revenue recognised at a point in time	2,185,958,428	2,214,702,296	396,607,127	357,683,595
	3,782,612,253	3,400,755,237	964,152,808	855,192,941

7 OTHER OPERATING INCOME AND GAINS

Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Rental Income	10,266,493	10,040,922	4,269,912	4,206,456
Sundry Income	21,850,548	9,736,082	4,669,746	3,461,082
	32,117,041	19,777,004	8,939,658	7,667,538

8 FINANCE COST AND INCOME

8.1 Finance Costs

Year Ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest Expense on Overdrafts		4,311,833	4,759,946	-	-
Interest Expense on Current Accounts - Related Parties	30.4	21,208,685	86,922,715	4,739,789	37,319,605
Interest Expense on Related Parties	30.4	5,850,001	497,400	35,923,876	37,047,557
Interest Expense on Loans and Borrowings - Others		52,589	1,259,986	-	-
Exchange Losses on Loans		-	3,053,516	34,152,825	3,817,421
Exchange Losses on Operations		-	12,951,968	-	12,951,968
Interest on Lease Liability	25	21,882,144	35,613,626	15,929,778	31,217,492
		53,305,252	145,059,157	90,746,268	122,354,043

8.2 Finance Income

Year Ended 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest Income from - Related Parties	30.4	103,903,081	66,535,416	14,520,833	19,470,174
Interest Income from - Commercial Papers - Related Parties	19.3	40,673,975	41,310,723	2,680,137	-
Interest Income from - Others		9,252,991	7,209,637	2,290,857	1,492,457
Exchange Gains on Operations		64,026,731	16,888,103	741,600	-
		217,856,778	131,943,879	20,233,427	20,962,631

9 PROFIT BEFORE TAX

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
The following items have been charged / (credited)					
in arriving at operating profit.					
Directors' Emoluments	31.1	6,270,000	4,840,000	2,070,000	1,700,000
Auditors' Remuneration - Audit (Fees and Expenses)		4,961,250	4,254,750	1,680,000	1,600,000
Auditors' Remuneration - Non Audit (Fees and Expenses)		400,000	400,000	400,000	200,000
		5,361,250	4,654,750	2,080,000	1,800,000
Depreciation on Property, Plant and Equipment	12	230,837,154	234,350,833	60,107,620	63,057,984
Amortisation on Intangible Assets	14	2,311,420	2,515,696	542,703	723,605
Amortisation on Right of Use Assets	13	57,395,676	21,379,836	31,093,444	12,945,862
Write-off of CWIP	12	-	29,799,763	-	29,799,763
Management Fees	30.4	81,546,533	-	77,717,185	60,088,274
Accounting Fees	30.4	-	-	840,000	840,000
Secretarial Fees	30.4	3,600,000	3,600,000	1,200,000	1,200,000
Treasury and Funding Management Fee	30.4	101,475,000	-	-	-
Hyperion Financial Management Support Services	30.4	127,100,000	-	-	-
Marketing and Promotional Expenses	30.4	57,400,000	-	-	-
Tax Consultancy Fees	30.4	67,650,000	-	-	-
Sales Promotional Costs	30.4	14,969,000	-	-	-
Charges for Ground Staff Services	30.4	24,000,000	-	-	-
(Reversal of provision) / Provisions for Impairment of Trade Receivables	18.2	(11,116,844)	14,502,594	1,594,921	3,294,088
Provision for Impairment of non trade receivables	18	(11,619,045)	-	(11,619,045)	-
Trade Receivables Write off	18.2	(2,642,151)	-	(1,923,484)	-
Legal and Professional Fees		2,429,485	1,639,230	851,985	801,880
Donations		3,712,311	3,949,354	926,758	1,258,810
Employee Benefit Expense	9.1	561,391,945	486,793,857	124,868,362	125,360,903

9.1 Employee Benefit Expense

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Salaries, Wages and other Benefits		501,312,157	431,596,933	113,405,049	114,342,265
Defined Contribution Plans - EPF and ETF		45,992,089	40,888,757	8,287,540	7,880,501
Retirement Benefit Obligations	24.1	14,087,699	14,308,167	3,175,773	3,138,137
		561,391,945	486,793,857	124,868,362	125,360,903

10 INCOME TAX EXPENSE

Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Statement of Profit or loss					
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year	10.1	125,039,207	121,678,970	-	-
(Over) / Under Provision of Current Taxes in Respect of Prior Years		(6,548,671)	171,104	-	-
Deferred Tax					
Deferred Taxation (Credit) / Charge	10.2	60,491,212	(117,453,626)	89,306,343	(132,889,207)
Income Tax Charge / (Credit)		178,981,748	4,396,448	89,306,343	(132,889,207)
Statement of Other Comprehensive Income					
Deferred Taxation (Credit) / Charge	10.2	(139,267)	617,176,900	(953,643)	101,814,134
		(139,267)	617,176,900	(953,643)	101,814,134
Income Tax Expense / (Credit) Recorded in Total Comprehensive Income		178,842,481	621,573,348	88,352,700	(31,075,073)

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

Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting Profit Before Tax	746,801,478	596,842,452	218,939,235	71,290,082
Expenses Not Deductible for Tax Purposes	466,958,682	352,107,509	160,860,721	126,797,273
Income from Other Sources and Exempt Income	(300,531,765)	(178,969,219)	(19,727,793)	(21,759,758)
Additional Allowable Deductions	(330,034,731)	(300,523,263)	(98,968,366)	(86,584,031)
Assessable Income from Business	583,193,664	469,457,479	261,103,797	89,743,566
Less: Unrealised Loss	(345,493,002)	(219,091,417)	(261,103,797)	(89,743,566)
	237,700,662	250,366,062	-	-
Assessable Income from Investment	198,588,519	176,193,137	19,491,827	20,962,631
Less: Loss Claimed	(19,491,827)	(20,962,631)	(19,491,827)	(20,962,631)
Taxable Income	416,797,354	405,596,568	-	-
Current Tax Expense at 30% (2025 - 30%)	125,039,207	121,678,970	-	-
(Over) / Under Provision of Current Taxes in Respect of Prior Years	(6,548,671)	171,104	-	-
Deferred Taxation Charge / (Credit)	60,351,945	499,723,274	88,352,700	(31,075,073)
Income Tax Expense / (Credit) Recorded in Total Comprehensive Income	178,842,481	621,573,348	88,352,700	(31,075,073)

10.1.1 Group

Reconciliation of Effective Tax Rate

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

Year Ended 31 March	2026		2025	
	Rate	Rs.	Rate	Rs.
Accounting Profit Before Tax		746,801,478		596,842,452
Tax Calculated at the Statutory Tax Rate	30.00%	224,040,443	30.00%	179,052,736
Exempt Income	-12.07%	(90,159,530)	-9.00%	(53,690,766)
Expenses Not Deductible for Tax Purposes	26.74%	199,664,161	26.55%	158,490,193
Additional Allowable Deductions	-13.26%	(99,010,418)	-15.11%	(90,156,979)
Tax Losses Utilised	-14.66%	(109,495,449)	-12.07%	(72,016,214)
Effective Tax Rate Excluding Deferred Tax	16.74%	125,039,207	20.39%	121,678,970
Deferred Tax Arising from Temporary Differences	8.08%	60,351,945	83.73%	499,723,274
Effective Tax Rate Including Deferred Tax	24.82%	185,391,152	104.11%	621,402,244
(Over) / Under Provision of Current Taxes in Respect of Prior Years	-0.88%	(6,548,671)	0.03%	171,104
Effective Tax Rate Including Deferred Tax and (Over) / Under Provision of Current Tax in Respect of Previous years	23.95%	178,842,481	104.14%	621,573,348

10.1.1 Company

Reconciliation of Effective Tax Rate

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

Year Ended 31 March	2026		2025	
	Rate	Rs.	Rate	Rs.
Accounting Profit Before Tax		218,939,235		71,290,082
Tax Calculated at the Statutory Tax Rate	30.00%	65,681,771	30.00%	21,387,025
Exempt Income	-2.70%	(5,918,338)	-9.16%	(6,527,928)
Expenses Not Deductible for Tax Purposes	24.71%	54,105,764	62.18%	44,327,971
Additional Allowable Deductions	-13.56%	(29,690,510)	-36.44%	(25,975,209)
Tax Losses Utilised	-38.45%	(84,178,687)	-46.59%	(33,211,859)
Effective Tax Rate Excluding Deferred Tax	0.00%	-	0.00%	-
Deferred Tax Arising from Temporary Differences	40.35%	88,352,700	-43.59%	(31,075,073)
Effective Tax Rate Including Deferred Tax	40.35%	88,352,700	-43.59%	(31,075,073)

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

10.1.3 Tax Losses Brought Forward

Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	1,103,418,885	1,679,272,117	940,636,572	1,142,102,113
Adjustment to Reflect the Impacts from Tax Audits and Tax Returns	(20,594,946)	(266,866,261)	-	(21,826,421)
Tax Losses over 06 Years - Unclaimable	-	(68,932,924)	-	(68,932,924)
Irrecoverable Tax Losses	-	-	-	-
Tax Losses Utilised	(364,984,828)	(240,054,047)	(280,595,624)	(110,706,196)
Tax losses Incurred During the Year	-	-	-	-
As at 31 March	717,839,111	1,103,418,885	660,040,948	940,636,572

10.2 Deferred Tax

10.2.1 Group

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

Year Ended 31 March	Note	2026 Rs.	2025 Rs.
Deferred Tax Liabilities	10.2.3	1,933,752,170	1,975,349,695
Deferred Tax Assets	10.2.3	(269,907,490)	(371,856,959)
Net Deferred Tax Liabilities		1,663,844,680	1,603,492,735

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

Year Ended 31 March	Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	(41,597,525)	1,095,389	-	-
Revaluation on Right-of-Use-Assets	-	-	-	124,904,205
Revaluation on Land and Buildings	-	-	-	489,741,487
Deferred Tax Assets				
Retirement Benefit Obligations	(2,563,455)	(2,999,330)	-	-
Right of Use Assets and Lease Liabilities	(15,149,442)	10,504,545		
Collective Impairment of Trade and Other Receivables	4,127,699	(4,840,350)	-	-
Carry Forward of Unused Tax Losses	115,673,935	(121,213,880)	-	-
Actuarial Losses	-	-	(139,267)	2,531,208
	60,491,212	(117,453,626)	(139,267)	617,176,900

10.2.3 Deferred Tax Assets/Liabilities relates to the following:

Year Ended 31 March	Statement of Financial Position	
	2026 Rs.	2025 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	362,953,662	404,551,187
Revaluation on Right-of-Use Assets	124,904,204	124,904,203
Revaluation on Land and Buildings	1,445,894,304	1,445,894,305
	1,933,752,170	1,975,349,695
Deferred Tax Assets		
Retirement Benefit Obligations	28,663,256	26,099,801
Right of Use Assets and Lease Liabilities	21,538,042	6,388,600
Collective Impairment of Trade and Other Receivables	10,246,455	14,374,154
Carry Forward of Unused Tax Losses	215,351,897	331,025,832
Actuarial Losses	(5,892,160)	(6,031,427)
	269,907,490	371,856,959
Net Deferred Tax Liabilities	1,663,844,680	1,603,492,735

In accordance with changes brought by Inland Revenue Act No. 24 of 2017 and subsequent amendments, the Company and its subsidiaries have:

- Recognised deferred tax relating to revaluation of land and building under property, plant and equipment
- Recognised deferred tax provision as of 31 March 2026 based on the future tax rate applicable to the Company and its subsidiaries (30%).

The Company and its subsidiaries have recognised deferred tax assets relating to carried forward tax losses for which future taxable profits would be available in excess of the profits arising from the reversal of existing taxable temporary differences based on management's forecast about the future.

10.3.1 Company

Deferred Tax Assets, Liabilities and Income Tax Relates to the Following:

Year Ended 31 March	2026 Rs.	2025 Rs.
Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;		
Deferred Tax Liabilities	419,222,742	418,121,492
Deferred Tax Assets	(221,972,874)	(309,224,325)
Net Deferred Tax Liabilities	197,249,868	108,897,166

10.3.2 Deferred Taxation Charge/(Reversal) - Income Statement/Other Comprehensive Income

Year Ended 31 March	Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	1,101,249	12,704,563	-	-
Revaluation of Operating leases	-	-	-	94,812,132
Revaluation of Land & Buildings	-	-	-	6,644,318
Deferred Tax Assets				
Retirement Benefit Obligations	(4,982)	(497,335)	-	-
Right of Use Assets and Lease Liabilities	3,932,819	10,504,545	-	-
Collective Impairment of Trade and Other Receivables	98,569	(1,055,455)	-	-
Carry Forward of Unused Tax Losses	84,178,688	(154,545,524)	-	-
Actuarial Losses		-	(953,643)	357,684
	89,306,343	(132,889,206)	(953,643)	101,814,134

10.3.3 Deferred Tax Assets/Liabilities relates to the following:

Year Ended 31 March	Statement of Financial Position	
	2026 Rs.	2025 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	163,441,242	162,339,993
Revaluation on Right-of-Use Assets	94,812,133	94,812,132
Revaluation on Land and Buildings	160,969,367	160,969,367
	419,222,742	418,121,492
Deferred Tax Assets		
Retirement Benefit Obligations	5,805,972	5,800,990
Right of Use Assets and Lease Liabilities	14,071,615	18,004,434
Collective Impairment of Trade and Other Receivables	4,276,041	4,374,610
Carry Forward of Unused Tax Losses	198,012,284	282,190,972
Actuarial Losses	(193,038)	(1,146,681)
Net Deferred Tax Liabilities	221,972,874	309,224,325
	197,249,868	108,897,166

11 EARNINGS PER SHARE

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

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

	Group		Company	
Year Ended 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amounts Used as the Numerator:				
Profit Attributable to Equity Holders	463,593,952	523,777,435	129,632,892	204,179,289
Number of Ordinary Shares Used as the Denominator:				
Weighted Average Number of Ordinary Shares in Issue				
Applicable to Basic Earnings Per Share (Note 20)	446,103,176	446,103,176	446,103,176	446,103,176
Earnings Per Share - Basic / Diluted	1.04	1.17	0.29	0.46

