Tangerine Beach Hotels PLC

Annual Report
2025/2026

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Financial Highlights

Year ended 31st March	2026 Rs.' 000	2025 Rs.' 000	% Change
Results for the year			
Gross Revenue	1,147,904	1,058,425	8.45
Cost of Sales	355,090	350,150	1.41
Operating Profit before Interest & Tax	109,415	49,493	121.07
Interest Expense	2,684	2,772	(3.17)
Profit /(Loss) before Tax	196,792	63,370	210.54
Income Tax Expense	3,360	2,954	13.74
Profit /(Loss) after Tax	200,152	66,324	201.78
Profit /(Loss) attributable to Shareholders	200,152	66,324	201.78
Financial Position at the end of the year			
Shareholders' Funds (Stated Capital & Reserves)	3,556,553	3,350,939	6.14
Total Assets	4,589,622	4,422,796	3.77
Number of Shares in Issue (Millions)	20	20	-
Cash & cash equivalent	304,356	298,970	1.80
Ratios			
Return on Shareholders' Funds (%)	5.63	1.98	186.74
Return on Total Assets (%)	4.36	1.00	336.10
Year on Year EPS increase / decrease	201.50	(14.76)	1,465.70
Interest Cover (Times)	57.99	22.21	161.06
Equity / Assets (%)	77.49	75.76	2.28
Current Ratio (Times)	(3.26)	(2.68)	21.36
Gearing Ratio (Times)	0.000	0.003	-
Information per Ordinary share			
Earnings per Share (Rs.)	10.01	3.32	201.50
Net Asset per Share (Rs.)	178	168	6.13
Market Shareholder Information			
Market Value per Share as at 31st March (Rs.)	101.25	70	44.64
Market Capitalisation (Rs.' 000)	2,025,000	1,400,000	44.64
Price Earnings Ratio (Times)	10.12	21.11	(52.07)

Chairperson's message

Dear Shareholders,

It gives me great pleasure to present the Annual Report of Tangerine Beach Hotel PLC for the financial year ended 31 March 2026.

The year under review marked an important milestone in the Company's post-pandemic journey. Building upon the momentum generated over recent years, Tangerine Beach Hotel delivered one of its strongest financial performances since the recovery of Sri Lanka's tourism industry. Improved profitability, stronger operational performance and continued investment in our people and property reflect the resilience of our business model and the unwavering commitment of our employees.

While the global operating environment remained characterised by economic uncertainty, geopolitical developments and evolving travel patterns, Sri Lanka's tourism sector continued its remarkable recovery, creating favourable conditions for growth. Against this backdrop, your Company remained firmly focused on delivering exceptional guest experiences, strengthening operational efficiency and positioning the Hotel for sustainable long-term value creation.

A Year of Stronger Performance

Sri Lanka achieved a historic milestone during 2025 by welcoming more than 2.36 million international visitors, surpassing the country's previous tourism record. Although industry earnings did not increase at the same pace as visitor arrivals, the continued recovery of international travel reaffirmed Sri Lanka's position as one of the Indian Ocean's most attractive leisure destinations.

Within this improving environment, Tangerine Beach Hotel delivered an encouraging performance despite continuing operational constraints arising from the limited beach frontage. Through proactive marketing initiatives, disciplined cost management and an unwavering focus on service excellence, the Hotel successfully capitalised on improving market demand while strengthening its competitive position.

Revenue increased by 8.5% to Rs. 1.15 billion, while occupancy improved by 10% to 60.26%, supported by higher international arrivals and sustained demand from both overseas and domestic markets. Profit before tax increased significantly to Rs. 196.8 million, reflecting stronger operational performance together with prudent financial management, improved finance income and contributions from the Group's associate investment.

These achievements demonstrate not only the strength of our operational strategy but also the dedication and professionalism of our management team and employees, whose collective efforts continue to distinguish Tangerine Beach Hotel within an increasingly competitive hospitality landscape.

Investing for Long-Term Value

The Board remains committed to balancing immediate business performance with long-term strategic investment.

During the year, the Company continued to enhance its physical assets through guest room refurbishment, roof rehabilitation, restaurant improvements, waterproofing projects and the expansion of solar energy infrastructure. These investments strengthen the guest experience while preserving the long-term value of our property and supporting future quality standards.

Alongside physical improvements, management continued to pursue initiatives aimed at diversifying revenue streams, strengthening digital marketing capabilities, enhancing relationships with tour operators and online travel agents, and introducing innovative products designed to meet evolving customer preferences across leisure, wellness, corporate and domestic market segments.

Operational excellence remained a defining feature throughout the year. Careful cost management, improved productivity, enhanced procurement practices and continued investment in technology enabled the Company to improve profitability while maintaining the high standards of hospitality for which Tangerine Beach Hotel has become known.

Our People

Hospitality remains a people-centred business, and our employees continue to be our greatest strength.

The Board places considerable importance on creating an environment that supports professional development, employee engagement and service excellence. During the year, continued emphasis was placed on training, multi-skilling, succession planning and performance management to ensure our workforce remains agile and responsive to changing business needs.

Despite a challenging operating environment, the Company maintained prudent workforce planning while recognising employee contributions through improved service charge distributions and ongoing staff welfare initiatives. These efforts have strengthened employee motivation while supporting the delivery of consistently high standards of guest service.

I extend my sincere appreciation to every member of the Tangerine family whose dedication and professionalism contributed significantly to this year's achievements.

Sustainability and Responsible Growth

Responsible business practices remain central to our long-term strategy.

I am particularly pleased that this Annual Report is accompanied by the Company's inaugural Environmental, Social and Governance (ESG) Report. This represents an important milestone in our sustainability journey and demonstrates our commitment to integrating responsible business practices into every aspect of our operations.

During the year, we continued to strengthen environmental initiatives through expanded solar energy utilisation, responsible waste management, water conservation programmes and increased local sourcing. We were also honoured to receive the Travelife Sustainability Certification, reflecting our commitment to internationally recognised sustainable tourism standards.

Equally important is our continued investment in our communities through local employment, educational partnerships, supplier development and initiatives that support the social and economic well-being of the communities in which we operate.

The Board firmly believes that sustainable business success is achieved through responsible environmental stewardship, sound governance and meaningful stakeholder engagement, creating lasting value for shareholders while contributing positively to society.

Looking Ahead

While global economic conditions and geopolitical developments continue to create uncertainty across international travel markets, the long-term outlook for Sri Lanka's tourism industry remains encouraging.

The country's growing international reputation, diverse tourism offering and strategic location continue to position it favourably within the global tourism market. At the same time, the industry increasingly recognises that future success will depend not only on attracting higher visitor numbers but also on enhancing visitor value through differentiated experiences, wellness tourism, sustainability and service excellence.

Against this backdrop, Tangerine Beach Hotel remains well positioned to capitalise on emerging opportunities. Our priorities will continue to focus on strengthening guest engagement, enhancing operational efficiency, investing in our people and infrastructure, expanding sustainable business practices and delivering consistent long-term returns for our shareholders.

With a strengthened financial position, a committed workforce and a clear strategic direction, I am confident that the Company will continue to build on its achievements and create enduring value for all stakeholders.

Appreciation

On behalf of the Board, I extend my sincere appreciation to our shareholders for their continued confidence and support. I also thank my fellow Directors for their guidance and stewardship, our management team and employees for their dedication and professionalism, and our guests, business partners, suppliers and the communities we serve for their continued trust and loyalty.

Together, we look forward to the future with confidence, committed to building a resilient, sustainable and successful Tangerine Beach Hotel for generations to come.

A. M. Ondaatjie
Chairperson

17th August 2026

Board of Directors

A M Ondaatjie - *Chairperson - Non-Executive Director*

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

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

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

G G Ondaatjie - *Non -Executive Director*

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

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

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

Board of Directors

T J Ondaatjie - *Non -Executive Director*

Mr. Travice Ondaatjie was appointed to the Board on 20th July 1995. He has over 30 years of experience in the tourism and financial services sectors. He holds a Bachelor of Science degree from Arizona State University, USA.

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

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

C A Ondaatjie - *Non Executive Director*

Mrs. Christabel Ondaatjie has served as a Director of the Company since its inception. She has over 35 years of experience in the tourism and trading sectors.

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

	Name of the Company	Position held	Executive/Non Executive
1	Nilaveli Beach Hotels (Pvt) Ltd	Director	Non -Executive
2	Mercantile Fortunes (Pvt) Ltd	Director	Non-Executive

N H V Perera - *Non -Executive Director*

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

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

L H Jayasinghe - *Executive Director*

Mr. Lakal Jayasinghe was appointed to the Board on 20th December 2007 and currently serves as the Director/General Manager of Tangerine Beach Hotels PLC. He has over 40 years of experience in the tourism sector, gained both in Sri Lanka and overseas. He is a Fellow of the Ceylon Hotel School Graduates Association and holds a Diploma in Hotel Management.