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

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

12.1.1 Gross Carrying Amounts

As at 31 March	As at 01 April 2024 Rs.	Additions Rs.	Disposals Rs.	Transfers on Revaluation Rs.	Transfers Rs.	Revaluation Surplus Rs.	As at 31 March 2025 Rs.
At Cost							
Plant, Machinery and Equipment	729,664,559	39,122,336	(1,812,893)	-	-	-	766,974,002
Furniture, Fittings and Equipment	970,699,704	51,266,270	(9,473,983)	-	299,219	-	1,012,791,210
Cutlery, Crockery, Glassware and Silverware	82,933,830	28,409,147	-	-	-	-	111,342,977
	1,783,298,093	118,797,753	(11,286,876)	-	299,219	-	1,891,108,189
At Valuation							
Freehold Land	1,572,000,000	-	-	-	-	775,200,000	2,347,200,000
Buildings on Freehold Land	2,355,578,609	59,941,080	-	(159,921,370)	-	699,279,644	2,954,877,965
Buildings on Leasehold Land	1,581,065,485	10,397,163	-	(115,188,992)	(299,219)	133,095,252	1,609,069,689
Swimming Pools	64,035,400	-	-	(9,841,544)	-	23,691,894	77,885,750
Land Improvements	63,700	165,000	-	-	-	-	228,700
Motor Vehicles	2,476,214	13,720,742	(64,732)	(1,024,833)	-	1,204,833	16,312,224
	5,575,219,408	84,223,985	(64,732)	(285,976,739)	(299,219)	1,632,471,623	7,005,574,328
Total Gross Carrying Amount	7,358,517,501	203,021,738	(11,351,608)	(285,976,739)	-	1,632,471,623	8,896,682,517

As at 31 March	As at 01 April 2025 Rs.	Additions Rs.	Disposals Rs.	Transfers on Revaluation Rs.	Transfers Rs.	Revaluation Surplus Rs.	As at 31 March 2026 Rs.
At Cost							
Plant, Machinery and Equipment	766,974,002	63,222,544	(15,927,162)	-	10,503,917	-	824,773,300
Furniture, Fittings and Equipment	1,012,791,210	63,157,269	(2,125,527)	-	(9,745,962)	-	1,064,076,991
Cutlery, Crockery, Glassware and Silverware	111,342,977	17,245,538	(717,809)	-	-	-	127,870,705
	1,891,108,189	143,625,350	(18,770,498)	-	757,955	-	2,016,720,996
At Valuation							
Freehold Land	2,347,200,000	-	-	-	-	-	2,347,200,000
Buildings on Freehold Land	2,954,877,965	70,534,214	-	-	-	-	3,025,412,179
Buildings on Leasehold Land	1,609,069,689	22,220,175	-	-	-	-	1,631,289,864
Swimming Pools	77,885,750	-	-	-	-	-	77,885,750
Land Improvements	228,700	-	-	-	-	-	228,700
Motor Vehicles	16,312,224	15,204,861	-	-	-	-	31,517,085
	7,005,574,328	107,959,250	-	-	-	-	7,113,533,580
Total Gross Carrying Amount	8,896,682,517	251,584,600	(18,770,498)	-	757,955	-	9,130,254,576

12.1.2 In the Course of Construction

As at 31 March	As at 01 April 2024 Rs.	Written off During the Year Rs.	Additions Rs.	Disposals Rs.	Transfers on Revaluation Rs.	Capitalised and transferred during the year Rs.	Revaluation Surplus Rs.	As at 31 March 2025 Rs.
Capital Work in Progress	32,924,144	(29,799,763)	532,772	-	-	(3,080,877)	-	576,276
	32,924,144	(29,799,763)	532,772	-	-	(3,080,877)	-	576,276
Total Gross Carrying Amount	7,391,441,645	(29,799,763)	203,554,510	(11,351,608)	(285,976,739)	(3,080,877)	1,632,471,623	8,897,258,793

As at 31 March	As at 01 April 2025 Rs.	Written off During the Year Rs.	Additions Rs.	Disposals Rs.	Transfers on Revaluation Rs.	Capitalised and transferred during the year Rs.	Revaluation Surplus Rs.	As at 31 March 2026 Rs.
Capital Work in Progress	576,276	-	57,200,136	-	-	(56,196,695)	-	1,579,717
	576,276	-	57,200,136	-	-	(56,196,695)	-	1,579,717
Total Gross Carrying Amount	8,897,258,793	-	308,784,736	(18,770,498)	-	(55,438,740)	-	9,131,834,293

12.1.3 Depreciation

As at 31 March	As at 01 April 2024 Rs.	Charge for the Year Rs.	Transfers on Revaluation Rs.	Transfers Rs.	Revaluation Surplus Rs.	As at 31 March 2025 Rs.
At Cost						
Plant, Machinery and Equipment	440,449,058	38,658,723	-	(1,812,893)	-	477,294,888
Furniture, Fittings and Equipment	847,216,136	73,377,414	-	(9,473,983)	-	911,119,567
Cutlery, Crockery, Glassware and Silverware	39,119,803	24,601,092	-	-	-	63,720,895
	1,326,784,997	136,637,229	-	(11,286,876)	-	1,452,135,350
At Valuation						
Buildings on Freehold Land	105,748,338	54,516,374	(160,264,712)	-	-	-
Buildings on Leasehold Land	75,810,602	39,378,390	(115,188,992)	-	-	-
Swimming Pools	6,219,834	3,278,368	(9,498,202)	-	-	-
Land Improvements	33,970	6,702	-	-	-	40,672
Motor Vehicles	1,034,676	533,769	(1,024,833)	(64,732)	-	478,880
	188,847,420	97,713,603	(285,976,739)	(64,732)	-	519,553
Total Depreciation	1,515,632,417	234,350,832	(285,976,739)	(11,351,608)	-	1,452,654,903

As at 31 March	As at 01 April 2025 Rs.	Charge for the Year Rs.	Transfers on Revaluation Rs.	Disposals Rs.	Transfers Rs.	As at 31 March 2026 Rs.
At Cost						
Plant, Machinery and Equipment	477,294,888	53,495,795	-	(15,569,775)	57,925,959	**573,146,868**
Furniture, Fittings and Equipment	911,119,567	56,428,998	-	(2,125,527)	(57,417,470)	**908,005,569**
Cutlery, Crockery, Glassware and Silverware	63,720,895	31,820,183	-	(717,809)	-	**94,823,269**
	1,452,135,350	141,744,977	-	(18,413,110)	508,488	**1,575,975,706**
At Valuation						
Buildings on Freehold Land	-	49,825,769	-	-	-	**49,825,769**
Buildings on Leasehold Land	-	30,824,715	-	-	-	**30,824,715**
Swimming Pools	-	5,412,007	-	-	-	**5,412,007**
Land Improvements	40,673	15,247	-	-	-	**55,920**
Motor Vehicles	478,880	3,014,438	-	-	-	**3,493,318**
	519,553	89,092,177	-	-	-	**89,611,729**
Total Depreciation	1,452,654,903	230,837,154	-	(18,413,110)	508,488	**1,665,587,435**

12.1.4 Net Book Value

As at 31 March	2026 Rs.	2025 Rs.
At Cost		
Plant and Machinery	**251,626,432**	289,679,113
Furniture, Fittings and Equipment	**156,071,422**	101,671,643
Cutlery, Crockery, Glassware and Silverware	**33,047,436**	47,622,082
	440,745,290	438,972,838
At Valuation		
Freehold Land	**2,347,200,000**	2,347,200,000
Buildings on Freehold Land	**2,975,586,411**	2,954,877,965
Buildings on Leasehold Land	**1,600,465,150**	1,609,069,688
Swimming Pool	**72,473,743**	77,885,750
Land Improvements	**172,780**	188,028
Motor Vehicles	**28,023,767**	15,833,345
	7,023,921,851	7,005,054,776
In the Course of Construction		
Building Work in Progress	**1,579,717**	576,276
	1,579,717	576,276
Total Carrying Amount of Property, Plant and Equipment	**7,466,246,858**	7,444,603,890

12.1.5 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 308,784,736/- (2025 - Rs. 203,554,510/-), the consideration for which was settled by cash.

12.1.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs.1,263,018,295/- (2025 - Rs. 1,096,885,618/-).

12.1.7 Certain assets have been transferred in between existing asset categories to be inline with the Parent's policy.

12.1.8 No borrowing cost has been capitalised during the year (2025 - Rs. Nil).

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

12.1.10 Following companies have stated their properties at revalued amounts. The valuation was carried out by independent valuer W.M. Chandrasena - Chartered Valuers. The surplus and losses arising from the revaluation was transferred to revaluation reserve.

12.1.11 The following table shows that valuation techniques used in measuring the land and buildings on freehold land as well as significant unobservable inputs used.

Property	Category	Number of Assets	Extent	Method of Valuation	Range of Estimates for Unobservable Inputs	Sensitivity of the fair value to the inputs	Significant Unobservable Inputs	Valuation	Date of Valuation
Serendib Hotels PLC									
W.M. Chandrasena - Chartered Valuers									
Buildings and Swimming Pool on Leasehold land at Bentota	Luxury Accommodation	2	72,532 Sq. Ft 75 Rooms	Depreciated Replacement Cost	Value per sq.ft Rs.3,500- Rs.21,000	Positively Correlated	Replacement cost per square foot	1,037,000,000	31-Mar-2025
Freehold Land	Land	1	0A-0R-20.00P	Market Basis of Valuation	Value per perch Rs. 500,000	Positively Correlated	Price per perch of land	14,000,000	31-Mar-2025
Dolphin Hotels PLC									
W.M. Chandrasena - Chartered Valuers									
Land at Waikkal	Land		15A 3R 27P	Market Basis of Valuation	Value per perch Rs.600,000	Positively Correlated	Price per perch of land	1,528,200,000	31-Mar-2025
Buildings on Freehold Land at Waikkal	Luxury Accommodation	55	220,339 Sq. Ft 154 Rooms	Depreciated Replacement Cost	Value per sq.ft Rs. 3000 - Rs.18,000	Positively Correlated	Replacement cost per square foot	2,423,000,000	31-Mar-2025
Hotel Sigiriya PLC									
W.M. Chandrasena - Chartered Valuers									
Buildings and Swimming Pool on Leasehold Land at Sigiriya	Luxury Accommodation	24	70,177 Sq. Ft 78 Rooms	Depreciated Replacement Cost	Value per sq.ft Rs. 500 - Rs. 20,000	Positively Correlated	Replacement cost per square foot	668,999,997	31-Mar-2025
Motor Vehicles		1		Depreciated Replacement Cost		Positively Correlated	Replacement cost	34,971	31-Mar-2025

Property	Category	Number of Assets	Extent	Method of Valuation	Range of Estimates for Unobservable Inputs	Sensitivity of the fair value to the inputs	Significant Unobservable Inputs	Valuation	Date of Valuation
Frontier Capital Lanka (Private) Limited									
W.M. Chandrasena - Chartered Valuers									
Freehold Land at Mirissa	Land	1	A0 R1 P30.80 ,	Market Basis of Valuation	Value Per Perch -Rs. 3,000,000	Positively Correlated	Price per perch of land	212,000,000	31-Mar-2025
Building on Freehold Land at Mirissa	Luxury Accommodation		11,149 Sq.ft 6 Rooms	Depreciated Replacement Cost	Value Per sq.ft -Rs. 6,000 -Rs.25,000	Positively Correlated	Replacement cost per square foot	178,800,000	31-Mar-2025
Swimming Pool		1	1080 Sq.Ft	Depreciated Replacement Cost	Value Per Sq.Ft - Rs.6,000-25,000	Positively Correlated	Replacement cost per square foot	7,200,000	31-Mar-2025
Freehold Land at Mirissa	Land	1	R1 P38.4	Market Basis of Valuation	Value Per Perch -Rs. 3,000,000	Positively Correlated	Price per perch of land	235,200,000	31-Mar-2025
Building on Freehold Land at Mirissa	Luxury Accommodation		10,403 Sq. ft. 8 Rooms	Depreciated Replacement Cost	Value Per sq.ft -Rs. 6,000 -Rs.25,000	Positively Correlated	Replacement cost per square foot	174,000,000	31-Mar-2025
Swimming Pool		1	1080 Sq.Ft	Depreciated Replacement Cost	Value Per Sq.Ft - Rs.6,000-25,000	Positively Correlated	Replacement cost per square foot	6,000,000	31-Mar-2025
Freehold Land at Mirissa	Land	1	R1 P34.00		Value Per Perch -Rs. 3,000,000	Positively Correlated	Price per perch of land	222,000,000	31-Mar-2025
Building on Freehold Land at Mirissa	Luxury Accommodation		10,403 Sq.ft. 8 Rooms	Depreciated Replacement Cost	Value Per sq.ft -Rs. 7,000 -Rs.25,000	Positively Correlated	Replacement cost per square foot	174,000,000	31-Mar-2025
Swimming Pool			1120 Sq.Ft	Depreciated Replacement Cost	Value Per Sq.Ft - Rs.6,000-25,000	Positively Correlated	Replacement cost per square foot	6,000,000	31-Mar-2025
Freehold Land at Mirissa	Land		R1 P5.24		Value Per Perch -Rs. 3,000,000	Positively Correlated	Price per perch of land	136,000,000	31-Mar-2025
Three Wheeler	Motor Vehicle	2			Market Basis of Valuation	Positively Correlated	Replacement cost	850,992	31-Mar-2025
Motor Bike	Motor Vehicle	1			Market Basis of Valuation	Positively Correlated	Replacement cost	140,000	31-Mar-2025

12.2 Company

12.2.1 Gross Carrying Amounts

	As at 01 April 2024 Rs.	Additions Rs.	Transfer on Revaluation Rs.	Increase in Revaluation Rs.	As at 31 March 2025 Rs.
At Cost					
Plant, Machinery and Equipment	259,922,343	2,888,990	-	-	262,811,334
Furniture, Fittings and Equipment	373,105,248	26,408,061	-	-	399,513,310
	633,027,591	29,297,051	-	-	662,324,644
At Valuation					
Freehold Land	10,000,000	-	-	4,000,000	14,000,000
Buildings on Leasehold Land	1,051,355,775	-	(58,586,713)	3,127,586	995,896,648
Swimming Pools	25,171,150	5,934,603	(5,022,540)	15,020,140	41,103,353
	1,086,526,925	5,934,603	(63,609,253)	22,147,726	1,051,000,001
Total Gross Carrying Amount	1,719,554,516	35,231,653	(63,609,253)	22,147,726	1,713,324,645

	As at 01 April 2025 Rs.	Additions Rs.	Transfer on Revaluation Rs.	Increase in Revaluation Rs.	As at 31 March 2026 Rs.
At Cost					
Plant and Machinery	262,811,334	6,857,556	-	-	269,668,890
Furniture, Fittings and Equipment	399,513,310	16,143,472	-	-	415,656,782
	662,324,644	23,001,028	-	-	685,325,672
At Valuation					
Freehold Land	14,000,000	-	-	-	14,000,000
Buildings on Leasehold Land	995,896,648	22,220,175	-	-	1,018,116,823
Swimming Pools	41,103,353	-	-	-	41,103,353
	1,051,000,001	22,220,175	-	-	1,073,220,176
Total Gross Carrying Amount	1,713,324,645	45,221,203	-	-	1,758,545,848

12.2.2 In the course of construction

	As at 01 April 2024 Rs.	Written off During the Year Rs.	Charged to profit or loss during the year Rs.	As at 31 March 2025 Rs.
Capital work in progress	30,592,444	(29,799,763)	(792,681)	-
Total gross carrying amount	30,592,444	(29,799,763)	(792,681)	-

12.2.3 Depreciation

	As at 01 April 2024 Rs.	Charge for the year Rs.	Transfer on Revaluation Rs.	As at 31 March 2025 Rs.
At Cost				
Plant and Machinery	143,381,524	16,577,296	-	159,958,820
Furniture, Fittings and Equipment	279,396,865	24,801,908	-	304,198,773
	422,778,389	41,379,204	-	464,157,593
At Valuation				
Buildings on Leasehold Land	38,586,024	20,000,688	(58,586,713)	-
Swimming Pools	3,344,448	1,678,092	(5,022,540)	-
	41,930,472	21,678,780	(63,609,253)	-
Total Depreciation	464,708,861	63,057,984	(63,609,253)	464,157,593

	As at 01 April 2025 Rs.	Charge for the year Rs.	Transfer on Revaluation Rs.	As at 31 March 2026 Rs.
At Cost				
Plant and Machinery	159,958,820	20,203,681	-	180,162,501
Furniture, Fittings and Equipment	304,198,773	20,786,286	-	324,985,059
	464,157,593	40,989,967	-	505,147,560
At Valuation				
Buildings on Leasehold Land	-	16,773,075	-	16,773,075
Swimming Pools	-	2,344,578	-	2,344,578
	-	19,117,653	-	19,117,653
Total Depreciation	464,157,593	60,107,620	-	524,265,213

12 PROPERTY, PLANT AND EQUIPMENT

12.2 Company

12.2.4 Net Book Values

As at 31 March	2026 Rs.	2025 Rs.
At Cost		
Plant and Machinery	89,506,389	102,852,514
Furniture, Fittings and Equipment	90,671,723	95,314,537
	180,178,112	198,167,051
At Valuation		
Freehold Land	14,000,000	14,000,000
Buildings on Leasehold Land	1,001,343,748	995,896,648
Swimming pools	38,758,775	41,103,353
	1,054,102,523	1,051,000,001
Total Carrying Amount of Property, Plant and Equipment	1,234,280,635	1,249,167,052

12.2.5 The Company acquired Property, Plant and Equipment to the aggregate value of Rs. 45,221,203/- during the financial year (2025-35,231,653/-), the consideration for which was settled by cash.

12.2.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 429,462,484/- (2025-Rs. 319,731,245/-).

12.2.7 The Company has stated following properties at revalued amounts. The valuation was carried out by independent valuer W.M. Chandrasena - Chartered Valuers. The surplus arising from the revaluation was transferred to revaluation reserve. (Refer Note 21.1)

12.2.8 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 Assets	Cost Rs.	Cumulative Depreciation If Assets were Carried at Cost Rs.	Net Carrying Amount 2026 Rs.	Net Carrying Amount 2025 Rs.
Group				
Land	125,705,661	-	125,705,661	125,705,661
Buildings on Freehold Land	1,546,918,719	338,684,556	1,208,234,163	1,138,875,520
Buildings on Leasehold Land	880,253,732	262,745,568	617,508,165	595,658,326
	2,552,878,112	601,430,124	1,951,447,989	1,860,239,507
Company				
Land	5,500,000	-	5,500,000	-
Buildings on Leasehold Land	549,546,718	143,752,990	405,793,728	383,943,889
	555,046,718	143,752,990	411,293,728	383,943,889

12.2.9 The movement of revaluation reserve and other information are disclosed under Note 21.1

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

12.2.11 The assets of the Company and its Subsidiaries have not been pledged as securities for liabilities as at 31 March 2026.

12.2.12 Certain assets have been transferred in between existing asset categories to be inline with the Parent's policy.

12.2.13 No borrowing cost has been capitalised during the year (2025 - Rs. Nil).

13 RIGHT-OF-USE ASSETS

13.1 Group

	Note	Land		Motor Vehicle		Building		Total	
		2026	2025	2026	2025	2026	2025	2026	2025
As at 31 March		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At valuation									
As at 01 April		656,065,966	314,613,799	-	-	-	-	656,065,966	314,613,799
Remeasurement of Lease		-	13,001,258	-	-	-	-	-	13,001,258
Transfer on Revaluation		-	(63,009,965)	-	-	-	-	-	(63,009,965)
Revaluation Surplus		-	416,347,343	-	-	-	-	-	416,347,343
Additions During the year	25	-	24,865,965	31,067,580	-	14,735,101	-	45,802,681	24,865,965
Disposals/Terminations		-	(49,752,434)	-	-	-	-	-	(49,752,434)
Adjustment on changing the consideration		-	-	-	-	-	-	-	-
Adjustment on shortening the lease term		-	-	-	-	-	-	-	-
As at 31 March		656,065,966	656,065,966	31,067,580	-	14,735,101	-	701,868,647	656,065,966
Accumulated Amortisation									
As at 01 April		4,144,328	90,958,734	-	-	-	-	4,144,328	90,958,734
Transfer on Revaluation		-	(63,009,965)	-	-	-	-	-	(63,009,965)
Disposals/Terminations		-	(45,184,277)	-	-	-	-	-	(45,184,277)
Amortisation	9	53,346,513	21,379,836	2,330,069	-	1,719,094	-	57,395,676	21,379,836
As at 31 March		57,490,841	4,144,328	2,330,069	-	1,719,094	-	61,540,004	4,144,328
Carrying Value		598,575,125	651,921,638	28,737,511	-	13,016,007	-	640,328,643	651,921,638

13.2 Company

As at 31 March	Note	Land 2026 Rs.	Land 2025 Rs.	Motor Vehicle 2026 Rs.	Motor Vehicle 2025 Rs.	Total 2026 Rs.	Total 2025 Rs.
At valuation							
As at 01 April		491,200,000	206,937,275	-	-	491,200,000	206,937,275
Remeasurement of Lease		-	13,001,258	-	-	-	13,001,258
Transfer on Revaluation		-	(44,778,974)	-	-	-	(44,778,974)
Revaluation Surplus		-	316,040,441	-	-	-	316,040,441
Additions During the year	25	-	-	15,533,790	-	15,533,790	-
Disposals/Terminations		-	-	-	-	-	-
Adjustment on changing the consideration		-	-	-	-	-	-
Adjustment on shortening the lease term		-	-	-	-	-	-
As at 31 March		491,200,000	491,200,000	15,533,790	-	506,733,790	491,200,000
Accumulated Amortisation							
As at 01 April		-	31,833,112	-	-	-	31,833,112
Transfer on Revaluation		-	(44,778,974)	-	-	-	(44,778,974)
Disposals/Terminations		-	-	-	-	-	-
Amortisation	9	30,057,858	12,945,862	1,035,586	-	31,093,444	12,945,862
As at 31 March		30,057,858	-	1,035,586	-	31,093,444	-
Carrying Value		461,142,142	491,200,000	14,498,204	-	475,640,346	491,200,000

13.1 Right to use asset has been recognized relating to the following operating leases that the Company has with Sri Lanka Tourism Development Authority.

Serendib Hotels PLC

The Company has Obtained Leasehold Rights to three lots of Land Situated in Bentota from The Sri Lanka Tourism Development Authority by the agreement dated 01/03/2003, 02/05/2016 and 19/02/2019 respectively (the lease expires on 28/02/2033, 01/05/2026 and 18/02/2049 respectively). The management intends to extend the lease period upon expiry.

The Company has obtained Leasehold Rights to a motor vehicle from Eden Hotel lanka PLC by the agreement dated 01/12/2025 for five years lease term and the payment was made upfront.

Hotel Sigiriya PLC

The Company has obtained leasehold rights to two lots of land situated in Sigiriya from Sri Lanka Tourist Board. by the agreement dated 25/07/2004 and 01/03/2017 respectively (the both leases expire on 24/07/2034). The management intends to extend the lease period upon expiry.

The Company has obtained Leasehold Rights to a motor vehicle from Eden Hotel lanka PLC by the agreement dated 01/12/2025 for five years lease term and the payment was made upfront.

Frontier Capital Lanka (Private) Limited

The Company has renewed Leasehold Rights of two villa premises leased out from a third party by the agreements dated on 01/10/2024 and will expire on 30/09/2027. Management intends to extend the lease period upon expiry.

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

As at 31 March 2025		Extent	Method of Valuation	Property Type	Valuation	Date of Valuation
Serendib Hotels PLC						
Hotel Land & Wellness site	Market Basis of Valuation	A3 - R1 - P23	Rs.2,500,000 per perch	Price per perch of land	491,200,000	31-Mar-2025
Hotel Sigiriya PLC						
Hotel Land & Wellness site	Market Basis of Valuation	9A - 2R - P39.2	Rs. 400,000 & 250,000 per perch	Price per perch of land	140,000,000	31-Mar-2025

14 INTANGIBLE ASSETS

	Note	Group		Company	
		2026	2025	2026	2025
As at 31 March		Rs.	Rs.	Rs.	Rs.
Computer Software	14.1	1,486,363	4,047,254	-	542,703
Goodwill	14.2	116,533,450	116,533,450	-	-
		118,019,813	120,580,704	-	542,703

14.1 COMPUTER SOFTWARE

	Note	Group		Company	
		2026	2025	2026	2025
As at 31 March		Rs.	Rs.	Rs.	Rs.
At Cost					
As at 01 April		15,509,919	12,374,919	3,618,024	3,618,024
Transfers		(757,955)	-	-	-
Additions		-	3,135,000	-	-
Disposal		(455,230)	-	-	-
As at 31 March		14,296,734	15,509,919	3,618,024	3,618,024
Amortisation and Impairment					
As at 01 April		11,462,665	8,946,969	3,075,321	2,351,716

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Transfers		(508,484)	-	-	-
Amortisation	9	2,311,420	2,515,696	542,703	723,605
Disposal		(455,230)	-	-	-
As at 31 March		12,810,371	11,462,665	3,618,024	3,075,321
Carrying Value		1,486,363	4,047,254	-	542,703

14.1.1 Computer software are amortised over their economic useful life ranging 5-10 years.

14.2 GOODWILL

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April	116,533,450	116,533,450	-	-
As at 31 March	116,533,450	116,533,450	-	-
Carrying Value	116,533,450	116,533,450	-	-
Total Intangible Assets	118,019,813	120,580,704	-	-

14.2.1 Goodwill as of year end is attributable to the following.

As at 31 March	2026 Rs.	2025 Rs.
Investment in Dolphin Hotels PLC	22,252,564	22,252,564
Investment in Frontier Capital Lanka (Private) Limited	94,280,886	94,280,886
	116,533,450	116,533,450

14.2.2 Summary of the goodwill computation is presented below.

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rates stated below. The growth rate does not exceed the long-term average growth rate for the hospitality industry in which the CGUs operate.

For each CGU with a significant amount of goodwill, the key assumptions, long-term growth rate and discount rate used in the value-in-use calculations are as follows.

» Occupancy Rate – The forecast occupancy rate over the five-year period is based on historical occupancy trends, expected tourism demand, market recovery, competitive positioning of the hotels and management's expectations of future market conditions.

» Average Room Rate (ARR) – The forecast average room rate is based on historical pricing trends, expected inflation, market demand, competitive pricing strategies and the anticipated customer mix.

Other operating costs are the fixed costs of the CGUs, which do not vary significantly with occupancy levels or room rates. Management forecasts these cost based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructuring or cost saving measures. The amounts disclosed above are the average operating cost for the five year forecast period.

Annual capital expenditure is the expected cash costs of each segment for five-year forecast period.