Board of Directors

P S R Casie Chitty - *Non-Executive Director*

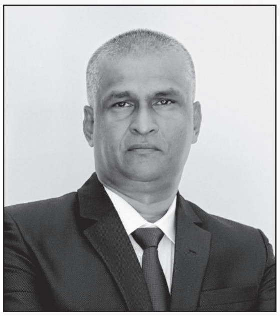
Mr. Rajiv Casie Chitty was appointed to the Board of Tangerine Beach Hotels PLC on 5th February 2013. He has over 33 years of experience in the private sector, including more than 18 years at senior management level. He currently serves as the Chief Operating Officer of Commercial Credit and Finance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

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

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

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

G K S Kumar - *Non Executive Independent Director*



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

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

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

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

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

P T K Navaratne - *Non Executive Independent Director*

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

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

Ms. Navaratne holds a Bachelor of Laws (LLB) degree from the University of Colombo and is an Attorney-at-Law.

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

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

Board of Directors

Aroshi Nanayakkara - *Non Executive Independent Director*

Ms. Aroshi Nanayakkara is the Chief Executive Officer of the Global Consulting Company and a dynamic leader with extensive expertise in Strategic Planning, Human Resources, and Risk Management. She brings a wealth of experience gained from working with leading multinationals and some of Sri Lanka's most prominent blue-chip companies.

Prior to her current role, Ms. Nanayakkara held key positions at renowned institutions including ABN AMRO Bank NV, Deutsche Bank, Eagle Insurance, the Delmege Group, and the Brandix Group of Companies. At Brandix, she served as the Chief Risk Officer and subsequently as Chief Executive Officer of Brandix Hangers (Pvt) Ltd. She is also the former Vice President of the Lanka India Business Association and immediate past Chairperson of Sri Lanka Institute of Directors.

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

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

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

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

Management Discussion and Analysis

Global Economic and Tourism Environment

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

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

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

Europe remained the world's largest tourism destination, welcoming approximately 793 million international arrivals, while Asia and the Pacific recorded the strongest regional recovery, with arrivals increasing by 6% to 331 million visitors. Travellers increasingly prioritised experiential, wellness-oriented, and sustainable travel experiences, while digital technologies continued to reshape travel planning, booking behaviour, and guest engagement. Destinations offering authentic experiences, natural attractions, and strong sustainability credentials remained particularly well-positioned to capture growing international demand.

Sri Lankan Economic and Tourism Environment

Sri Lanka's economy continued its recovery trajectory during 2025, supported by sustained macroeconomic stabilisation, structural reform implementation, and improving investor confidence. Real GDP growth was estimated at approximately 5%, reflecting the continuation of economic recovery following the severe challenges experienced in recent years.

Improved external sector performance, increased foreign exchange inflows, tourism recovery, and ongoing fiscal consolidation measures contributed towards greater macroeconomic stability during the year. Inflation remained at low single-digit levels following the easing of energy-related price pressures and improved domestic supply conditions. The financial sector also demonstrated improved resilience through stronger capital adequacy, improved liquidity conditions, and enhanced confidence under the continuing IMF-supported reform programme.

Within this improving economic environment, Sri Lanka's tourism industry achieved a significant milestone by recording its highest-ever annual tourist arrivals and surpassing the previous record established in 2018. Visitor arrivals exceeded 2.36 million during 2025, representing a year-on-year increase of 15.1%.

Tourism continued to play a vital role in supporting the country's external sector, generating approximately USD 3.22 billion in foreign exchange earnings. However, while visitor volumes surpassed pre-pandemic levels, earnings growth remained comparatively modest, highlighting an emerging industry challenge. The divergence between visitor arrivals and tourism earnings reflects shorter average lengths of stay and lower average daily expenditure compared to historical peak levels.

As a result, industry stakeholders have increasingly emphasised the importance of attracting higher-value travellers through specialised tourism segments such as wellness tourism, eco-tourism, health tourism, and experiential travel. Growth during the year was supported by strong performance from key source markets including India, the United Kingdom, and the Russian Federation, while improved connectivity and destination promotion initiatives further strengthened tourism demand.

Operational and Financial Performance Review

Against this improving tourism backdrop, the financial year 2025/26 marked a period of strengthened performance for Tangerine Beach Hotel PLC, reflecting improved tourism conditions, disciplined operational management, and the continued execution of strategic initiatives focused on enhancing long-term value creation.

The Company continued to operate within a competitive coastal

Management Discussion and Analysis

tourism environment, where evolving traveller preferences and destination dynamics required ongoing adaptation in product positioning and market engagement. Consequently, the Hotel demonstrated resilience, delivering one of its strongest post-pandemic performances. Through proactive marketing initiatives, operational discipline, and a strong focus on guest experience, the Company successfully capitalised on improving market conditions while strengthening its competitive position.

Revenue increased by 8.5% to Rs. 1.15 billion compared with Rs. 1.06 billion in the previous year. Room revenue, including board meal income, increased by 10% to Rs. 934 million, supported by improved occupancy levels and the successful implementation of dynamic pricing strategies. Growth was primarily driven by the recovery of room-related income, while food and beverage revenues remained resilient, benefiting from increased guest volumes. Selected ancillary revenue streams experienced pressure due to competitive market conditions. Although selected ancillary revenue streams experienced pressure due to competitive market conditions, strategic cost containment initiatives reduced the cost of sales from 33% of revenue in the previous year to 31% during the year under review. As a result, gross profit increased to Rs. 792.8 million from Rs. 708.3 million in 2024/25, reflecting improved operational efficiency, disciplined cost management and tighter controls across the business.

Profit before tax increased significantly to Rs. 196.8 million, while profit after tax improved to Rs. 200.9 million, reflecting favourable tax impacts during the year together with improved operating performance. The enhanced profitability was further strengthened by disciplined cost management, improved finance income, and increased contribution from the Group's associate investment.

Improved operating leverage, disciplined cost management, and stronger revenue generation contributed to an improvement in profitability margins during the year.

The Company continued to maintain a sound financial position, underpinned by a strong asset base, prudent capital management, and healthy liquidity levels. Total assets increased to Rs. 4.5 billion during the year, reflecting ongoing investments in refurbishment, infrastructure improvements, and operational enhancements. Strong liquidity supported operational continuity and provided the capacity required to undertake future development initiatives while preserving shareholder value. Cash generated from operations remained a key strength, enabling the Company to fund ongoing refurbishment programmes while maintaining a healthy financial position.

Occupancy increased by 10% to 60.26%, while the number of guests accommodated during the year increased by 12% to 79,704. This improvement was supported by increased tourist arrivals to Sri Lanka, particularly from the Indian market, together with the continued contribution of the domestic leisure segment.

The Indian market continued to represent a strategically important source of business for the Company during the year. Leveraging the established reputation and extensive market reach of the Group's destination management arm, Tangerine Tours, particularly within India and the wider South Asian region, the Hotel successfully attracted visitors seeking authentic Sri Lankan hospitality complemented by services tailored to regional preferences. This included carefully curated culinary offerings, personalised guest experiences and the warm hospitality for which the Hotel is recognised, enabling the Company to strengthen its appeal within this important and growing market segment.

While room-related revenues recorded strong growth, certain ancillary revenue streams experienced challenges during the year. Increased competition within the banquet segment, reduced demand for day-outing packages. The commencement of wellness operations at neighbouring properties also influenced demand for certain wellness services. Management continues to explore opportunities to strengthen these segments through product innovation, targeted promotions, and enhanced guest engagement.

The Hotel continued to pursue revenue enhancement opportunities through innovative products and packages targeting leisure, corporate, MICE, wedding, and domestic market segments. Enhanced digital marketing initiatives, stronger engagement with online travel agents, strategic partnerships with tour operators, and increased focus on upselling and cross-selling activities contributed positively to business performance.

Operational efficiency remained a key priority throughout the year. Comprehensive cost management measures were implemented across departments, including improved inventory controls, supplier negotiations, energy conservation initiatives, preventive maintenance programmes, and productivity improvements through workforce optimisation and multi-skilling. These initiatives supported profitability improvements while ensuring that service quality and guest satisfaction standards were maintained.

Cost pressures arising from inflationary trends were mitigated through procurement efficiencies, energy management initiatives, and tighter operational controls.

During the year, the Company continued to invest in maintaining and enhancing its physical assets. Key initiatives included refurbishment of guest rooms and critical infrastructure, expansion of solar energy installations, restaurant facility enhancements, waterproofing projects, and basement refurbishment works. These investments were undertaken to preserve asset quality, enhance operational efficiency, and support future classification and service standards.

These achievements reflect the Company's ability to adapt to evolving market conditions while maintaining a clear focus on operational excellence, customer satisfaction, and long-term value creation

Guest Experience and Reputation Management

Recognising the increasing influence of digital platforms on travel decisions, the Hotel maintained a strong focus on guest satisfaction and online reputation management throughout the year. Continuous monitoring of guest feedback across major review platforms, including TripAdvisor, Booking.com, Google Reviews, and other travel portals, enabled management to respond promptly to customer concerns and identify opportunities for service improvement.

Enhanced staff training initiatives, ongoing improvements to product quality and cleanliness standards, and continued investment in guest facilities contributed to maintaining service excellence and strengthening the Hotel's competitive position within an increasingly demanding marketplace.

Human Capital Management

Human resource management continued to play a critical role in supporting operational performance and service excellence during the year. Workforce planning remained closely aligned with business volumes and revenue performance, enabling the Hotel to maintain an efficient staff-to-room ratio of approximately 1.5 employees per room while preserving service quality standards.