Significant estimate: key assumptions used for value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2026 and 2025 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry in which each CGU operates.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

Name of the Subsidiary	Dolphin Hotels PLC	Frontier Capital Lanka (Private) Limited
2026		
Occupancy rate (% annual growth rate)	14%	15%
Annual capital expenditure	10.5Mn	10.5Mn
Long-term growth rate (%)	3%	3%
Pre-tax discount rate (%)	12.70%	12.71%
2025		
Occupancy rate (% annual growth rate)	19%	25%
Annual capital expenditure	10 Mn	15 Mn
Long-term growth rate (%)	3%	3%
Pre-tax discount rate (%)	12.10%	12.13%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach Used to Determining Values
Occupancy Rate	The forecast occupancy rate over the five-year period is based on historical occupancy trends, expected tourism demand, market recovery, competitive positioning of the hotels and management's expectations of future market conditions.
Average Room Rate (ARR)	The forecast average room rate is based on historical pricing trends, expected inflation, market demand, competitive pricing strategies and the anticipated customer mix.
Other operating costs	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in specific industry.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

15 INVESTMENTS IN SUBSIDIARIES

15.1 Direct Investments

As at 31 March	Country of Incorporation	Holding - %		2026		2025	
		2026	2025	Cost Rs.	Market Value Rs.	Cost Rs.	Market Value Rs.
Direct Investments							
Quoted Investments							
Dolphin Hotels PLC	Sri Lanka	69.33	69.33	672,598,594	1,749,587,748	672,598,594	2,003,913,787
Hotel Sigiriya PLC	Sri Lanka	64.29	64.29	291,433,065	802,354,670	291,433,065	867,899,136
Total Quoted Investments in Subsidiaries				964,031,659	2,551,942,418	964,031,659	2,871,812,923
Non-Quoted							
Serendib Leisure Management Limited	Sri Lanka	100	100	60,100,000	-	60,100,000	-
Sanctuary Resorts Lanka (Private) Limited	Sri Lanka	100	100	20	-	20	-
Frontier Capital Lanka (Private) Limited	Sri Lanka	100	100	652,075,806	-	652,075,806	-
Total UnQuoted Investments in Subsidiaries				712,175,826	-	712,175,826	-
Total Net Carrying Value of Investments in Subsidiaries				1,676,207,485	2,551,942,418	1,676,207,485	2,871,812,923

Other information pertaining to subsidiaries are as follows:

15.1.1

Name of the Subsidiary	Nature of Operations	Principal place of Business
Dolphin Hotels PLC	Hotel Operation	Waikkal
Hotel Sigiriya PLC	Hotel Operation	Sigiriya
Frontier Capital Lanka (Priavte) Limited	Hotel Operation	Mirissa
Serendib Leisure Management Limited	Hotel Management	Colombo
Sanctuary Resorts Lanka (Private) Limited	Non - Operating	Colombo

15.2 Material Partly-Owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of interest held by non-controlling interests

As at 31 March	%		Value	
	2026	2025	2026	2025
Dolphin Hotels PLC	30.67%	30.67%	1,429,334,528	1,359,855,844
Hotel Sigiriya PLC	35.71%	35.71%	445,323,803	408,096,105
			1,874,658,331	1,767,951,949

Total Comprehensive income allocated to material non-controlling interest:

As at 31 March	2026 Rs.	2025 Rs.
Dolphin Hotels PLC	68,327,319	315,764,640
Hotel Sigiriya PLC	36,376,185	76,736,466
	104,703,504	392,501,106

Summarised Financial Information of Material partly-owned subsidiaries ;

As at 31 March	Dolphin Hotels PLC		Hotel Sigiriya PLC	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current Assets	2,094,095,912	1,891,017,490	830,679,424	755,659,239
Non Current Assets	4,159,119,352	4,119,212,295	872,627,389	873,140,609
Current Liabilities	837,272,083	503,532,319	227,650,473	260,412,633
Non-Current Liabilities	1,002,916,586	1,072,866,870	228,600,045	225,580,298
Total Equity	4,660,366,898	4,433,830,596	1,247,056,295	1,142,806,917
Revenue	1,699,367,081	1,446,897,071	732,103,641	624,872,368
Profit Before Tax	201,602,972	230,158,636	157,653,275	101,380,699
Profit After Tax	221,118,142	167,433,598	101,957,000	48,492,666
Other Comprehensive Income	1,664,114	862,121,795	(91,458)	166,395,354
Total Comprehensive Income for the year	222,782,256	1,029,555,393	101,865,542	214,888,019
Dividend paid to non-controlling interest	-	-	-	-
Cash Flows				
Net Cash Flows from operating activities	(114,977,574)	54,879,415	(160,203,114)	(59,894,326)
Net Cash Flows from investing activities	86,090,159	(56,760,525)	(39,536,009)	(20,957,114)
Net Cash Flows from financing activities	-	(593,544,890)	(4,060,001)	(3,817,691)
	(28,887,415)	(595,426,000)	(203,799,124)	(84,669,131)

16 OTHER FINANCIAL ASSETS

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Other Financial Assets - Non - current	16.1	124,122,999	128,221,191	122,855,945	124,222,011
Other Financial Assets - Current	16.2	108,185,410	-	233,307,027	178,413,891
		232,308,409	128,221,191	356,162,972	302,635,902

16.1 Other Financial Assets - Non - Current

Fair Value Through OCI Assets

The Group / Company has investments in unquoted equity shares of Rainforest Ecolodge (Private) Limited and Jada Resorts & SPA (Private) Limited .

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Jada Resorts & SPA (Private) Limited	16.1.1	122,222,417	122,222,417	122,222,417	122,222,417
Rainforest Ecolodge (Private) Limited	16.1.2	1,900,582	5,998,774	633,528	1,999,594
		124,122,999	128,221,191	122,855,945	124,222,011

16.1.1. Fair Value Through OCI Assets -Jada Resorts & SPA (Private) Limited

As at 31 March	Group Rs.	Company Rs.
As At 01 April 2024	122,222,417	122,222,417
Change in Fair Value	-	-
As At 31 March 2025	122,222,417	122,222,417
Change in Fair Value	-	-
As At 31 March 2026	122,222,417	122,222,417

16.1.1.1 The fair value of the unquoted equity shares in Jada Resorts & SPA (Private) Limited is estimated using appropriate valuation techniques. The significant unobservable inputs used in this valuation are given below:

As at 31 March	As at 31 March 2026 Valuation technique	As at 31 March 2026 Significant unobservable inputs	As at 31 March 2026 Range (weighted average)	As at 31 March 2025 Valuation technique	As at 31 March 2025 Significant unobservable inputs	As at 31 March 2025 Range (weighted average)
Jada Resorts & SPA (Private) Limited	DCF Method	Long-term growth rate for cash flows	3% - 5%	DCF Method	Long-term growth rate for cash flows	3% - 5%
			5.0%			4.0%
		Cost of Equity(Ke)	11.24%-10.47%		Cost of Equity(Ke)	10.99%-14.99%

No fair value gains / losses have been recognised as at 31 March 2026 in view of insignificance of the difference between the carrying value and fair value.

16.1.1.2 Sensitivity Analysis - Fair Value Through OCI Investments - Jada Resorts & SPA (Private) Limited

As at 31 March	Company / Group Change In Fair Value 2026 Rs.	2025 Rs.
+5% Change in Terminal Value	34,087,401	1,964,571
-5% Change in Terminal Value	(13,224,423)	(1,856,016)
+5% Change in WACC	(29,890,142)	(11,097,895)
-5% Change in WACC	56,706,522	12,809,047

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

	Group Rs.	Company Rs.
As At 31 March 2024	8,047,707	2,682,573
Change in Fair Value	(2,048,933)	(682,979)
As At 31 March 2025	5,998,774	1,999,594
Change in Fair Value	(4,098,192)	(1,366,066)
As At 31 March 2026	**1,900,582**	**633,528**

The group recorded a total fair value loss of Rs. 4,098,192 /- (Rs. 1,366,066/- by company) relating to this investment during the year ended 31 March 2026.

Investment in Equity Securities solely comprises application and allotment money paid by Group / Company to Rainforest Ecolodge (Private) Limited for the purchase of 1,200,001 / 400,001 ordinary shares of Rs.10 each. The investment is designated at fair value through other comprehensive income (FVOCI) as it is held for strategic long-term purposes and not for trading. The investment is classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs.

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

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

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

16.1.3 Change in Fair value of Fair Value Through OCI Investments

The change in fair value of unquoted equity investments classified under Fair Value Through Other Comprehensive Income (FVOCI) is recognized in Other Comprehensive Income (OCI) and not recycled to profit or loss upon disposal. These investments are valued using Level 3 inputs, primarily through discounted cash flow (DCF) analysis based on projected future cash flows and a market-related discount rate, or alternatively, based on the net asset value (NAV) of the investee company where appropriate. The valuation is reviewed at each reporting date, and any increase or decrease in fair value is reflected in OCI to ensure the carrying amount represents the investment's fair value at the reporting date.

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April	(200,443,378)	(198,847,804)	(197,884,474)	(197,201,495)
Fair Valuation Loss	(3,191,399)	(1,595,573)	(1,366,066)	(682,979)
As at 31 March	(203,634,777)	(200,443,378)	(199,250,540)	(197,884,474)

The Fair Value Reserve consists of the net surplus resulting from the fair valuation of investments in Fair Value Through OCI instruments as described in the note 16.

16.2 Other Financial Assets - Current

Assets Measured at Amortised Cost - Company

Assets Under Amortised Cost consist of short term loans given to related companies. These loans are unsecured and were granted in accordance with the Group's treasury policy.

Loans granted to related companies	Relationship	As at 01 April 2025 Rs.	Loans Granted Rs.	Interest Income Rs.	Loans Repayments	As at 31 March 2026 Rs.	Repayment Terms	Rates of Interest
Browns Investment PLC	Intermediate Parent Company	-	108,000,000	185,410	-	108,185,410	on Demand	AWPLR
Serendib Leisure Management Limited	Subsidiary Company	149,012	-		(149,012)	-	on Demand	AWPLR + 7.5%
Frontier Capital Lanka (Private) Limited	Subsidiary Company	178,264,879	-	11,856,738	(65,000,000)	125,121,617	on Demand	AWPLR + 7.5%
		178,413,891	108,000,000	12,042,148	(65,149,012)	233,307,027		

The carrying amounts of these financial assets approximate their fair values as the loans carry interest rates that are consistent with prevailing market rates for similar instruments and are repayable on terms reflecting current market conditions. Accordingly, the fair value of these financial assets is not significantly different from their carrying amounts.

17 INVENTORIES

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Food	28,207,783	25,687,615	5,931,704	5,710,997
Beverage	22,542,879	22,162,569	5,083,869	7,492,065
House-Keeping and Maintenance	33,212,216	34,937,699	7,848,913	9,114,142
Spa Inventories	211,770	150,506	57,313	42,610
	84,174,648	82,938,390	18,921,799	22,359,814

18 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade Receivable - Related Parties	18.3	60,038,335	103,806,290	-	-
Trade Receivable - Others		512,925,494	624,582,331	162,888,066	138,956,623
		572,963,829	728,388,621	162,888,066	138,956,623
Less: Provision for Impairment of trade receivables	18.1	(34,154,850)	(47,913,845)	(14,253,471)	(14,582,034)
		538,808,979	680,474,776	148,634,595	124,374,589
Other Receivables		46,025,965	75,058,845	14,221,315	62,013,565
Less: Provision for Impairment of non trade receivables	9	(11,619,045)	-	(11,619,045)	-
Advances and Prepayments		99,843,988	76,511,906	18,303,089	16,918,372
		134,250,908	151,570,751	20,905,359	78,931,937
Other Receivables from Related Parties	18.4	1,567,430,572	732,153,058	47,766,287	1,410,962
Loans and Advances to Company Officers	18.5	1,503,291	813,124	-	-
		1,568,933,863	732,966,182	47,766,287	1,410,962
		2,241,993,750	1,565,011,710	217,306,241	204,717,488

As at 31 March		Total Rs.	Neither past due nor impaired Rs.	Past due but not impaired 30-90 Days Rs.	91-120 Days Rs.	>120 Days Rs.
Group						
2026	Trade Receivables	572,963,829	345,137,240	201,336,007	8,845,483	17,645,099
	Expected Loss Rate		0.93%	8.53%	24.87%	15.25%
	Less: Provision for Impairment of trade receivables	(34,154,850)	(4,439,129)	(17,178,972)	(2,200,219)	(10,336,534)
		538,808,979	340,698,115	184,157,035	6,645,264	7,308,565
2025	Trade Debtors	728,388,621	370,798,691	243,193,069	35,742,147	78,654,714
	Expected Loss Rate		1.19%	1.47%	6.62%	47.78%
	Less: Provision for Impairment of trade receivables	(47,913,845)	(4,399,452)	(3,567,409)	(2,364,701)	(37,582,283)
		680,474,776	366,399,239	239,625,660	33,377,446	41,072,431

As at 31 March		Total Rs.	Neither past due nor impaired Rs.	Past due but not impaired 30-90 Days Rs.	91-120 Days Rs.	>120 Days Rs.
Company						
2026	Trade Debtors	162,888,066	99,310,653	55,931,733	-	7,645,680
	Expected Loss Rate		3.85%	11.81%	50.00%	50.00%
	Less: Provision for Impairment of trade receivables	(14,253,471)	(3,822,840)	(6,607,791)	-	(3,822,840)
		148,634,595	95,487,813	49,323,942	-	3,822,840
2025	Trade Debtors	138,956,623	98,085,967	29,157,986	2,046,273	9,666,397
	Expected Loss Rate		4.49%	12.23%	100.00%	47.27%
	Less: Provision for Impairment of trade receivables	(14,582,034)	(4,399,452)	(3,567,409)	(2,046,273)	(4,568,900)
		124,374,589	93,686,515	25,590,577	-	5,097,497

18.2 Movement in Individual and Collective Impairment During the Year

	Group			Company		
	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
As At 01 April 2024	13,354,648	20,056,603	33,411,251	244,904	11,043,042	11,287,946
Provision for Impairment (Note 9)	8,190,207	6,312,387	14,502,594	-	3,294,088	3,294,088
As at 31 March 2025	21,544,855	26,368,990	47,913,845	244,904	14,337,130	14,582,034
(Reversal) / Provision for Impairment ((Note 9)	(21,299,951)	10,183,107	(11,116,844)	-	1,594,921	1,594,921
Write off (Note 9)	-	(2,642,151)	(2,642,151)	-	(1,923,484)	(1,923,484)
As at 31 March 2026	244,904	33,909,946	34,154,850	244,904	14,008,567	14,253,471

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

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

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

18.3 Trade Receivables from Related Parties

	Relationship	Group		Company	
As at 31 March		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sun and Fun Resorts Limited	Subsidiary of Immediate Parent Company	10,795,425	29,203,251	-	-
Dickwella Resorts (Private) Limited	Subsidiary of Immediate Parent Company	4,521,957	16,672,869	-	-
Eden Hotel Lanka PLC	Immediate Parent Company	40,365,606	50,365,600	-	-
Green Paradise (Private) Limited	Subsidiary of Immediate Parent Company	4,355,347	7,564,570	-	-
		60,038,335	103,806,290	-	-