The Hotel continued to invest in employee development through multi-skilling initiatives, cross-functional training programmes, succession planning, internal promotions, and performance management processes designed to enhance productivity and accountability. Employee engagement, workplace safety, and staff welfare remained key priorities throughout the year.

Despite fluctuations in business volumes during certain periods, prudent financial management and operational efficiencies enabled the Hotel to distribute an improved average service charge to employees compared to the previous year, reflecting management's commitment to recognising employee contributions and maintaining workforce motivation and supporting the delivery of consistent service standards. There were no material issues pertaining to employees and industrial relation of the company.

Outlook

While the long-term outlook for global tourism remains positive, the operating environment is expected to remain dynamic during the remainder of 2026. Geopolitical developments, including heightened tensions in the Middle East, fluctuating energy prices, and economic uncertainties in certain source markets, may influence travel sentiment and international tourism demand.
Sri Lanka nevertheless remains well-positioned to benefit from its strong destination appeal, competitive pricing, diverse tourism offerings, and growing international recognition. Industry stakeholders continue to focus on strengthening destination marketing, enhancing service standards, diversifying source markets, and promoting higher-value tourism segments in order to improve sector resilience and long-term earnings potential.

Against this backdrop, Tangerine Beach Hotel PLC remains focused on strengthening guest engagement, enhancing service quality, improving operational efficiency, and pursuing revenue diversification opportunities. The Company will continue to invest in its people, infrastructure, and product offering while maintaining disciplined cost management and prudent financial stewardship. Management remains cautiously confident that these initiatives will support sustainable growth and long-term value creation for shareholders and stakeholders.

Corporate Governance

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

Board Composition

The Board comprises of 10 Directors including the Chairperson.. This includes 03 Independent Non-Executive Directors, 01Executive Director and 06 Non-Executive Directors.

Role and Function of the Board of Directors

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

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

Board Independence

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

The Responsibilities of the Board

The Board of Directors is responsible for;

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

Regular Re-election of Directors

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

Compliance with Legal Requirements

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

Attendance at Board Meetings			
Name of Director	30/03/2026	25/11/2025	Meeting Attendance
Non - Executive Directors			
A M Ondaatjie	✓	✓	2/2
G G Ondaatjie	✓	-	1/2
T J Ondaatjie	✓	✓	2/2
C.A. Ondaatjie	-	-	0/2
N H V Perera	-	-	0/2
P.S.R.Casie Chitty	✓	✓	2/2
Non - Executive Independent Directors			
G K S Kumar	✓	✓	2/2
P T K Navaratne	✓	✓	2/2
Aroshi Nanayakkara	✓	✓	2/2
Executive Director			
L.H.Jayasinghe	✓	✓	2/2

Audit Committee

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

The members of the Audit Committee are as follows:
Mr. G K S Kumar - *Chairman*
Ms.P T K Navaratne
Mr.N H V Perera

The Chief Financial Officer, Financial Controller and the Director General Manager attend the Audit Committee meetings by invitation. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. A report of the Audit Committee is given on page 33.

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

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

Remuneration Committee

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

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

Corporate Governance

The Remuneration Committee met once during the financial year.

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

Related Party Transactions Review Committee

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

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

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

The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.
A report of the Related Party Transactions Review Committee is given on page 35.

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

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

Nomination & Governance Committee Report

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

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

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

A report of the is given Nomination & Governance Committee on page 36.
The Committee met once during the year.

Name of The Directors	Position	Attendance at Nomination & Governance Meetings 12.02.2026	Meeting Attendance
P .T. K. Navaratne	Chairperson	✓	1/1
G .K .S. Kumar	Member	✓	1/1
A .M. Ondaatjie	Member	✓	1/1

Relationship with Stakeholders

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

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

The Company Secretary

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

Accountability

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

Disclosure

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

Going Concern

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

Compliance Report

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

Auditors

The auditors Ernst & Young are to be re-appointed at the Annual General Meeting to be held on the 30th of September 2025 and the Directors' to authorize their remuneration.

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

Management Committee

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

Corporate Governance

Internal Audits

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

Other Information

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

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company adheres to the Corporate Governance Rules. Any deviations from these rules are disclosed within this Report, along with a clear explanation for each instance.
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; ▪ Policy on the matters relating to the Board of Directors ▪ Policy on Board Committees ▪ Policy on Corporate Governance, Nominations and Re-election ▪ Policy on Remuneration ▪ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities ▪ Policy on Risk management and internal controls ▪ Policy on Relations with Shareholders and Investors ▪ Policy on Environmental, Social and Governance Sustainability ▪ Policy on Control and Management of Company Assets and Shareholder Investments ▪ Policy on Corporate Disclosures ▪ Policy on Whistleblowing ▪ Policy on Anti-Bribery and Corruption	Yes	The Company has established the list of Policies and disclosed in the company website: www.tangerinehotels.com
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Yes	None for the year under review

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.2.3	▪ List of policies in place as per Rule 9.2.1, with reference to website and ▪ Any changes to policies adopted	Yes	The existence of the said policies mentioned under 9.2.1 is disclosed in the company's website; (www.tangerinehotels.com) No changes to policies during the year under review
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	Company will make available to shareholders upon request
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	Required Committees are established and operational.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	yes	The required committees are functioning effectively, With clear mandates and engaged members
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the information upon a resolution being considered at any General Meeting shall be maintained.	Yes	Records of all resolutions are maintained
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Investor relations policy .
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A
9.7 Fitness of Directors and CEO			
9.7.1 - 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Yes	Fit and proper declaration has been obtained from directors for the year.
9.8 Board Composition			
9.8.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are met during the year under review.
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent Non-Executive Directors (NEDs) have declared their independence, which has been duly evaluated. No non-compliances were identified during the year under review.

Corporate Governance

CSE Rule	Requirement	Compliance Status	Action / Reference (within the Report)
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	N/A For the current year	Artical of Association duly amended.
9.10 Disclosures relating to Directors			
9.10.2/ 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	N/A for Finacialyear under review.
9.10.4 a-i	Details about the Board members	Yes	Refer the board of director profile Page 4 to 10 Corporate Governance report page 14 to 21 Annual report of the board of directors page 29 to 31 Committee reports page 34 to 36
9.11 Nominations and Governance Committee			
9.11.1	Establishment of a Nominations and Governance Committee (NGC)	Yes	Refer to the Nominations and Governance Committee Report
9.11.2	Formal procedure for the appointment and reelection of Directors	Yes	Refer to the Nominations and Governance Committee Report
9.11.3	NGC to have a written Terms of Reference	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (1) a-b	The Composition of NGC	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (2)	Chairperson of NGC to be an ID	Yes	Refer to the Nominations and Governance Committee Report
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members		Refer to the Nominations and Governance Committee Report
9.11.5 (i) - (x)	Functions of NGC	Yes	Refer to the Nominations and Governance Committee Report
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes	Refer to the Nominations and Governance Committee Report
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors.	Yes	Refer to the Remuneration Committee Report
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	Refer to the Remuneration Committee Report
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Refer to the Remuneration Committee Report
9.12.6 (3)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	Chairman is an ID

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

Risk Management

Risk management is the process of identifying, assessing and managing the risks that an organisation faces in the pursuit of its strategic objectives. As business activities are inherently subject to uncertainty, effective risk management is essential to safeguarding long-term value creation and sustainability.

Tangerine Beach Hotels PLC recognises that risk management is an integral component of sound corporate governance and business strategy. As risks continually evolve in response to changes in the operating environment, the Company adopts a proactive approach involving the continuous identification, assessment, monitoring and mitigation of risks.

The Board of Directors has overall responsibility for the Company's risk management framework. Risk oversight is supported by the Audit Committee and senior management, who regularly review key risks, mitigation measures and emerging risk trends. The internal audit function provides independent assurance on the effectiveness of internal controls and risk management processes.

The Company's risk management framework encompasses risk identification, risk assessment, implementation of mitigating controls, and ongoing monitoring to ensure that risks remain within acceptable levels. Through this structured approach, Tangerine Beach Hotels PLC seeks to minimise potential adverse impacts on its operations, financial performance, reputation and stakeholders.

The principal risks faced by the Company and the corresponding mitigation measures are outlined below.

Business Risk

Business risk arises from factors that may adversely impact the Company's revenue, profitability, cash flows and ability to achieve its strategic objectives. These risks may stem from changing market conditions, shifts in consumer preferences, economic uncertainties and evolving industry dynamics.

Mitigatory Measures

- The Company seeks to expand its market share through market diversification and by targeting both established and emerging tourism markets.
- The Company serves a diversified customer base comprising international and domestic travellers, thereby reducing dependence on any single market segment.
- Global online travel platforms and booking channels are utilised to enhance market reach, occupancy levels and revenue generation.
- Management continuously reviews operational costs and expenditure to improve efficiency, optimise pricing strategies and maintain profitability while preserving competitiveness.

Reputation Risk

The Company's reputation is a valuable asset that may be affected by adverse publicity, customer dissatisfaction, service failures or negative social media exposure. Reputational damage may adversely impact customer confidence, occupancy levels and financial performance.

Mitigatory Measures

- Guest feedback is actively monitored and evaluated to identify areas for service improvement.
- Social media platforms and online review channels are regularly monitored to safeguard the Company's brand image.
- Quality assurance programmes and service standards are continuously reviewed to maintain guest satisfaction and protect the Company's reputation.

Economic Risk

Economic risk arises from changes in macroeconomic factors such as inflation, interest rates and economic growth. Sustained inflationary pressures may increase operating costs, while higher interest rates may increase borrowing costs and impact profitability.

Mitigatory Measures

- The Company undertakes regular cost reviews and implements prudent cost-control measures while maintaining service quality standards.
- Excess funds are strategically managed to benefit from favourable interest rate movements and optimise investment returns.
- Financing and investment decisions are carefully evaluated to ensure appropriate risk-adjusted returns and sustainable capital management.

Foreign Exchange Risk

Foreign exchange risk arises from fluctuations in currency exchange rates that may affect revenue generated from international guests and foreign currency transactions.

Mitigatory Measures

- The Company seeks to denominate a significant portion of its foreign revenue streams in stable currencies such as the US Dollar and Euro.
- Foreign exchange movements are continuously monitored through the Group's treasury function to facilitate timely conversion and optimise foreign currency returns.

Geopolitical Risk

Geopolitical developments, regional conflicts, travel advisories, economic sanctions and disruptions to international travel may adversely affect tourist arrivals from key source markets.

Mitigatory Measures

- The Company mitigates this risk through market diversification and by targeting a broad range of international and domestic customer segments.
- Strong relationships are maintained with multiple tour operators and travel partners across different geographic markets.
- Management continuously monitors global developments and adjusts marketing and sales strategies where necessary to respond to changing travel patterns.

NATURAL DISASTER AND CLIMATE-RELATED RISK

The Company is exposed to risks arising from natural disasters and climate-related events, including floods, cyclones, fire, tsunamis, coastal erosion, rising temperatures and water scarcity. Such events may disrupt operations, damage assets and impact business continuity.

Mitigatory Measures

- Comprehensive insurance coverage is maintained to protect the Company's assets against potential losses arising from natural disasters.
- Emergency preparedness measures, including fire detection systems, fire-fighting equipment, emergency exits and evacuation procedures, are maintained across the property.
- The Company continues to implement energy efficiency initiatives, water conservation measures, waste management programmes and other environmental management practices to enhance climate resilience.

LEGAL AND STATUTORY RISK

Legal and statutory risk arises from potential non-compliance with laws, regulations, contractual obligations and other statutory requirements, which may result in litigation, penalties or reputational damage.

Mitigatory Measures

- The Company obtains support from the Group's centralised legal function in reviewing contracts, agreements and legal proceedings.
- Compliance with applicable laws and regulations is regularly monitored and reviewed by management.
- A compliance certification is submitted periodically to the Audit Committee for review and oversight.

OPERATIONAL RISK

Operational risk arises from weaknesses in internal controls, process failures, human error, fraud, system disruptions and other operational inefficiencies that may adversely impact business performance.

Mitigatory Measures

- Clearly defined policies, procedures and internal controls have been established across all key operational areas.
- Quarterly internal audits are conducted to evaluate the adequacy and effectiveness of internal controls and business processes.
- Audit findings are reviewed by management and corrective actions are implemented where necessary.
- CCTV surveillance systems are maintained at strategic locations within the hotel premises to enhance security and minimise the risk of fraud and negligence.

CYBERSECURITY AND DATA PRIVACY RISK

Increasing digitalisation exposes the Company to cybersecurity threats, data breaches, unauthorised access and system disruptions that could compromise operational continuity and customer information.

Mitigatory Measures

- Appropriate access controls and user authentication procedures are maintained.
- Firewall protection and other security measures are implemented to safeguard information systems.
- Regular system backups and software updates are conducted to maintain system integrity.
- Employee awareness programmes are carried out to promote cybersecurity best practices.

Risk Management

HUMAN CAPITAL RISK

The hospitality industry is highly dependent on skilled and motivated employees. The inability to attract, develop and retain qualified personnel may adversely affect service quality, operational performance and customer satisfaction.

Mitigatory Measures

- Continuous training and development programmes are conducted to enhance employee competencies.
- Employee engagement initiatives are implemented to promote motivation and retention.
- Succession planning is undertaken for key positions to ensure business continuity.
- Competitive remuneration and employee welfare practices support talent attraction and retention.

HEALTH AND SAFETY RISK

Health and safety risk relates to unsafe working conditions, equipment failures or incidents that may adversely affect employees, guests and visitors.

Mitigatory Measures

- Preventive maintenance programmes are carried out for elevators, chillers and other critical assets.
- Regular refurbishment and upkeep of facilities help maintain a safe environment for guests and employees.
- Emergency exits, safety signage and contingency procedures are maintained and periodically reviewed.

COMPETITIVE RISK

The hospitality industry remains highly competitive, with competition arising from both existing operators and new market entrants. Failure to respond effectively to changing customer expectations and market trends may impact the Company's market position.

Mitigatory Measures

- The Company seeks to maintain its competitive position through service excellence, continuous product enhancement and targeted marketing initiatives.
- Regular refurbishment and upgrading of facilities ensure that guest expectations continue to be met.
- Long-standing relationships with tour operators and strategic business partners support sustained occupancy and revenue generation.
- Market developments and competitor activities are continuously monitored to facilitate timely strategic responses.

EMERGING RISKS

The Company continues to monitor emerging risks including climate-related impacts, cybersecurity threats, evolving regulatory requirements, changing traveller preferences and global economic uncertainties. Management regularly reviews these risks to ensure that appropriate mitigation strategies remain effective and aligned with the Company's long-term objectives.

SLFRS S1 and SLFRS S2 Disclosure

1. Sustainability Commitment

At Tangerine Beach Hotel PLC (TBH), sustainability is integrated into operational practices through responsible resource management, environmental stewardship, employee development, community engagement, and responsible tourism practices.

The Company recognises that sustainable tourism plays an important role in preserving natural resources, supporting local communities, and creating long-term value for guests, employees, shareholders, and other stakeholders.

Sustainability remains an integral component of TBH's business strategy and operational decision-making. Through continuous improvement initiatives, efficient resource utilisation, and stakeholder engagement, the hotel seeks to minimise environmental impacts while contributing positively to the social and economic development of the communities in which it operates.

Sustainability initiatives are overseen by the management team and incorporated into operational planning processes. Management periodically reviews sustainability performance and identifies opportunities to enhance resource efficiency, responsible practices, and long-term resilience.

2. Sustainability Governance

TBH's sustainability initiatives are integrated into the Company's overall governance and operational management framework.

The Board of Directors provides overall oversight of the Company's strategic direction, including matters relating to responsible business practices, risk management, and long-term sustainability.

Sustainability-related initiatives are implemented through the hotel's management team, which monitors operational performance, resource efficiency initiatives, environmental practices, employee-related matters, and community engagement programmes.

The Company's governance framework is supported by established policies and practices relating to risk management, internal controls, ethical conduct, compliance, and responsible business practices.

Key governance mechanisms include:

- A structured risk management framework to identify, assess, and manage operational, environmental, social, and business risks;
- Internal control processes to support operational effectiveness and accountability;
- Policies promoting ethical conduct, compliance, and responsible business behaviour;
- Mechanisms to encourage employees and stakeholders to raise concerns relating to misconduct or unethical practices.

Detailed information relating to Board composition, Board committees, corporate governance practices, and statutory compliance is disclosed in the Company's Annual Report.

3. Tier 2 - ESG Performance and Sustainability Initiatives

3.1 Sustainability Approach

TBH believes that long-term value creation requires a balanced approach that integrates environmental responsibility, social contribution, economic sustainability, and service excellence.

The Company's sustainability approach has been further strengthened through the achievement of the Travelife Sustainability Certification in November 2025. The certification recognises TBH's practices relating to energy conservation, waste management, environmental responsibility, socio-economic contribution, human rights, fair labour practices, biodiversity protection, and health and safety standards.

3.2 Environmental Sustainability

TBH continues to implement environmentally responsible practices focused on improving operational efficiency, conserving resources, and reducing its environmental footprint.

Energy Management and Renewable Energy

TBH has invested in renewable energy solutions as part of its commitment to sustainable operations. The installation of solar photovoltaic panels has improved energy efficiency while reducing dependence on conventional energy sources. Solar energy is also utilised for hot water generation across the property.

The hotel continues to enhance energy efficiency through LED lighting systems and regular monitoring of energy consumption to identify further improvement opportunities.

SLFRS S1 and SLFRS S2 Disclosure

During the reporting period:

Indicator	Performance
Total electricity consumption	1,612,638 kWh
Solar energy generated	997,646 kWh

The utilisation of solar energy represents a significant contribution towards reducing reliance on conventional energy sources and supporting TBH's transition towards cleaner energy solutions.

Water Management

Water conservation remains a key operational priority given the resource-intensive nature of the hospitality industry.

TBH monitors water consumption through a comprehensive metering system to support responsible usage, identify consumption trends, and implement conservation measures.

During the reporting period:

Indicator	Performance
Total water consumption	122,479 cubic metres

The hotel further reduces freshwater consumption through the recycling of treated water generated through its sewage treatment plant, which is utilised for landscape irrigation.