18.4 Amounts Due From Related Parties

As at 31 March	Relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Dolphin Hotels PLC	Subsidiary Company	-	-	19,150	-
Serendib Leisure Management Limited	Subsidiary Company	-	-	2,556,431	264,485
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent Company	699,501,930	587,466,067	-	-
Green Paradise (Private) Limited	Subsidiary of Immediate Parent Company	8,583,131	5,233,939	125,000	8,071
Excel Resturants (Private) Limited	Subsidiary of Intermediate Parent Company	53,769,203	22,216,288	-	-
Browns Leisure (Private) Limited	Subsidiary of Intermediate Parent Company	7,458,478	5,609,113	-	46,000
Ishara Traders (Private) Limited	Subsidiary of Ultimate Parent Company	250,000	250,000	-	-
Eden Hotel Lanka PLC	Immediate Parent Company	24,450,082	18,360,729	706,726	18,089
Dickwella Resort (Private) Limited	Subsidiary of Immediate Parent Company	683,538	5,566,073	-	73,900
Millennium Development (Private) Limited	Subsidiary of Intermediate Parent Company	17,554,137	12,237,986	-	-
Sanctuary Resort Lanka (Private) Limited	Subsidiary Company	-	-	1,195,445	1,000,417
Browns Investments PLC	Intermediate Parent Company	28,642,425	2,660,900	-	-
Three Tips Ella (Private) Limited	Subisidiary of Intermediate Parent Company	681,058,539	53,850,260	43,163,535	-
Taprobane Plantation Limited	Subisidiary of Intermediate Parent Company	24,956,469	702,265	-	-
Sun and Fun Resorts Limited	Subisidiary of Immediate Parent Company	20,522,640	17,999,438	-	-
		1,567,430,572	732,153,058	47,766,287	1,410,962

18.5 Loans and Advances to Company Officers

	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April	813,124	1,055,865	-	-
Loans Granted During the Year	3,375,000	1,452,682	-	-
Less: Repayments	(2,666,333)	(1,695,423)	-	-
As at 31 March	1,503,291	813,124	-	-

19 CASH AND SHORT TERM DEPOSITS IN THE STATEMENT OF CASH FLOWS

Components of Cash and Cash Equivalents

As at 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
19.1 Favourable Cash and Cash Equivalent Balances				
Cash and Bank Balances	612,656,537	693,600,713	168,912,064	235,432,154
Money Market Investments	334,225,099	487,989,881	-	-
	946,881,636	1,181,590,594	168,912,064	235,432,154
19.2 Unfavourable Cash and Cash Equivalent Balances				
Bank Overdraft	(71,754,783)	(81,571,881)	(839,115)	(3,580,667)
	(71,754,783)	(81,571,881)	(839,115)	(3,580,667)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	875,126,853	1,100,018,713	168,072,949	231,851,487
The interest rate exposure of the borrowings of the Company was as follows:				
Total borrowings:				
- at floating rates	71,754,783	81,571,881	839,115	3,580,667
Weighted Average effective interest rates:				
- bank overdrafts			AWPLR + 0.25%	AWPLR + 0.25%

(a) The bank overdrafts of the Company as at 31 March 2026 and 2025 represent book overdrawn situations amounting to Rs. 839,115 and Rs. 3,580,667 respectively.

(b) The bank overdrafts of the Group as at 31 March 2026 and 2025 represent mix of both book and bank overdrawn situations amounting to Rs. 71,754,783 and Rs. 81,571,881 respectively. The bank overdrafts are granted on clean basis. The weighted average effective interest rate on bank overdraft ranged between AWPLR + 0.25% - AWPLR+2%.

(c) The Company has not pledged any securities as collateral for the bank overdraft facility obtained from Commercial Bank of Ceylon PLC.

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

As at 31 March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
3 Months or less	19.2	71,754,783	81,571,881	839,115	3,580,667
		71,754,783	81,571,881	839,115	3,580,667

19.3 Movement of Commercial Papers Investment

As at 31 March	Note	Group 2026	Group 2025	Company 2026	Company 2025
As at 01 April		487,989,881	532,254,186	-	-
Investments and Reinvestments During the Year	30.4	1,975,615,388	2,757,072,957	100,000,000	-
Interest Accrued During the Year	30.4	40,673,975	41,310,723	2,680,137	-
Matured / Withdrawals During the Year	30.4	(2,170,054,145)	(2,842,647,985)	(102,680,137)	-
As at 31 March		334,225,099	487,989,881	-	-

20 STATED CAPITAL - GROUP / COMPANY

As at 31 March	2026 Number	2026 Rs.	2025 Number	2025 Rs.
20.1 Fully Paid Ordinary Shares	302,058,952	2,200,092,449	302,058,952	2,200,092,449
Fully Paid Non-Voting Ordinary Shares	144,044,224	730,971,415	144,044,224	730,971,415
	446,103,176	2,931,063,864	446,103,176	2,931,063,864

20.2 Rights, Preference and Restrictions of Classes of Capital

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

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

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

21 RESERVES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Asset Revaluation Reserve	21.1	2,756,451,067	2,756,451,067	768,475,041	768,475,041
Fair Value Reserve	16.1.4	(203,634,777)	(200,443,378)	(199,250,540)	(197,884,474)
		2,552,816,290	2,556,007,690	569,224,501	570,590,567

21.1 Revaluation Reserve

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
On: Property, Plant and Equipment and Right-of-Use Assets					
As at 01 April		2,756,451,067	1,645,136,617	768,475,041	531,743,324
Revaluation Surplus on Property Plant and Equipment and Right of Use Assets		-	1,207,064,327	-	22,147,726

21.1 Revaluation Reserve (Contd.)

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deferred Tax Attributable to Revaluation on Property Plant and Equipment and Right-of-Use assets		-	(476,277,624)	-	(101,456,450)
Revaluation Surplus on Right-of-Use assets		-	380,527,748	-	316,040,441
As at 31 March		2,756,451,067	2,756,451,067	768,475,041	768,475,041

The above revaluation surplus consists of net surplus resulting from the revaluation of freehold land, buildings on leasehold land and swimming pools as described in note 12 and revaluation of right-of-use assets as described in Note 13.

22 RETAINED EARNINGS

Years From the Current Period	Group	Company
Balance as at 01 April 2024	130,605,651	(870,008,990)
Net profit for the year	523,777,435	204,179,289
Other Comprehensive Income Arising from Measurement of Defined Benefit Obligation, Net of Tax	4,479,078	834,596
Balance as at 31 March 2025	658,862,164	(664,995,105)
Balance as at 01 April 2025	658,862,164	(664,995,105)
Unclaimed Dividends Written Back to Retained Earnings	9,303,218	3,163,059
Net Profit for the Year	463,593,951	129,632,892
Other Comprehensive Income Arising from Measurement of Defined Benefit Obligation, Net of Tax	(1,709,477)	(2,225,168)
Balance as at 31 March 2026	1,130,049,857	(534,424,322)

23 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	2026 Amount Repayable Within 1 Year Rs.	2026 Amount Repayable After 1 Year Rs.	2026 Total Rs.	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.
Loans from Related Parties (23.1.1)	-	80,850,000	80,850,000	-	-	-
	-	80,850,000	80,850,000	-	-	-

23.1.1 Loans from Related Parties

Years From the Current Period	2026 Rs.	2025 Rs.
Related Party Loans	80,850,000	-

	As at 01 April 2025 Rs.	Interest Payable Rs.	Loans Obtained Rs.	Repayment Rs.	Exchange (Gain)/Loss Rs.	As at 31 March 2026 Rs.
Serendib Hotels PLC						
LOLC Life Assurance Limited	-	5,850,000	75,000,000	-	-	80,850,000
	-	5,850,000	75,000,000	-	-	80,850,000

23.2 Company

As at 31 March	Note	2026			2025		
		Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Loans from Related Parties	23.2.1	556,135,276	80,850,000	636,985,276	661,178,326	-	661,178,326
		556,135,276	80,850,000	636,985,276	661,178,326	-	661,178,326

23.2.1 Loans from Related Parties

	Relationship	Repayment Terms and Security	Rates of Interest	2026 Rs.	2025 Rs.
Dolphin Hotels PLC - GBP	Subsidiary Company	To be repayable on demand and unsecured	SONIA +3.4%	556,135,276	661,178,326
LOLC Life Assurance Limited	Subsidiary of Ultimate Parent Company	To be repaid in 2 Years	13%	80,850,000	-
				636,985,276	661,178,326

23.2.1.1 Movement of Loans from related parties

	As at 01 April 2025 Rs.	Loans Obtained Rs.	Interest Cost Rs.	Repayment Rs.	Exchange (Gain)/Loss Rs.	As at 31 March 2026 Rs.
Dolphin Hotels PLC - GBP	661,178,326	-	30,073,876	(169,269,750)	34,152,825	556,135,276
LOLC Life Assurance Limited	-	75,000,000	5,850,001	-	-	80,850,000
	661,178,326	75,000,000	35,923,877	(169,269,750)	34,152,825	636,985,276

24. RETIREMENT BENEFIT OBLIGATIONS

		Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
As at 01 April		66,894,567	65,334,146	15,514,380	15,048,861
Charge for the Year	24.1	14,087,699	14,308,167	3,175,773	3,138,137
Benefits Paid		(5,542,852)	(4,310,386)	(3,159,168)	(1,480,338)
Actuarial Loss / (Gain)	24.2	464,226	(8,437,360)	3,178,811	(1,192,280)
As at 31 March		75,903,640	66,894,567	18,709,796	15,514,380

24.1 Actuarial Loss/ (Gain) Immediately Recognised In Other Comprehensive

Current Service Cost	11,820,185	6,381,386	1,503,596	1,956,352
Interest Cost	2,267,514	7,926,781	1,672,177	1,181,785
	14,087,699	14,308,167	3,175,773	3,138,137

24.2 Actuarial loss / (gain) immediately recognised in other comprehensive income

Due to Experience Adjustment	(2,750,578)	(7,999,588)	203,238	(1,192,280)
Due to Changes in Financial Assumptions	443,730	(437,772)	(44,714)	-
Due to Changes in Demographic Assumptions	2,771,074	-	3,020,287	-
	464,226	(8,437,360)	3,178,811	(1,192,280)

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

		Group		Company	
	As at 31 March	2026	2025	2026	2025
a)	Demographic Assumptions				
	Retirement Age	60 Years	60 Years	60 Years	60 Years
	Employee Turnover Rate	18%-20%	20%	18%-20%	20%
	Average Expected Future Service	4.9 Years	4.0 Years	4.9 Years	4.0 Years
b)	Financial Assumptions				
	Discount Rate	9.5%	12.0%	9.5%	12.0%
	Future Salary Increment Rate	8.0%	10.0%	8.0%	10.0%

24.4 Sensitivity of Assumptions Employed in Actuarial Valuation

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

Group

As at 31 March	Sensitivity Effect on Defined Benefit Obligation			
	Delta Effect of +1%		Delta Effect of (-1%)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
(Increase)/Decrease in Discount Rate	(2,704,219)	(2,479,880)	2,902,244	2,670,701
Increase/(Decrease) in Salary Increment Rate	3,248,792	2,982,120	(3,075,157)	(2,811,932)

As at 31 March	Delta Effect of +10%		Delta Effect of (-10%)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Increase/(Decrease) in Employee Turnover	(109,721)	243,971	89,479	(281,085)

Company

As at 31 March	Sensitivity Effect on Defined Benefit Obligation			
	Delta Effect of +1%		Delta Effect of (-1%)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
(Increase)/Decrease in Discount Rate	(768,849)	(569,468)	834,848	613,207
Increase/(Decrease) in Salary Increment Rate	921,939	680,985	(862,290)	(642,240)

As at 31 March	Delta Effect of +10%		Delta Effect of (-10%)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Increase/(Decrease) in Employee Turnover	21,447	42,228	(29,776)	(52,651)

24.5 Following Discounted Payments are Expected Over the Weighted Average Life Span Obligation on the Future Years:

As at 31 March	Group		Company	
	2026	2025	2026	2025
Years From the Current Period				
within the next 12 months	13,975,320	11,930,670	2,872,253	2,566,284
between 1 to 2 years	20,977,700	18,370,262	5,599,557	4,811,092
between 3 to 5 years	24,824,707	20,608,277	4,390,711	4,389,838
between 6 to 10 years	12,740,305	12,120,127	4,442,831	2,799,083
beyond 10 years	3,385,607	3,865,231	1,404,444	948,083
Total retirement benefit obligations	75,903,640	66,894,567	18,709,796	15,514,380

25. LEASE LIABILITIES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 1 April		154,264,177	116,000,186	115,144,776	80,074,231
Remeasurement		-	30,027,645	-	30,027,645
Effect of Exchange rate		1,286,194	-	-	-
Addition During the Year		14,735,101	24,865,966	-	-
Interest Expense on Lease Liabilities	8.1	21,882,144	35,613,626	15,929,778	31,217,492
Payments		(33,956,150)	(52,243,246)	(18,380,036)	(26,174,593)
As at 31 March		158,211,466	154,264,177	112,694,518	115,144,776
Amount Repayable After 1 Year		114,598,524	128,691,132	82,033,991	98,178,589
Amount Repayable Within 1 Year		43,612,942	25,573,045	30,660,527	16,966,187
		158,211,466	154,264,177	112,694,518	115,144,776

26 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade Payables		124,857,749	149,805,134	18,505,787	33,602,525
Other payables - Related parties	26.1	438,324,426	416,542,275	65,736,836	180,121,933
- Others (See Note (b) below)		346,517,838	449,685,567	89,092,726	156,333,687
Contract Liabilities	26.3	51,834,757	52,024,158	13,349,308	32,543,574
Sundry Creditors Including Accrued Expenses		154,202,048	217,694,335	28,627,539	33,652,054
		1,115,736,818	1,285,751,469	215,312,196	436,253,773

(a) The group through its central procurement team negotiates for the best credit terms while ensuring for quality, Price and time when deciding on its suppliers to procure. The average credit period for the group / company is 60 days.

(b) Other payables mainly consist of Non Trade Payable of Rs. 26,188,688 (2025 - Rs. 28,413,355), Service Charges Payable of Rs. 38,673,327 (2025 - Rs. 37,559,629), Retention Fees Payable of Rs. 10,911,715 (2025 - Rs. 10,356,787), Provision for Pradeshiya Sabha Levy of Rs.139,821,767 (2025 - Rs. 123,442,267) and Provision for Road Construction of Rs. 78,269,254 (2025 - Rs.NIL).