Ongoing monitoring and maintenance of landscaped areas support efficient water utilisation and responsible resource management.

Waste Management and Recycling

TBH continues to strengthen waste reduction and recycling practices through responsible segregation, recycling partnerships, and initiatives aimed at reducing waste generation.

Key initiatives include:

- Waste collected through Tangerine Beach Hotel / Royal Palms Beach Hotel Green Bank being directed for recycling.
- Plastic waste collected through the Eco Spindles initiative amounting to 507 kg, which was subsequently sent for recycling.

These initiatives support the reduction of waste sent to landfill and contribute towards a circular economy approach. The hotel continues to explore opportunities to reduce single-use plastics and promote environmentally responsible alternatives.

Sustainable Operations

TBH promotes paperless processes and digital communication wherever practical to reduce paper consumption and improve operational efficiency.

Resource consumption is continuously monitored to support the hotel's objective of achieving sustainable long-term operations.

Guest participation remains an important element of the hotel's sustainability efforts. Environmental awareness materials provided in guest rooms encourage responsible practices, including linen and towel reuse initiatives, supporting the conservation of water and energy resources.

TBH continues to promote sustainable tourism practices while maintaining high standards of hospitality, guest comfort, and service excellence.

Sustainable Procurement and Local Sourcing

TBH recognises the importance of supporting local economic development through responsible procurement practices.

Where possible, the hotel prioritises local suppliers, supporting local businesses while reducing transportation-related environmental impacts.

The hotel also continues to develop micro-farming initiatives within the property, supporting sustainable food sourcing and enabling the use of fresh produce in guest and staff meals.

Carbon Footprint Management

TBH has not yet undertaken a formal carbon footprint measurement exercise.

As part of its future sustainability roadmap, the Company aims to progressively strengthen climate-related reporting through improved emissions tracking, measurement, and monitoring mechanisms.

3. Social Sustainability

Employee Development and Workforce Diversity

Employees remain a key stakeholder group in TBH's sustainability journey.

The hotel is committed to maintaining a safe, inclusive, and equitable workplace that supports employee wellbeing, professional development, and career growth.

Training programmes, learning opportunities, and employee engagement initiatives are provided to enhance employee capabilities and support operational excellence.

Employees are encouraged to adopt environmentally responsible practices through awareness programmes and operational procedures relating to energy conservation, waste reduction, and efficient resource utilisation.

During the reporting period:

Indicator	Performance
Total employees	326
Male employees	269
Female employees	57
Training hours provided	105 hours
Employee turnover rate	28.13%
Internship opportunities provided	19

TBH continues to strengthen employee capabilities while promoting an inclusive workplace culture.

Workplace Health and Safety

TBH places strong emphasis on maintaining a safe working environment for employees, guests, and stakeholders.

During the reporting period:

- No major workplace accidents or injuries were reported.

The Company continues to promote safety awareness and responsible operational practices across the property.

3.4 Community Engagement and Social Contribution

TBH recognises its responsibility towards supporting the communities in which it operates.

The hotel contributes to community development through employment opportunities, skills development initiatives, educational exposure programmes, and social welfare support.

During the year, undergraduate students from several Sri Lankan universities were provided opportunities to visit the property and gain practical exposure to hospitality operations through interactions with management representatives.

TBH also supports healthcare and community welfare initiatives through donations and assistance programmes. Employee participation in community initiatives is encouraged as part of the Company's broader social responsibility commitment.

The hotel promotes Sri Lankan culture, heritage, cuisine, arts, and crafts, contributing towards the preservation of local traditions while enhancing the guest experience.

During the reporting period:

Area	Performance
Community investment	Rs. 85,500
Local procurement contribution	18%
Students participating in exposure programmes	106

TBH continues to support community development through local engagement, educational initiatives, and collaboration with regional stakeholders.

3.5 Responsible Tourism and Sustainability Certification

The recognition of TBH's sustainability efforts through the achievement of the Travelife Sustainability Certification in November 2025 reflects the hotel's commitment to responsible tourism practices and continuous improvement in environmental and social performance.

The certification assessment covered:

- Environmental impact management
- Economic and social contribution to communities
- Human rights and fair labour practices
- Biodiversity and animal welfare protection
- Sustainable accommodation practices
- Guest and employee health and safety standards

The achievement demonstrates TBH's alignment with internationally recognised sustainable tourism principles.

SLFRS S1 and SLFRS S2 Disclosure

3.6 Inclusion, Diversity and Social Responsibility Highlights

TBH continues to promote an inclusive workplace culture and strengthen its social responsibility commitments through initiatives that support equal opportunity, employee diversity, and community resilience.
During the reporting period, TBH:

- Recruited two differently abled employees from the region, supporting workplace inclusion and equal opportunity.
- Facilitated participation in the National Tsunami Mock Drill conducted in collaboration with the Ministry of Disaster Management and District Secretariat, Kalutara, involving guests, employees, and community members.

These initiatives demonstrate TBH's commitment towards building an inclusive workplace and strengthening community resilience.

3.7 Future Sustainability Priorities

TBH remains committed to strengthening its sustainability journey through responsible business practices, resource efficiency initiatives, environmental conservation, and community engagement.

The hotel will continue integrating sustainability considerations into decision-making processes while supporting the long-term resilience of its operations, stakeholders, and surrounding communities.

Future priorities include:

- Improving energy efficiency and renewable energy utilisation;
- Enhancing waste reduction and recycling initiatives;
- Strengthening environmental data measurement systems;
- Progressing towards carbon footprint assessment;
- Expanding employee development and wellbeing initiatives;
- Increasing community engagement programmes.

The Company remains committed to advancing sustainable tourism practices while creating long-term value for all stakeholders.

Annual Report of Board of Directors

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

Review of the year

The Chairman's Review on pages 2 to 3 contains a review of operations during the financial year.

Principal Activity

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

Corporate Governance

The Board of Directors of the Company is responsible for the governance of the company, which include setting out strategic aims, providing leadership and supervising the management. The corporate governance practices of the Company are given on page 14 to 21.

Turnover

The net revenue of the Company for the year was Rs. 1,147,904,932/- (2025 Rs 1,058,425,894/-) Segmental Analysis of revenue is given in Note 3 to the financial statements.

Results for the Year

	31.03.2026	31.03.2025
Net profit for the year amounts to	196,792,385	63,369,793
Less: Provision for Taxation	3,360,004	2,954,584
Profit for the year	200,152,389	66,324,377
Unappropriated profit brought forward	1,020,054,763	957,357,344
Profit available for appropriation	**1,216,868,861**	**1,020,054,763**

Accounting Polices

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 41 to 81. There were no changes to the Accounting Policies adopted during the year.

Dividends

The Directors do not recommend a dividend for this Financial Year.

Capital Expenditure

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 159,253,147 (2025 - Rs 171,631,380) details of which are given in Note 10 to the Financial Statements.

Commitments & Contingencies

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

Outstanding Litigation

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

Property Plant & Equipment

The details of property, plant & equipment of the Company are shown in Note 10 to the Financial Statements.

Reserves

The movements during the year of Capital and Revenue Reserves are shown in the Statement of changes in Equity on page 44.

Donations

During the year donations to Rs. 14,338/- (2025- Rs 25,000/-) were made to various charities by the Company.

Post Balance Sheet Events

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

Going Concern

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

Directors

The names of the Directors are shown on pages 4 to 10.

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

Annual Report of Board of Directors

Special notice has been given of the intention to propose ordinary resolutions as set out in the notice of meeting to re-elect Mrs. C A Ondaatjie as a Director of the company in terms of Section 211 of the Companies Act No. 07 of 2007.

Board Committees

The following members of the Board serve on the Audit Committee

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

The report of the audit committee is given on page 33 of this report.

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

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

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

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

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

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

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

Directors Interest Register

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

Directors Interest in Contracts

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. The related party disclosures and the Directors of each of those related parties are given on page 73 and they have refrained from voting on matters in which they were materially interested

Directors' Remuneration

The aggregate emoluments paid to the Directors during the year, amounted to Rs. 8,353,000/-.

Directors Shareholdings

As at 31st March	2026 Shares	2025 Shares
Ms. A M Ondaatjie	569,982	569,982
Mrs. C A Ondaatjie	259,854	259,854
Mr. G G Ondaatjie	538,028	538,028
Mr. T J Ondaatjie	582,220	582,220
Mr. N H V Perera	202,236	202,236
Mr. L H Jayasinghe	-	-
Mr. P S R Casie Chitty	-	-
Ms. P T K Navaratne	-	-
Mr. G K S Kumar	-	-
Ms. A Nanayakkara	-	-

Mr. L H Jayasinghe serves as Director/General Manager and does not hold any shares in the company.

Public Holding

The number of ordinary shares held by the public as at 31st March 2026 was 7,253,886 shares (2025- 7,253,886), which amounted to 36.27% (2025- 36.27%) of the issued ordinary shares of the Company.

The number of public shareholders as at 31st March 2026 - 1,639
Float Adjusted Market Capitalization as at 31/03/2026 Rs. 734,467,500

The Company is compliant with the minimum public holding requirement under option 5 of 7.13.1(i)(a)
Number of shares representing the Stated Capital 20,000,000

Employee Share Option Schemes

The Company does not have any employee share option schemes.

Compliance with Applicable Laws and Regulations

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

Risk Management and Internal Controls

Risk Management and Internal Control measures carried out by the Board are given on page and the Board has conducted a review of the internal controls covering financial operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.

Appraisal of Board Performance

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

Auditors

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

The Auditors Messers Ernat & Young were paid Rs 946,00/- as Audit Fees For Non Audit service Rs. 111,258/- by the company.

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

For and behalf of the Board

Angeline Ondaatjie

A.M.Ondaatjie	T.J.Ondaatjie
Chairperson	*Director*

Mercantile Investments and Finance PLC
Secretaries

17th August 2026

Statement of Directors Responsibilities

Statement of the Directors' responsibilities in relation to the Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Independent Auditors' Report on page 38 to 40.

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

The Directors consider that, in preparing these Financial Statements set out through page 41 to 81 appropriate Accounting Policies have been selected and applied in a consistent manner, supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

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

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

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

By Order of the Board

Mercantile Investments and Finance PLC
Secretaries

17th August 2026
Colombo.

Audit Committee Report

Functions

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

Members of the Audit Committee

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

Meetings

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

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

Role and Responsibilities

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

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

Key Activities during the year

Financial Reporting

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

Internal Audit

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

External Audit

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

G K S Kumar
Chairman -Audit Committee

17th August 2026

Remuneration Committee Report

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

Roles and Responsibility

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

Purpose of the Committee

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

Duties of Committee

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

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

Remuneration Policy

Remuneration policies and practices are designed to support strategy and promote long-term sustainable success of the Company. The Directors emoluments are disclosed on page 73.

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

Meetings

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

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

Conclusion

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

P T K Navaratne
Chairperson
Remuneration Committee

17th August 2026

Related Party Transactions Review Committee Report

Introduction

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

Composition of the Committee

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

The mandate of the Committee includes:

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

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

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

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

(4) **Responsibilities:**

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

Policies and procedures

The Company maintains a Directors’ Interest Register and all Directors of the Company have disclosed their interests in other Companies conforming to the provisions of the Companies Act No. 07 of 2007. Further, all Related Party Transactions in accordance with Sri Lanka Accounting Standard 24 - (LKAS 24 - Related Party Transactions) are disclosed under Note 28 to the Financial Statements.The Committee in discharging its functions primarily relied on processes that were validated from time to time with a view to ensuring that:

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

G K S Kumar
Chairman - Related Party Transactions Review Committee

17th August 2026

Nomination & Governance Committee Report

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

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

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

Composition of the Committee

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

Committee Meetings

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

Responsibilities of the Committee

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

Key Functions of the Committee

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

P .T. K. Navaratne
Chairperson
Nomination & Governance Committee

17th August 2026

FINANCIAL REPORTS

Independent Auditor’s Report

Shape the future
with confidence

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

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

TO THE SHAREHOLDERS OF TANGERINE BEACH HOTELS PLC

Report on The Audit of The Financial Statements

Opinion

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

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Revenue The Company derives its revenue of Rs. 1,148 million by providing food, beverage, lodging and other hospitality industry related services as disclosed in Note 2.3.2 and 3 to the financial statements. Revenue was a key audit matter due to: ▪ Its significance to the financial statements and the audit focus on the completeness of revenue recognized during the year.	Our audit procedures included the following key procedures: ▪ Understood the relevant key controls over revenue. ▪ Performed appropriate analytical procedures to understand and assess the reasonableness of reported revenues; ▪ Tested the appropriateness of revenue recognized during the year, by testing revenue transactions to sales invoices and other supporting documents. We also assessed adequacy of disclosures made in relation to revenue in Notes 2.3.2 and 3 to the financial statements.

Other information included in the company's 2026 Annual Report

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

17 August 2026
Colombo

Statement of Financial Position

As at 31 March 2026	Note	2026 Rs.	2025 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	10	2,988,718,676	2,916,392,538
Intangible Assets	11	2,370,374	501,127
Investments in Associate	12.1	881,507,636	836,363,411
Right-of-use assets	14	4,860,561	1,970,292
		3,877,457,247	3,755,227,368
Current Assets			
Inventories	13	47,541,525	34,736,193
Trade and Other Receivables	15	106,012,059	165,762,199
Income Tax Receivable		5,294,923	4,839,918
Other Non Financial Assets	16	33,763,784	29,949,140
Amounts Due from Related Parties	17.3	180,172	173,423
Short Term Investments	17.2	215,016,475	133,138,492
Cash at Bank and In Hand	18	304,356,657	298,970,247
		712,165,595	667,569,611
Total Assets		4,589,622,842	4,422,796,979
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	19	244,800,000	244,800,000
Revaluation Reserve	20.1	2,093,964,259	2,085,466,138
Fair Value Reserve	20.4	920,700	618,513
Retained Earnings		1,216,868,861	1,020,054,763
Total Equity		3,556,553,820	3,350,939,414
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	23	-	10,000,000
Deferred Tax Liabilities	9.3	758,672,461	769,351,982
Post Employment Benefit Liability	24	50,672,370	42,150,369
Lease Liability	25	5,129,716	1,688,531
		814,474,547	823,190,882
Current Liabilities			
Trade and Other Payables	21	137,739,030	134,846,027
Amounts Due to Related Parties	22	10,150,385	11,034,600
Current Portion of Lease Liability	25	852,222	1,024,057
Current Portion of Interest Bearing Loans and Borrowings	23	69,852,838	101,761,999
		218,594,475	248,666,683
Total Equity and Liabilities		**4,589,622,842**	**4,422,796,979**

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

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

M.I. Shahabdeen
Chief Financial Officer

A.M. Ondaatjie
Chairperson

T. J. Ondaatjie
Director

The Accounting Policies and Notes on pages 46 through 81 form an integral part of the financial statements.

17 August 2026
Colombo

Statement of Profit or Loss

Year ended 31 March 2026	Note	2026 Rs.	2025 Rs.
Revenue	3	1,147,904,932	1,058,425,894
Cost of Sales		(355,090,024)	(350,150,280)
Gross Profit		792,814,908	708,275,614
Other Income & Gains	4	32,627,563	2,859,766
Selling and Distribution Expenses		(30,891,245)	(26,038,503)
Administrative Expenses		(647,071,053)	(627,457,166)
Loss From Derecognition of Property, Plant & Equipment		(4,505,000)	(4,181,185)
Other Expenses	7	(933,150)	(1,106,380)
Profit / (Loss) From Operations	5	142,042,023	52,352,147
Finance Income	6.1	13,664,854	9,228,217
Finance Expenses	6.2	(2,684,921)	(2,772,043)
Share of Associate Company's Profit	12.3	43,770,429	4,561,472
Profit /(Loss) Before Tax	5	196,792,385	63,369,793
Income Tax Expenses	9	3,360,004	2,954,584
Profit /(Loss) for the Year		**200,152,389**	**66,324,377**
Earnings Per Share	8	10.01	3.32

The Accounting Policies and Notes on pages 46 through 81 form an integral part of the financial statements.

Statement of Comprehensive Income

Year ended 31 March 2026	Note	2026 Rs.	2025 Rs.
Profit/(Loss) for the Year		200,152,389	66,324,377
Other Comprehensive Income			
Other comprehensive income to be reclassified to statement of profit or loss in subsequent periods (net of tax):	-	-	
Other comprehensive income not to be reclassified to statement of profit or loss in subsequent periods (net of tax):			
Actuarial Gains/(Losses) on Post Employment Benefit Liability	24.1	(3,231,294)	(4,592,112)
Income Tax Effect on Actuarial Gains/(Losses) on Post Employment Benefit Liability	9.3	969,388	1,377,633
Revaluation of Land & Building	20.2	-	326,543,103
Deferred Tax Effect on Revaluation of Land & Building	20.2	6,350,127	(88,857,679)
		4,088,221	234,470,945
Actuarial Gains/(Losses) on Post Employment Benefit Liability - Associate	12.2	(1,537,691)	(589,256)
Deferred Tax Effect on Actuarial Gains/(Losses) on Post Employment Benefit Liability -Associate	12.2	461,307	176,776
Revaluation of Land & Building -Associate	20.3	-	95,623,132
Deferred Tax Effect on Revaluation of Land & Building - Associate	20.3	2,147,994	(26,599,631)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments		431,696	773,038
Deferred Tax Effect on Gain on Fair Value Through OCI Financial Instruments		(129,509)	(231,911)
		1,373,797	69,152,148
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		5,462,018	303,623,093
Other Comprehensive Income for the Year		5,462,018	303,623,093
Total Comprehensive Income for the Year		**205,614,407**	**369,947,470**