Provision for Pradeshiya Sabha Levy

The Bentota Pradeshiya Sabha has filed multiple cases against Serendib Hotels PLC, at the Magistrate Court – Balapitiya, for operating the hotel without obtaining the necessary licenses from the Pradeshiya Sabha for the years 2019, 2020, 2021, 2022, 2023 and 2024. These cases are currently at the hearing stage and remain pending final adjudication. Notwithstanding the ongoing legal proceedings, the Company has recognised a full provision of Rs. 42,448,204 (2025 - Rs. 42,432,238). which is included under Provision for Other Liabilities and Charges (Note 28) in the financial statements.

The Wennappuwa Pradeshiya Sabha has filed multiple cases against Dolphin Hotels PLC at the Magistrate Court - Marawila, for operating the hotel without obtaining the necessary licenses from the Pradeshiya Sabha for the years 2016 through 2023. These cases are currently at the hearing stage and remain pending final adjudication.

Notwithstanding the ongoing legal proceedings, the Dolphin Hotel PLC has recognised a full provision for the levy from 2016 onwards up to the reporting date, amounting to Rs. 78,510,518 (2025 - Rs. 62,523,798), which includes amounts claimed in the filed cases as well as provisions made for subsequent periods for which claims have not yet been instituted.

Provision for Road Construction

Dolphin Hotels PLC recognised a provision of Rs. 78,269,254 (2025 - Rs. Nil) in respect of the estimated cost of reconstructing the access road leading to the hotel premises in Waikkal, Negombo.

Prior to the reporting date, the condition of the access road had significantly deteriorated, adversely affecting access to the hotel and resulting in complaints from the regulators and other various stakeholders. Following regulators and stakeholder communications received before the reporting date and the Company's commitment to undertake corrective action, management concluded that a constructive obligation existed as at 31 March 2026.

The provision represents management's best estimate of the expenditure required to undertake the reconstruction work based on contractor quotations and other information available at the reporting date. The related expenditure is expected to be incurred within the next financial year. While management believes the provision represents the best estimate of the obligation, the final cost may vary depending on the actual scope of work and market conditions prevailing at the time the reconstruction is carried out.

26.1 Other payables - Related parties

As at 31 March	Relationship	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Dolphin Hotels PLC	Subsidiary Company	-	-	-	2,910,672
Serendib Leisure Management Limited	Subsidiary Company	-	-	63,552,737	98,156,753
Browns Leisure (Private) Limited	Subsidiary of Intermediate Parent Company	5,592,535	7,823,082	-	-
LOLC Technology Services Limited	Subsidiary of Ultimate Parent Company	4,322,281	4,937,217	78,217	1,298,449
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent Company	91,515,117	66,000,000	-	-
Excel Restaurants (Private) Limited	Subsidiary of Intermediate Parent Company	585,572	-	-	-
Millenium Development (Private) Limited	Subsidiary of Intermediate Parent Company	175,871	44,516	-	-
Browns Investments PLC	Intermediate Parent Company	70,127,500	35,400,000		-
LOLC Corporate Services (Private) Limited	Subsidiary of Ultimate Parent Company	512,000	424,000	100,000	200,000
Sun and Fun Resorts Limited	Subsidiary of Immediate Parent	24,278,566	24,000,000	-	-
Browns Hotels & Resorts Limited	Intermediate Parent Company	186,986,014	68,918,959	765,164	6,606,126
Palm Garden Hotel PLC	Intermediate Parent Company	25,390	-	-	-
Eden Hotel Lanka PLC	Immediate Parent Company	11,978,129	512,846	-	114,475
LOLC Holdings PLC	Ultimate Parent Company	42,225,451	208,481,655	1,240,718	70,835,458
		438,324,426	416,542,275	65,736,836	180,121,933

26.3 Contract Liabilities

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
As at 01 April	52,024,158	49,195,751	32,543,574	12,504,603
Revenue Recognised during the Year	(394,689,255)	(362,207,440)	(38,446,269)	(15,035,602)
Additions During the Year	394,499,854	365,035,847	19,252,003	35,074,573
As at 31 March	51,834,757	52,024,158	13,349,308	32,543,574

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

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

27 DIVIDENDS PAYABLE

As at 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Unclaimed Dividends	-	9,303,218	-	3,163,059
	-	9,303,218	-	3,163,059

During the year, unclaimed dividends amounting to Rs. 9,303,218 for Group and Rs. 3,163,059 for Company, were written back to retained earnings (2025 - Group / Company - Rs. Nil).

28 COMMITMENTS AND CONTINGENCIES

28.1 Commitments

28.1.1 There were no material capital commitments existed as at 31 March 2026 and 31 March 2025.

28.2 Contingencies

28.2.1 With reference to the matter relating to the Pradeshiya Sabha disclosed in Note 26 (b), the provision recognised by the Group and Company includes both amounts claimed in legal proceedings instituted for the respective periods and management's best estimate of obligations arising from past periods for which claims have not yet been formally filed.

The provision has been recognised based on management's assessment that an outflow of economic resources is probable and that a reliable estimate of the obligation can be made. However, as the legal proceedings remain ongoing and the ultimate resolution is subject to judicial determination, uncertainty continues to exist regarding the timing and final amount of settlement. Accordingly, additional disclosures have been provided to enable users of the financial statements to understand the nature of the matter and the uncertainties associated with the provision recognised.

Except for the above, there were no other material contingencies outstanding at the statement of financial position date.

29 EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

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

30 RELATED PARTY DISCLOSURES

30.1 Terms and Conditions of Transactions with Related Parties

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

Terms and conditions on loans granted to related parties are disclosed in note 16.2 to these financial statements.

30.2 Non-Recurrent Related Party Transactions

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

30.3 Recurrent Related Party Transactions

Name of the Related Party	Nature of the Transaction	Value of the Related Party Transaction	Relationship	Value of the Related Party Transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
Serendib Leisure Management Limited	Aggregate recurrent transactions	120,708,698	Subsidiary	14%	Management Agreed Terms

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

Details of significant related party disclosures are as follows:

30.4 Transactions with the Ultimate Parent, Parent and Related Entities

Group

As at 31 March	Ultimate Parent LOLC Holdings PLC 2026 Rs.	Ultimate Parent LOLC Holdings PLC 2025 Rs.	Other Related Parties 2026 Rs.	Other Related Parties 2025 Rs.	Total 2026 Rs.	Total 2025 Rs.
Expenses Incurred by the Company on Behalf of Other Inter-Companies	-	804,692	971,543,880	351,309,701	971,543,880	352,114,393
Purchase of Goods / Services	(84,247,398)	(30,432,189)	(64,118,159)	(93,321,787)	(148,365,557)	(123,753,976)
Finance Income on Loans Granted (Note 8.2)	-	-	103,903,081	66,535,416	103,903,081	66,535,416
Management Fees [VAT exclusive] (Note 9)	-	-	(81,546,533)	-	(81,546,533)	-
Management Fees Income [VAT exclusive] (Note 6)	-	-	-	119,010,899	-	119,010,899
Finance Charges on Loans obtained from Related Parties (Note 8.1)	-	-	(5,850,001)	(497,400)	(5,850,001)	(497,400)
Finance Charges on Current Account Balances (Note 8.1)	(21,208,685)	(86,922,715)	-	-	(21,208,685)	(86,922,715)
Expenses Incurred on Behalf of the Company	(42,586,461)	(82,271,842)	(230,524,401)	63,185,769	(273,110,862)	(19,086,073)
Treasury and Funding Management Fee [VAT exclusive] (Note 9)	-	-	(101,475,000)	-	(101,475,000)	-
Hyperion Financial Management Support Services [VAT exclusive] (Note 9)	-	-	(127,100,000)	-	(127,100,000)	-
Marketing and Promotional Expenses [VAT exclusive] (Note 9)	-	-	(57,400,000)	-	(57,400,000)	-
Tax Consultancy Fees [VAT exclusive] (Note 9)	-	-	(67,650,000)	-	(67,650,000)	-
Sales Promotional Costs (Note 9)	-	-	(14,969,000)	-	(14,969,000)	-
Charges for Ground Staff Services (Note 9)	-	-	(24,000,000)	-	(24,000,000)	-
Investments and Reinvestments During the Year (Note 19.3)	1,093,750,570	-	881,864,818	2,757,072,957	1,975,615,388	2,757,072,957
Interest Accrued During the Year (Note 8.2)	14,628,873	-	26,045,102	41,310,723	40,673,975	41,310,723
Matured / Withdrawals During the Year (Note 19.3)	(774,154,344)	-	(1,395,899,801)	(2,842,647,985)	(2,170,054,145)	(2,842,647,985)
Secretarial Fees (Note 9)	-	-	(3,600,000)	(3,600,000)	(3,600,000)	(3,600,000)
Settlement of Dues from Related Parties	-	(13,727,826)	(833,567,941)	(173,562,347)	(833,567,941)	(187,290,173)
Settlement of Dues to Related Parties	314,049,852	504,300,000	1,374,396,320	25,392,340	1,688,446,171	529,692,340
Temporary Funding support to Related Parties	-	-	108,000,000	124,000,000	108,000,000	124,000,000
Temporary Funding support from Related Parties	-	-	(75,000,000)	-	(75,000,000)	-
	514,861,279	291,750,121	383,052,365	434,188,286	883,284,771	725,938,407

30.4 Transactions with the Ultimate Parent, Parent and Related Entities

Company

As at 31 March	Parent LOLC Holdings PLC		Subsidiaries		Other Related Parties		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Expenses Incurred by the Company on Behalf of Other Inter-Companies	-	-	3,671,149	3,118,979	1,915,491	350,190	5,586,640	3,469,169
Finance Income on Loans Granted (Note 8.2)	-	-	11,856,738	19,470,174	185,410	-	12,042,148	19,470,174
Finance Income on Current Account Balances (Note 8.2)	-	-	-	-	2,478,685	-	2,478,685	-
Management Fees (VAT exclusive) (Note 9)	-	-	(77,717,185)	(60,088,274)	-	-	(77,717,185)	(60,088,274)
Finance Charges on Loans obtained from Related Parties (Note 8.1)	-	-	(30,073,876)	(37,047,556)	(5,850,001)	-	(35,923,876)	(37,047,556)
Finance Charges on Current Account Balances (Note 8.1)	(4,739,789)	(37,319,606)	-	-	-	-	(4,739,789)	(37,319,606)
Expenses Incurred on Behalf of the Company	(10,960,559)	(10,243,464)	(28,714,691)	(24,935,937)	(28,450,341)	(7,575,710)	(68,125,591)	(42,755,111)
Expenses Incurred on Behalf of the Others	-	-	-	-	-	-	-	-
Accounting Fees (VAT exclusive) (Note 9)	-	-	(840,000)	(840,000)	-	-	(840,000)	(840,000)
Investments and Reinvestments During the Year (Note 19.3)	100,000,000	-	-	-	-	-	100,000,000	-
Interest Accrued During the Year (Note 8.2)	2,680,137	-	-	-	-	-	2,680,137	-
Matured / Withdrawals During the Year (Note 19.3)	(102,680,137)	-	-	-	-	-	(102,680,137)	-
Secretarial Fees	-	-	-	-	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Settlement of Dues from Related Parties	-	-	(1,165,021)	(8,854,312)	(544,975)	(444,129)	(1,709,996)	(9,298,441)
Settlement of Dues to Related Parties	85,298,416	250,000,000	158,862,865	70,870,646	36,939,042	1,235,981	281,100,323	322,106,627
Temporary Funding support to Related Parties	-	-	-	-	108,000,000	-	108,000,000	-
Temporary Funding support from Related Parties	-	-	-	-	(75,000,000)	-	(75,000,000)	-
Exchange Gain on Loans Granted (Note 23.2.1.1)	-	-	(34,152,825)	-	-	-	(34,152,825)	-
Loan Repayment to Related Parties (Note 23.2.1.1)	-	-	169,269,750	40,000,000	-	-	169,269,750	40,000,000
Loan Repayment from Related Parties (Note 16.2)	-	-	(65,149,012)	(35,280,236)	-	-	(65,149,012)	(35,280,236)
	69,598,068	202,436,930	105,847,892	(33,586,515)	78,473,311	(7,633,669)	253,919,272	161,216,746

Other Related Parties	Sun & Fun Resorts Limited	Excel Restaurants (Private) Limited
	Millennium Development (Private) Limited	Green Paradise (Private) Limited
	Dickwella Resorts (Private) Limited	Eden Hotel Lanka PLC
	Browns Leisure (Private) Limited	LOLC Corporate Service (Private) Limited
	Browns Hotels and Resorts Limited	LOLC Technologies Limited
	Taprobane Plantation Limited	LOLC Finance PLC
	Three Tips Ella (Private) Limited	Browns Investments PLC
	Sansun Boutique Hotels Limited	

Management Fees	Management fees are paid based on the Hotel Management Agreement entered into with Serendib Leisure Management Limited
Expenses Incurred	Expenses Incurred on behalf of / by Related Parties are reimbursed on actual cost basis.
Loans Granted	Information relating to loans granted to related parties are disclosed in note 16.2
Purchase of Goods and Services	Purchase of Goods and Services are based on management agreed terms.
Finance Income / Charges - Current Accounts	Finance income or charges on inter-company balances are recognised on outstanding current account balances in accordance with terms agreed by management. The applicable interest rates are determined with reference to prevailing commercial paper rates set by the Browns Group Treasury Department.
Accounting Fees	Accounting fees are paid based on the management agreement entered into with Serendib Leisure Management Limited.
Secretarial Fees	LOLC Corporate Service (Private) Limited provides corporate secretarial services including statutory filings, maintenance of registers, and coordination of board/shareholder meetings and charged are made based on management agreed terms.
Consultancy Fees	Energy efficiency enhancements, power optimisation, green building compliance, and related consultancy services were provided and charged at management agreed terms by Browns Investments PLC.
Treasury and Funding Management Fee	Charges for centralized services, including cash flow management, financing support, and financial risk management, to enhance capital and liquidity management for the year ended 31 March 2026, charged based on management agreed terms with Browns Investments PLC.
Commercial Paper Investments	Investments and reinvestments in commercial papers issued by Browns Investments PLC, Brown & Company PLC and LOLC Holdings PLC are made on terms agreed by management. Interest income is accrued over the tenure of the investments in accordance with the agreed contractual rates, and maturities and withdrawals are recognised upon settlement.
Hyperion Financial Management Support Services	Charges for Hyperion financial management support services relating to the implementation of a centralized financial reporting and consolidation system to improve reporting efficiency and accuracy, charged based on management agreed terms with Browns Investments PLC.
Marketing and Promotional Expenses	Charges for centralized services, including brand management, advertising, and digital marketing, to support market presence and brand consistency for the year ended 31 March 2026, charged based on management agreed terms with Browns Investments PLC.
Tax Consultancy Fees	Charges for centralized services, including tax compliance, advisory, and regulatory support, to ensure effective tax governance and compliance for the year ended 31 March 2026, charged based on management-agreed terms with Browns Investments PLC.
Sales Promotional Costs	Sales promotional activities conducted by Eden Hotel Lanka PLC and charged based on agreed terms.
Charges for Ground Staff Services	Due to a temporary shortage of ground staff at Dolphin Hotels PLC, caused by increased operational demands, it became necessary to supplement the workforce to maintain service quality and operational efficiency. To address this shortfall, ground staff from Sansun Boutique Hotels Limited were assigned to Dolphin Hotels PLC for the agreed service period from 01 December 2025 to 31 March 2026 and charged based on management agreed terms.

31 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY OR ITS PARENT

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

31.1 Key Management Personnel Compensation

		Group		Company	
		2026	2025	2026	2025
	As at 31 March	Rs.	Rs.	Rs.	Rs.
(a)	Short Term Employee Benefits (Cash & Non-Cash)	6,270,000	4,840,000	2,070,000	1,700,000
		6,270,000	4,840,000	2,070,000	1,700,000

(b) Other Transactions With Key Management Personnel

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

31.2 Director's Interest in Contracts

Directors do not have any other interest in contracts with the Company or its Subsidiaries either directly or indirectly.

32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

32.1 Fair value of Financial Instruments

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

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

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

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

Investment in equity shares are carried at fair value .

The fair value of financial liabilities approximate their carrying values.

Set out below is a comparison by class of the carrying value of Group's/Company's financial instruments that are carried in the Financial Statements.

Group

	2026		2025	
As at 31 March	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Trade and Other Receivables (Excluding Advances and Prepayments)	2,142,149,762	2,142,149,762	1,488,499,804	1,488,499,804
Other Financial Assets - Investment in Equity Shares	124,122,999	124,122,999	128,221,191	128,221,191
Other Financial Assets - Loans Granted to Related Parties	108,185,410	108,185,410	-	-
Cash and Short Term Deposits	946,881,636	946,881,636	1,181,590,594	1,181,590,594
	3,429,525,216	3,429,525,216	2,798,311,589	2,798,311,589

As at 31 March	2026		2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities:				
Trade and Other Payables (Excluding Contract Liabilities)	1,063,902,061	1,063,902,061	1,233,727,311	1,233,727,311
Interest bearing loans and borrowings	80,850,000	80,850,000	-	-
Lease Liabilities	158,211,466	158,211,466	154,264,177	154,264,177
Dividend Payable	-	-	9,303,218	9,303,218
Bank Overdraft	71,754,783	71,754,783	81,571,881	81,571,881
	1,374,718,310	1,374,718,310	1,478,866,587	1,478,866,587
Company				
Financial Assets:				
Trade and Other Receivables (Excluding Advances and Prepayments)	199,003,152	199,003,152	187,799,116	187,799,116
Other Financial Assets - Investment in Equity Shares	122,855,945	122,855,945	124,222,011	124,222,011
Other Financial Assets - Loans Granted to Related Parties	233,307,027	233,307,027	178,413,891	178,413,891
Cash and Short Term Deposits	168,912,064	168,912,064	235,432,154	235,432,154
	724,078,188	724,078,188	725,867,172	725,867,172
Financial Liabilities:				
Trade and Other Payables (Excluding Contract Liabilities)	201,962,888	201,962,888	403,710,199	403,710,199
Interest bearing loans and borrowings	636,985,276	636,985,276	661,178,326	661,178,326
Lease Liabilities	112,694,518	112,694,518	115,144,776	115,144,776
Dividend Payable	-	-	3,163,059	3,163,059
Bank Overdraft	839,115	839,115	3,580,667	3,580,667
	952,481,797	952,481,797	1,186,777,027	1,186,777,027

32.2 Fair Value Hierarchy

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

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

Level 2 — Other techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group/Company held the following financial instruments at fair value on the Statement of Financial Position.

Group

	Rs.	Rs.	Rs.	Rs.
Financial Assets	31 March 2026	Level 1	Level 2	Level 3
Investment in Equity Shares	124,122,999	-	-	124,122,999
Non-Financial Assets Measured at Fair Value	31 March 2026	Level 1	Level 2	Level 3
Land and Buildings	7,082,016,495	-	-	7,082,016,495
Motor Vehicles	31,517,085	-	-	31,517,085
ROU Assets	640,328,643	-	-	640,328,643
Financial Assets	31 March 2025	Level 1	Level 2	Level 3
Investment in Equity Shares	128,221,191	-	-	128,221,191
Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Land and Buildings	6,989,262,105	-	-	6,989,262,105
ROU Assets	651,921,638	-	-	651,921,638
Motor Vehicles	16,312,224	-	-	16,312,224

Company

	Rs.	Rs.	Rs.	Rs.
Financial Assets	31 March 2026	Level 1	Level 2	Level 3
Investment in Equity Shares	122,855,945	-	-	122,855,945
Non-Financial Assets Measured at Fair Value	31 March 2026	Level 1	Level 2	Level 3
Land and Buildings	1,073,220,176	-	-	1,073,220,176
ROU Assets	475,640,346	-	-	475,640,346
Financial Assets	31 March 2025	Level 1	Level 2	Level 3
Investment in Equity Shares	124,222,011	-	-	124,222,011
Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Land and Buildings	1,051,000,001	-	-	1,051,000,001
ROU Assets	491,200,000	-	-	491,200,000

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

33.1 Market Risk

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

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

33.2 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 Group's exposure to the risk of change in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

1) Proper mechanism to monitor the fluctuations in interest rates.
2) Work towards the low gearing ratio.
3) Internal funding sources rather than the external funding sources.

Variable rate instruments

Related party borrowings are at AWPLR plus a margin of 7.5%. (Subsequently revised depending on the interest rate fluctuations.)

Management is of the view that the Group's exposure to interest rate risk is minimal as Group does not expect significant changes in AWPLR.

Carrying amounts of these loans has been disclosed in loans & borrowings note.

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as AWPLR.

Interest rates sensitivity

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

	Effect on Profit Before Tax			
	Group		Company	
	2026	2025	2026	2025
As at 31 March	Rs.	Rs.	Rs.	Rs.
+ 1000 basis points	(3,592,388)	55,127,230	(3,592,388)	(5,489,699)
- 1000 basis points	3,592,388	(43,036,065)	3,592,388	5,489,698
+ 500 basis points	(1,796,194)	47,494,088	(1,796,194)	(2,744,849)
- 500 basis points	1,796,194	(36,344,805)	1,796,194	2,744,849

33.3 Foreign Currency Risk

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

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

Below are the spot exchange rates used by the Company.

	As at Reporting Date 31 March 2026	As at Reporting date 31 March 2025
USD	311.85	296.35
EURO	356.93	319.86
GBP	411.69	383.78

The Group and the Company are not significantly impacted due to the movement of foreign exchange rates, as many of the Company's and its subsidiaries transactions and the balances as of the reporting date are denominated in Sri Lankan Rupees, which is the functional currency of the Company and its subsidiaries.

33.4 Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions.

33.5 Credit Risk

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

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

	Group		Company	
As at 31 March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Receivables	572,963,829	728,388,621	162,888,066	138,956,623
Less: Impairment of Trade Receivables	(34,154,850)	(47,913,845)	(14,253,471)	(14,582,034)
	538,808,979	680,474,776	148,634,595	124,374,589
Cash and Cash Equivalents	946,881,636	1,181,590,594	168,912,064	235,432,154

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk. Refer Note 18.1 for age analysis of Trade Receivables.

Management of credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

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

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

Impairment

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

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

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

33.5.1 Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's / Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 16 and 18 except for financial guarantees and derivative financial instruments.

33.6 Liquidity Risk

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

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

Group

As at 31 March 2026	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest - Bearing Loans and Borrowings	-	-	-	80,850,000	-	80,850,000
Lease Liabilities	-	7,199,256	20,844,762	116,298,996	27,687,988	172,031,002
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	-	1,145,537,130	-	-	-	1,145,537,130
Bank Overdraft	71,754,783	-	-	-	-	71,754,783
	71,754,783	1,152,736,386	20,844,762	197,148,996	27,687,988	1,470,172,916

As at 31 March 2025	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Lease Liabilities	-	6,485,674	19,457,022	84,401,703	43,919,778	154,264,177
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	-	1,233,727,311	-	-	-	1,233,727,311
Bank Overdraft	81,571,881	-	-	-	-	81,571,881
	81,571,881	1,240,212,985	19,457,022	84,401,703	43,919,778	1,469,563,369

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

Company

As at 31 March 2026	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest - Bearing Loans and Borrowings	556,135,276	-	-	80,850,000	-	636,985,276
Lease Liabilities		3,974,226	10,703,166	85,091,298	12,925,828	112,694,518
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	-	154,431,045	-	-	-	154,431,045
Bank Overdraft	839,115	-	-	-	-	839,115
	556,974,391	158,405,271	10,703,166	165,941,298	12,925,828	904,949,954

As at 31 March 2025	On Demand Rs.	Less Than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest - Bearing Loans and Borrowings	661,178,326	-	-	-	-	661,178,326
Lease Liabilities	-	4,241,547	12,724,640	67,864,748	30,313,841	115,144,776
Trade and Other Payables (Excluding Statutory Payables and Contract Liabilities)	-	403,710,199	-	-	-	403,710,199
Bank Overdraft	3,580,667	-	-	-	-	3,580,667
	664,758,993	407,951,746	12,724,640	67,864,748	30,313,841	1,183,613,968

33.7 Capital Management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2026 and 31 March 2025. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 40%.

	Group		Company	
	2026	2025	2026	2025
As at 31 March	Rs.	Rs.	Rs.	Rs.
Total debt	239,061,466	154,264,177	749,679,794	776,323,102
Total equity	8,458,417,383	7,885,717,585	2,965,864,043	2,836,659,326
Debt/Equity	3%	2%	25%	27%

SUPPLEMENTARY INFORMATION

Ten Year Financial Review

Group

(Figures in Rs.'000 unless otherwise stated)

Year Ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Trading Results										
Revenue	3,782,612	3,400,755	2,869,507	1,441,924	636,410	587,233	1,588,581	2,038,943	1,842,061	1,769,176
Profit /(Loss) Before Tax	746,801	596,842	660,528	(447,659)	(589,101)	(543,810)	(48,886)	129,304	270,049	172,824
Profit /(Loss) for the year	567,820	592,446	559,733	(451,577)	(590,615)	(483,382)	(121,311)	102,351	192,452	128,084
Profit /(Loss) Attributable to Non Controlling Interest	104,226	68,669	134,327	(32,878)	(30,732)	(27,334)	16,911	63,617	73,508	60,571
Profit /(Loss) Attributable to Equity Holders of the Parent	463,594	523,777	425,406	(418,698)	(559,883)	(456,048)	(138,221)	38,735	118,944	67,514
Hotel Operations										
Annual Sales Growth (%)	11.09	18.66	99.01	126.57	8.37	(63.03)	(22.09)	10.69	4.12	0.05
Room Occupancy (%)	76	78	81	48.00	20.00	29	61	78.66	75.00	76.00
Current Ratio (Times)	2.19	1.88	1.61	1.54	0.48	0.81	1.19	1.00	0.70	0.83
Interest Cover (Times)	10.92	4.73	3.96	(0.15)	-0.53	(2.90)	0.45	2.29	6.54	12.61
Debt / Total Equity Ratio (%)	1.80	1.03	12.07	22.38	42.21	36.65	29.97	28.36	21.74	9.60
Market/ Shareholder Information										
Return on Equity (%)	7.01	8.52	11.28	(8.53)	(15.00)	(15.66)	(3.76)	3.01	5.40	3.90
Net assets per Share* (Rs.)	18.96	17.68	13.13	9.15	24.77	19.66	21.10	22.80	22.97	21.89
Earnings/(Loss) per Share* (Rs.)	1.04	1.17	0.95	(1.46)	(5.02)	(4.09)	(1.24)	0.35	1.07	0.61
Market value per share (Rs.)	16.30	18.50	14.00	9.80	16	14.50	21.10	15.90	17.50	23.10
Price Earnings Ratio (Times)	15.67	15.81	14.68	(6.71)	(3.19)	(3.55)	(17.02)	45.78	16.41	38.16
Dividend (per Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.00

Investor Information

Year Ended 31 March 2026

SHAREHOLDER INFORMATION (VOTING)

No. of Shares	2026			2025		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,278	297,344	0.08	1,102	229,242	0.08
1,001 - 10,000	546	2,193,628	0.73	447	1,852,671	0.61
10,001 - 100,000	265	9,471,411	3.12	256	8,605,824	2.85
100,001 - 1,000,000	87	22,163,385	7.37	84	21,436,422	7.10
Over 1,000,000	9	267,933,184	88.70	9	269,934,793	89.36
	2,185	302,058,952	100.00	1,898	302,058,952	100.00

SHAREHOLDER INFORMATION (NON-VOTING)

No. of Shares	2026			2025		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	767	188,937	0.12	676	179,249	0.12
1,001 - 10,000	325	1,463,386	0.82	291	1,176,812	0.82
10,001 - 100,000	215	8,071,107	6.04	192	7,114,244	4.94
100,001 - 1,000,000	59	15,326,983	10.64	69	16,521,165	11.47
Over 1,000,000	9	118,993,811	82.60	9	119,052,754	82.65
	1,375	144,044,224	100.00	1,237	144,044,224	100.00

CATEGORIES OF SHAREHOLDERS (NON-VOTING)

Institutions	116	126,622,472	87.90	117	127,389,754	88.43
Individuals	1,259	17,421,752	12.10	1,120	16,654,470	11.57
	1,375	144,044,224	100.00	1,237	144,044,224	100.00