The Accounting Policies and Notes on pages 46 through 81 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31 March 2026	Stated Capital Rs. (Note 19)	Revaluation Reserve Rs. (Note 20.1)	Revaluation Reserve of Associate Company Rs. (Note 20.1)	Fair value Reserve of Financials Assets at FVOCI Rs. (Note 20.4)	Retained Earnings Rs.	Total Equity Rs.
As at 01 April 2024	244,800,000	1,435,237,584	343,519,629	77,386	957,357,344	2,980,991,943
Profit/(Loss) for the Year	-	-	-	-	66,324,377	66,324,377
Other Comprehensive Income	-	237,685,424	69,023,501	541,127	(3,626,958)	303,623,094
Total Comprehensive Income	-	237,685,424	69,023,501	541,127	62,697,419	369,947,471
Balance as at 01 April 2025	244,800,000	1,672,923,008	412,543,130	618,513	1,020,054,763	3,350,939,414
Profit/(Loss) for the year	-	-	-	-	200,152,389	200,152,389
Other Comprehensive Income	-	6,350,127	2,147,994	302,187	(3,338,290)	5,462,018
Total Comprehensive Income	-	6,350,127	2,147,994	302,187	196,814,099	205,614,407
Balance as at 31 March 2026	**244,800,000**	**1,679,273,135**	**414,691,124**	**920,700**	**1,216,868,861**	**3,556,553,820**

The Accounting Policies and Notes on pages 46 through 81 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 March 2026	Note	2026 Rs.	2025 Rs.
Operating Activities			
Profit before tax		196,792,385	63,369,793
Adjustments for;			
Depreciation on Property, Plant and Equipment	10.2	82,422,008	77,011,363
Allowance for Inventory		(495,348)	606,273
Amortisation of Intangible Assets	11	591,126	286,227
Depreciation of Right of Use Asset	14	949,525	859,705
Provision for Bad and Doubtful Debts	15.2	(313,919)	(120,450)
Interest Income	6.1	(13,664,854)	(9,228,217)
Interest Expense	6.2	2,684,921	2,772,043
(Profit)/Loss on Disposal of Property, Plant and Equipment	4	-	(5,200,000)
De-recognition of Property, Plant and Equipment		4,505,000	4,181,185
Post Employment Benefit Plans	24.1	7,531,235	7,214,528
Share of Associate Profit	12.3	(43,770,429)	(4,561,472)
		237,231,650	137,190,978
Changes in Working Capital:			
(Increse)/Decrese in Receivable and Prepayments	15/16/17	54,059,751	114,709,659
(Increase)/Decrese in Inventories	13	(12,309,984)	2,162,827
Increase/(Decrese) in Trade and Other Payables	21/22	2,008,793	11,136,907
Cash Generated from Operations		280,990,206	265,200,370
Finance Costs Paid	6.2	(1,605,372)	(1,839,915)
Retirement Benefit Cost Paid	24	(2,240,528)	(5,766,635)
Income Tax Paid		(455,005)	(476,455)
Net Cash Flows From/(Used in) Operating Activities		276,689,301	257,117,365
Cash Flows from/(Used in) Investing Activities			
Acquisition of Property, Plant & Equipment	10.1	(159,253,146)	(171,631,380)
Acquisition of Intangible Assets	10	(2,460,373)	-
Proceeds from Disposal of Property, Plant & Equipment		-	5,200,000
Investments (Made) / Withdrawals in Fixed Deposit		(80,737,433)	(17,212,643)
Interest Income Received		12,524,304	9,128,008
Loan Obtained		-	30,000,000
Net Cash Flows from/(Used in) Investing Activities		(229,926,648)	(144,516,015)
Cash Flows from/(Used in) Financing Activities			
(Repayment)/Proceed of Interest bearing Loans and Borrowings	23.1	(12,000,000)	(8,000,000)
Payment of Lease Liabilities	25.1	(1,650,000)	(1,800,000)
Net Cash Flows from/(Used in) Financing Activities		(13,650,000)	(9,800,000)
Net increase/(Decrease) in Cash and Cash Equivalents		33,112,653	102,801,350
Effect of exchange rate changes on cash and cash equivalents		2,182,912	(4,359,364)
Cash and Cash Equivalents at the beginning of the year	18	209,208,248	110,766,262
Cash and Cash Equivalents at the end of the year		**244,503,813**	**209,208,248**

The Accounting Policies and Notes on pages 46 through 81 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

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

1.2 Principal Activities and Nature of Operations

The principal activity of the Company was hoteliering.

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Date of Authorisation for Issue

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

2. STATEMENT OF COMPLIANCE

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

2.1 Basis of Preparation

2.1.1 Basis of Measurement

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

2.1.2 Comparative Information

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

2.1.3 Materiality and Aggregation

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

2.1.4 Offsetting

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

2.1.5 Changes in Accounting Policies

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

2.2 Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

Going Concern

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

Critical Accounting Estimates and Assumptions

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

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

Valuations are performed frequently enough to ensure that the fair value of a revalued land does not differ materially from its carrying amount. To determine the frequency of valuations, the management uses its judgement supported by the advice of an independent professional valuer. Further details are given in Note 10.

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

De-recognition of Property Plant & Equipment Subject to **Refurbishments:**
In order to comply with the LKAS 16 - Property Plant & Equipment, the company determined the cost of derecognised assets based on the quantity surveyor's valuation.

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

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

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

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

2.3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3.1 Foreign Currency Translations

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

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

2.3.2 Revenue Recognition

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

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

a) Room Revenue

Revenue is recognized on the rooms occupied on daily basis.

b) Food & Beverage Revenue

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

c) Other Hotel Related Revenue

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

Notes to the Financial Statements

d) Interest

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

e) Others

Other income is recognized on an accrual basis.

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

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

2.3.3 Expenditure Recognition

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

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

2.3.4 Taxation

(a) Current Income Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Companies are liable to tax at the rate of 30%.

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

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

(b) Sales Tax

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

(c) Deferred Tax

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

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

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

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

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

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

2.3.5 Fair Value Measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and building. Involvement of external valuers is decided upon annually by the Board of Directors, where selection criteria would include market knowledge, reputation, and independence and whether professional standards are maintained.

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

2.3.6 Inventories

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

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

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

2.3.7 Cash and Short-term Deposits

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

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

2.3.8 Investment in Associates

The company's investment in its associates is accounted for under the equity method of accounting in separate financial statements (amendments to LKAS 27). An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in an associate is carried in the financial position at cost plus post acquisition changes in the company's share of net assets of the associate. Goodwill relating to an associates included in the carrying amount of the investment is not amortised. The statement of income reflects the share of the result of operation of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognized its share of any such change and discloses this, when applicable, in the statement of changing in equity.

The reporting dates of the associate and the company are identical and the associate's accounting policies confirm to those used by the company for like transactions and events in similar circumstance.

2.3.9 Property, Plant and Equipment

Property, Plant and Equipment (except for land & Building) is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the profit or loss as incurred.

Land and Building is measured at fair value less accumulated depreciation on building, less impairment losses. Valuations are performed with sufficient frequency (Once in 03 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

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

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

The useful lives of the assets are estimated as follows;

	2026	2025
Buildings and building integrals	3.66-70 Years	3.66-70 Years
Motor Vehicles	6-16 Years	6-16 Years
Kitchen Equipment	6-12 Years	6-12 Years
Furniture and Fittings	10-20 Years	10-20 Years
Office Equipment	6-15 Years	6-15 Years
Recreational Equipment	3-8 Years	3-8 Years
Hotel Equipment	3-12 Years	3-12 Years
Computer Equipment	3-5 Years	3-5 Years
Linen & Furnishing	3 Years	3 Years
Cutlery, Crockery & Glassware	3 Years	3 Years
Plant & Machinery	10-20 Years	10-20 Years
Solar Heater System	10 Years	10 Years
Telephone System	8- 10Years	8- 10Years
Air Conditioning System	10-16 Years	10-16 Years
Gym Equipment	10-15 Years	10-15 years
Solar Power System	10-15 Years	10-15 years

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

Capital Work-in-Progress

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

2.3.10 Financial Assets and Liabilities

Initial recognition of Financial Assets and Financial Liabilities

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (Debt instruments)

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

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

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

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

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

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

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

Debt instrument at Fair Value through OCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions:

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

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

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

Derecognition of financial assets

A financial asset is primarily derecognised when:

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

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

Notes to the Financial Statements

Impairment of Financial Assets

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

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

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

Subsequent Measurement

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

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

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

Financial Liabilities at Amortised Cost (Loans and Borrowings)

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

Derecognition of Financial Liabilities

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

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

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

2.3.11 SLFRS 15 Revenue from Contracts with Customers

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

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

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

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

2.3.12 Intangible Assets

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

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

Computer software 05 years

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

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

2.3.13 Provisions

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

2.3.14 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the company are disclosed in Note 26.

2.3.15 Retirement Benefit Obligations

a) Defined Benefit Plans - Gratuity

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

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

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligation are given in Note 24 Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Provision has been made for retirement gratuities from the first year of service for all employees,

Notes to the Financial Statements

in conformity with LKAS 19 on "Employee benefits' However, under the payment of gratuity act no 12 of 1983, the liability to an employee rises only on completion of 5 years of continued service.

The gratuity liability is not externally funded.