CATEGORIES OF SHAREHOLDERS (VOTING)

Institutions	152	275,061,374	91.06	146	276,453,796	91.52
Individuals	2,033	26,997,578	8.94	1,752	25,605,156	8.48
	2,185	302,058,952	100.00	1,898	302,058,952	100.00

PUBLIC HOLDING

	2026 %	2025 %
Ordinary Voting Shares	14.49%	14.49%
Ordinary Non Voting Shares	26.65%	26.65%

SHARE TRADING (NON-VOTING)

	2026	2025
Highest Market Price (Rs.)	16.70	14.70
Lowest Market Price (Rs.)	11.20	8.30
Last Traded Price (Rs.)	12.70(31.03.26)	11.70(31.03.25)
No. of Shares Traded	29,739,345	34,905,284
No. of Trades	6,876	6,483
Turnover (Rs.)	424,553,280.70	423,410,099.40

SHARE TRADING (VOTING)

	2026	2025
Highest Market Price (Rs.)	27.00	24.90
Lowest Market Price (Rs.)	14.70	17.50
Last Traded Price (Rs.)	16.30 (31.03.26)	18.50(31.03.25)
No. of Shares Traded	35,043,211	43,535,674
No. of Trades	8,966	9,420
Turnover (Rs.)	798,593,302.50	790,638,125.40

TOP 20 SHAREHOLDERS (VOTING)

Name of the Shareholder	2026	%	2025	%
EDEN HOTEL LANKA PLC	182,739,232	60.50	182,739,232	60.50
LODGING INVESTMENT (LABUAN) LIMITED	75,546,312	25.01	60,574,306	25.01
SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	2,338,415	0.77	2,511,1380.83	0.83
MRS. M.V. FERNANDO	1,600,000	0.53	1,600,000	0.53
K S N HIRDRAMANI	1,556,773	0.52	-	-
DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,542,149	0.51	1,542,149	0.51
MR. B.S.M. DE SILVA	1,066,552	0.35	1,716,552	0.57
H YUSOOF	1,000,000	0.33	-	-
MRS. H.G.S. ANSELL	841,825	0.28	841,825	0.28
MR. P.P.S. FERNANDO	700,000	0.23	700,000	0.23
COMMERCIAL BANK OF CEYLON PLC/M.M. FUAD	600,000	0.20	-	-
PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	579,765	0.19	953855	0.32
PMF FINANCE PLC/M.S.HAMZADEEN	560,000	0.19	-	-
PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	546,015	0.18	661,015	0.22
PEOPLE S LEASING AND FINANCE PLC/NAGOYA CEYLON TRADING (PVT) LTD	536,314	0.18	1,100,000	0.36
MISS. O.U.K. JAYASUNDARA	535,759	0.18	-	-
SAMPATH BANK PLC/ MR. RAWEENDRA SAMARAWEERA	520,142	0.17	-	-
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/S.VASUDEVAN	500,000	0.17	-	-
COMMERCIAL BANK OF CEYLON PLC/R.A. WAHAB	480,000	0.16	-	-
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/F.H.T.C.SILVA	469,941	0.16		
Total held by the above shareholders	274,259,194	90.81	277,540,315	89.36
Shares held by the balance shareholders	27,799,758	9.19	24,518,637	10.64
Total Issued Capital	302,058,952	100.00	302,058,952	100.00

As at 31st March 2026 Float adjusted Market Capitalisation is Rs . 713,423,977

The Company is compliant with the minimum public holding requirements stipulated in CSE Rule 7.13.1(b) option 02 As at 31 March 2026, 14.49% of the issued ordinary shares (Voting) were held by 2,182 shareholders

TOP 20 SHAREHOLDERS (NON-VOTING)

Name of the Shareholder	2026	%	2025	%
EDEN HOTEL LANKA PLC	77,033,908	53.48	77,033,908	53.48
LODGING INVESTMENT (LABUAN) LIMITED	28,627,000	19.88	28,627,000	19.88
ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	4,626,956	3.21	4,626,956	3.21
J.B. COCOSHELL (PRIVATE) LIMITED	3,160,613	2.19	3,119,556	2.17
H S D SOYSA	1,677,381	1.16	1,677,381	1.16
TRADING PARTNERS(PVT) LTD	1,655,944	1.15	1,655,944	1.15
SHALSRI INVESTMENT (PRIVATE) LTD	1,128,998	0.78	1,128,998	0.78
PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	1,083,011	0.75	1,183,011	0.82
PEOPLE S LEASING AND FINANCE PLC/U.L.B.ARIYARATNA	1,000,000	0.69	-	-
PEOPLE S LEASING AND FINANCE PLC/P.TILLAKARATNE	720,956	0.50	-	-
MR. G.D.M. RANASINGHE	600,000	0.42	-	-
DFCC BANK PLC / MASKELIYA TEA EXPORTS (PVT) LTD	556,014	0.39	-	-
MRS. H.G.S. ANSELL	545,200	0.38	545,200	0.38
COCOSHELL ACTIVATED CARBON COMPANY (PRIVATE) LIMITED	540,000	0.37	540,000	0.37
MR. E.J. GNANAM	400,000	0.28	-	-
MR. N.S. WIJESEKERA	400,000	0.28	-	-
PEOPLE S LEASING AND FINANCE PLC/L.P.HAPANGAMA	378,726	0.26	-	-
HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	370,000	0.26	445,000	0.30
MISS H. ABASBHOY	360,000	0.25	360,000	0.25
MERCHANT BANK OF SRI LANKA & FINANCE PLC/G.K.G.L WIJAYATHILAKE	352,775	0.24	352,775	0.24
Total held by the above shareholders	125,217,482	86.92	121,295,729	84.19
Shares held by the balance shareholders	18,826,742	13.08	22,748,495	15.81
Total Issued Capital	144,044,224	100.00	144,044,224	100.00

As at 31st March 2026 Float adjusted Market Capitalisation is Rs . 487,524,878

The Company is compliant with the minimum public holding requirements stipulated in CSE Rule 7.13.1(b) option 02 As at 31 March 2026, 26.65% of the issued ordinary shares (non-voting) were held by 1,372 shareholders

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 58TH ANNUAL GENERAL MEETING of the Company will be held on **Wednesday, 23rd September 2026 at 11.00 a.m.** The AGM will be held as an on-line audio-visual meeting with arrangements for the on-line meeting platform centered at the LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya for the following purposes :-

Normal Business

1) To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 March, 2026 with the Report of the Auditors thereon.

2) To re-elect as a Director Mrs. K U Amarasinghe who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

3) To re-elect as a Director Mr W D K Jayawardena who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

4) To re-elect as a Director Mr. W R Williams who retires by rotation in terms of Article 73 of the Articles of Association of the Company.

5) To re-elect as an Independent Director Mr. J Selvaratnam who retires by rotation in terms of Article 73 of the Articles of Association of the Company.

6) *To re-elect as an Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (Refer Note No. 04(a))

7) *To re-elect as an Independent Director Mr. T Dharmarajah who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (Refer Note No. 04(b))

8) To re-appoint as auditors M/s Deloitte Partners for the ensuing year at a remuneration to be agreed by the Directors.

9) To approve in terms of the Companies Act No.26 of 1951 (Donations), the making of donations by the Directors as determined by them for the current financial year and until the next Annual General meeting of the Company.

By order of the Board
SERENDIB HOTELS PLC

LOLC CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

24 August 2026
Rajagiriya

Note:

1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/ her. A Proxy need not be a shareholder of the Company.

2) The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.

3) A Form of Proxy accompanies this Notice.

4) *Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting:

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

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

Important Notice:

This year the Annual Report and Financial Statements of the Company are available on the:

Corporate Website - https://www.brownshotels.com/investor-relations/ and

The Colombo Stock Exchange - https://www.cse.lk/pages/company-profile/company-profile.component. html?symbol=SHOT.X0000 Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code :

For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Company Secretaries on +94 117248248 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com.

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

NOTES

NOTES

NOTES

Form of Proxy - Voting shareholders

I/We ....

of ....

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

....of whom failing

Waduthantri Dharshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Emmanuel Jude Dillipraj Rajakarier	of Colombo or failing him
Wijesinghe Arachchige Thilan Manjith Wijesinghe	of Colombo or failing him
Thiyagarajah Dharmarajah	of Colombo or failing him
Wayne Ronald Williams	of Colombo or failling him
Janakan Selvaratnam	of Colombo or failing him

as my/our* Proxy to represent me/us* at the Fifty Eighth (58th) Annual General Meeting of the Company to be held as an on-line meeting on **Wednesday, 23rd September 2026 at 11.00 a.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

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

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

		For	Against
1.	To re-elect as a Director Mrs. K U Amarasinghe who retires by rotation in terms of Articles 85 of the Article of Association of the Company.		
2.	To re-elect as a Director Mr. W D K Jayawardena who retires by rotation in terms of Article 85 of the Articles of Association of the Company.		
3.	To re-elect as an Independent Director Mr. J Selvaratnam who retires in terms of Article 73 of the Articles of Association of the Company.		
4.	To re-elect as an Independent Director Dr. J. M. Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 6 of the Notice of Meeting.		
5.	To re-elect as an Independent Director Mr T Dharmarajah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 7 of the Notice of Meeting.		
6.	To re-appoint as auditors Deloitte Partners Chartered Accountants for the ensuing year at a remuneration to be agreed by the Board.		
7.	To authorise the Board of Directors to determine donations that may be made by the Company during the year		

dated this .... day of............. 2026

*please strike off inappropriate word

....

Signature of Shareholder

Form of Proxy - Voting shareholders

Important - Please post or scan and email the Form of Proxy together with the following additional details as per the instructions given below.

CDS Account Number of the Shareholder (s)		
Shareholder's contact number/s	Land line (residence/work):	
	Mobile:	
Email address to which the on-line link should be forwarded to for the proxy holder's participation at the AGM		
Proxy holder's NIC number		

INSTRUCTIONS FOR THE COMPLETION OF FORM OF PROXY

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

2. The completed Form of Proxy should either be:

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

   ;or

   b) Scanned and emailed to the email address: **corporateservices@lolc.com** with the email subject titled "SERENDIB AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Form of Proxy- Non Voting shareholders

I/We ....

of ....

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

....of whom failing

Waduthantri Dharshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Emmanuel Jude Dillipraj Rajakarier	of Colombo or failing him
Wijesinghe Arachchige Thilan Manjith Wijesinghe	of Colombo or failing him
Wayne Ronald Williams	of Colombo or failing him
Thiagarajah Dharmarajah	of Colombo or failling him
Janakan Selvaratnam	of Colombo

as my/our* Proxy to represent me/us* at the Fifty Eighth (58th) Annual General Meeting of the Company to be held as an on-line meeting on **Wednesday, 23rd September 2026 at 11.00 a.m.** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

....
Signature of Shareholder

(please refer overleaf for instructions)

dated this .... day of .... ,2026

Important - Please post or scan and email the Form of Proxy together with the following additional details as per the instructions given below.

CDS Account Number of the Shareholder (s)		
Shareholder's contact number/s	Land line (residence/work):	
	Mobile:	
Email address to which the on-line link should be forwarded to for the proxy holder's participation at the AGM		
Proxy holder's NIC number		

INSTRUCTIONS FOR THE COMPLETION OF FORM OF PROXY

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

2. The completed Form of Proxy should either be:

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

    ii) Scanned and emailed to the email address: **corporateservices@lolc.com** with the email subject titled "SERENDIB AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Registration of Shareholder Details for Online Participation

To: LOLC Corporate Services (Private) Limited
Secretaries for SERENDIB HOTELS PLC
No: 100/1, Sri Jayawardenapura Mawatha
Rajagiriya

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

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

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

....	....	....	....
Signature/s & date:	Principal Shareholder	1st Joint Holder	2nd Joint Holder

Stakeholder Feedback Form

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

Contact Information

Name: ____

Email: ____

Phone: ____

Company/Organisation: ___________________________

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

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

General Feedback

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

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

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

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

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

- [ ] Very Effective
- [ ] Effective
- [ ] Neutral
- [ ] Ineffective
- [ ] Very Ineffective

Specific Feedback

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

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

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

- [ ] Very Accessible
- [ ] Accessible
- [ ] Neutral
- [ ] Inaccessible
- [ ] Difficult to Access

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

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

Forward-Looking Information & Major Developments

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

- ☐ Very Useful
- ☐ Useful
- ☐ Neutral
- ☐ Not Useful
- ☐ Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

Stakeholder Feedback Form

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

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

2. How well does the Company maintain the confidentiality of sensitive information?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices

....

....

Submission

Please return the completed form to:
Investor Relations/ Communications
Serendib Hotels PLC, 100/1 Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY
Serendib Hotels PLC

COMPANY REGISTRATION NUMBER
PQ 223

DATE OF INCORPORATION
09th September 1966

LEGAL FORM
A Public Quoted Company with limited liability

STOCK EXCHANGE LISTING
The Ordinary shares of the Company are listed on the Colombo Stock Exchange

DIRECTORS
W D K Jayawardena - Chairman
D S K Amarasekera - Non Executive Director
Mrs. K U Amarasinghe - Non Executive Director
W A T M Wijesinghe - Non Executive Director
T Dharmarajah - Independent Director
Dr. J M Swaminathan - Independent Director
E J D Rajakarier - Non Executive Director
S A Chojnacki - Non Executive Director (resigned w.e.f. 15.06.2026)
W R Williams - Non Executive Director (Appointed w.e.f. 15.06.2026)
J Selvaratnam _ Independent Director (Appointed w.e.f. 09.07.2026)

REGISTERED OFFICE
100/1 Sri Jayawardenapura Mawatha, Rajagiriya
Tel : +94 (11) 7248248
Fax : +94 (11) 286 5602
Website : www.brownshotels.com

COMPANY SECRETARIES
LOLC Corporate Services (Private) Limited

AUDITORS
Deloitte Partners – Chartered Accountants

REGISTRARS
SSP Corporate Services (Private) Limited

BANKERS
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Standard Chartered Bank (Sri Lanka) Limited

HOTEL
Thaala Bentota Resort, Bentota
Tel : + 94 (34) 4641464-7

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SERENDIB HOTELS PLC

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Website: www.brownshotels.com