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

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

2.3.16 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.17 Right of Use Assets and Lease Liabilities

Right of Use Asset

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

Lease Liability

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

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

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

Short-term leases and leases of low-value assets

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

2.3.18 Dividend Distributions

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

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

2.4 New Accounting Standards issued but not yet effective as at Reporting Date

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

2.4.1 SLFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

2.4.2 SLFRS 19 Subsidiaries without public accountability: Disclosures

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

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

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

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

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

2.4.3 Classification and Measurement of Financial Instruments -

Amendments to SLFRS 9 and SLFRS 7

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

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

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

2.4.4 Annual improvements to Sri Lanka Accounting Standards

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

Notes to the Financial Statements

3. REVENUE

Year ended 31 March 2026	2026 Rs.	2025 Rs.
Segmentation of the Revenue		
Room Sales	382,370,941	302,144,816
Food and Beverage Sales	725,264,692	714,403,148
Spa sales	4,935,503	7,339,287
Ayurveda Sales	14,289,532	13,706,663
Other Hotel Related Revenue	21,044,264	20,831,980
	1,147,904,932	**1,058,425,894**

4. OTHER INCOME & GAINS

	2026 Rs.	2025 Rs.
Exchange Gain	31,208,167	(3,007,953)
Profit/(Loss) on Property Plant & Equipment	-	5,200,000
Scrap Sales	1,419,396	667,719
	32,627,563	**2,859,766**

5. PROFIT BEFORE TAXATION

	2026 Rs.	2025 Rs.
Stated after Charging/(Crediting)		
Depreciation	82,422,008	77,011,363
Amortisation of Intangible Assets	591,126	286,227
Auditors' Remuneration	998,000	946,000
Allowances for Inventory	(495,348)	606,273
Salaries & Wages	192,464,596	171,772,411
Cost of Meals	44,439,970	41,311,643
Defined Contribution Plans	24,172,595	21,100,870
Post Employment Benefit Plans	7,531,235	7,214,528
Directors' Emoluments	1,075,000	545,000
Operation and Marketing Fees- Payable to a Related Party	45,383,065	41,779,284
Repair and Maintenance Expenditure	56,476,482	58,214,077
Power and Energy Expenditure	34,321,180	59,396,138
Exchange Gain/(Loss)	31,208,167	(3,007,953)
Sales Promotional and Advertising	9,315,025	9,957,728
Social Security Contribution Levy	23,998,159	21,665,029

6. NET FINANCE INCOME/(EXPENSES)

	2026 Rs.	2025 Rs.
6.1 Finance Income		
Interest Income on Foreign Currency Deposit	9,626,592	1,696,850
Interest Income on Fixed Deposit	1,914,011	5,471,678
Interest Income on Money Market	2,124,251	2,059,689
	13,664,854	**9,228,217**
6.2 Finance Expenses		
Interest Expenses on Loan and Overdrafts	(1,605,372)	(1,839,915)
Interest Expenses on Lease	(1,079,549)	(932,128)
	(2,684,921)	(2,772,043)
	10,979,933	**6,456,174**

7. OTHER EXPENSES

Year ended 31 March 2026	2026 Rs.	2025 Rs.
Bank Charges	933,150	1,106,380
	933,150	**1,106,380**

8. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding.

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

Amount Used as the Numerator:	2026 Rs.	2025 Rs.
Net Profit for the period	200,152,389	66,324,377
Net Profit attributable to Ordinary Shareholders for Basic Earnings Per Share	**200,152,389**	**66,324,377**

Number of Ordinary Shares Used as Denominator	**Number**	**Number**
Weighted average number of Ordinary Shares Applicable to Basic Earnings Per Share	20,000,000	20,000,000
Earnings Per Share	10.01	3.32

Notes to the Financial Statements

9. INCOME TAX

The major components of income tax expenses for the year ended 31 March are as follows

	2026 Rs.	2025 Rs.
Current Income Tax		
Current Income Tax charge	-	-
Under/(Over) Provision of current taxes in respect of prior years	-	-
	-	-
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) (Note 9.3)	(3.360.005)	(2,954,584)
Income tax expense reported in the Statement of profit or loss	**(3,360,005)**	**(2,954,584)**
Statement of Changes in Equity		
Deferred Income Tax related to items charged or credited through OCI to equity :		
Recognition of Deferred Tax on Temporary Differences	969,388	1,377,633
Revaluation of Land and Buildings to Fair Value	6,350,129	(88,857,679)
Income tax expense reported in equity	**7,319,517**	**(87,480,046)**

9.1 A Reconciliation Between Tax Expense and the Product of Accounting Profit multiplied by the statutory tax rate is as follows :

	2026 Rs.	2025 Rs.
Accounting Profit / (Loss) before tax from continuing operations	196,792,385	63,369,793
Less : Share of Associate Company's Profits /(Loss)	43,770,429	4,561,472
Accounting Profit Before Income Tax	153,021,956	58,808,321
Add - Aggregate disallowable Items	98,933,201	136,228,976
Less - Aggregate Allowable Items	(102,386,757)	(75,227,934)
Less - Other Sources of Income	-	-
Tax Profit /(Loss) for the Year	149,568,400	119,809,363
Less Tax losses Utilised During the Year	(149,568,400)	(119,809,362)
	-	-
Other Sources of Income		
- Statutory Income from Interest	13,664,854	9,228,216
- Rent Income	-	9,922,496
Less - Exempt Interest & Other	(9,626,592)	(1,696,850)
Taxable Income	4,038,262	17,453,862
Less Tax Losses Utilised During the Year	(4,038,262)	(17,453,862)
Less - Exempt Interest & Other		
Applicable Tax Rate	30%	30%
Income Tax Expense for the Year	-	-

9.2 The business profits and income of the company are liable to tax at a 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 also taxable at 30%.

9.3 Deferred Tax Assets, Liabilities

	2026 Rs.	2025 Rs.
Deferred Tax Liabilities	775,672,798	783,924,776
Deferred Tax Assets	(17,000,337)	(14,572,794)
Net Deferred Tax Liabilities	**758,672,461**	**769,351,982**

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

	Statement of Financial Position		Statement of Profit or Loss		Statement of Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liability						
Intangible Assets	(194,133)	(8,230)	(185,903)	(52,398)	-	-
Revalued Land and Building	627,481,335	633,831,463	-	-	(6,350,129)	88,857,679
Capital allowances for tax purposes	148,385,596	150,101,543	(1,715,947)	(2,324,520)	-	-
	775,672,798	**783,924,776**	**(1,901,850)**	**(2,376,918)**	**(6,350,129)**	**88,857,679**
Deferred Tax Assets						
Defined Benefit Plans - recognised through income statement	(15,201,711)	(12,645,111)	(1,587,212)	(434,369)	(969,388)	(1,377,633)
Right of Use Asset - recognised through income statement	(336,411)	(222,689)	(113,722)	2,450	-	-
Allowances for Doubtful Receivables	(324,261)	(418,437)	94,176	36,135	-	-
Allowances for obsolete inventories	(1,137,954)	(1,286,557)	148,603	(181,882)	-	-
	(17,000,337)	**(14,572,794)**	**(1,458,155)**	**(577,666)**	**(969,388)**	**(1,377,633)**
Deferred Tax Charge to the Income Statement			(3,360,005)	(2,954,584)		
Deferred Tax Charge to Other Comprehensive Income					(7,319,517)	87,480,046
Deferred Tax Assets/ Liability	758,672,461	769,351,982				

Notes to the Financial Statements

10. PROPERTY, PLANT & EQUIPMENT

10.1 Gross Carrying Amounts

	Balance as at 01.04.2025 Rs.	Additions Rs.	Transfers on revaluations Rs.	Disposal / Derecognition Rs.	Revaluations Rs.	Balance as at 31.03.2026 Rs.
At Cost or Valuation						
Freehold Land	1,568,100,000	-	-	-	-	1,568,100,000
Buildings on Freehold Land	1,164,353,750	54,277,052	-	(4,505,000)	-	1,214,125,802
Motor Vehicles	34,666,568	38,900,000	-	-	-	73,566,568
Plant & Machinery	54,602,155	-	-	-	-	54,602,155
Hotel Equipment	92,996,778	11,501,364	-	(377,736)	-	104,120,406
Kitchen Equipment	30,208,785	2,965,764	-	-	-	33,174,549
Furniture and Fittings	165,380,491	2,828,563	-	-	-	168,209,054
Office Equipment	1,325,727	-	-	-	-	1,325,727
Recreational Equipment	1,647,500	-	-	-	-	1,647,500
Solar Heater System	6,171,101	3,097,458	-	(1,437,698)	-	7,830,860
Telephone System	4,053,049	158,474	-	-	-	4,211,522
Air Conditioning System	58,364,968	1,456,774	-	-	-	59,821,742
Gym Equipment	6,485,171	-	-	-	-	6,485,171
Computer Equipment	16,064,659	2,304,039	-	-	-	18,368,698
Linen and Furnishing	41,446,479	11,715,120	-	(10,132,984)	-	43,028,615
Cutlery, Crockery and Glassware	11,605,200	1,217,405	-	(1,542,124)	-	11,280,481
Solar Power System	73,843,310	28,831,134	-	-	-	102,674,444
Total Value of Depreciable Assets	**3,331,315,691**	**159,253,147**	**-**	**(17,995,542)**	**-**	**3,472,573,294**

10.2 Depreciation

	Balance as at 01.04.2025 Rs.	Charge for the year Rs.	Transfers on revaluations Rs.	Disposal / Derecognition Rs.	Balance as at 31.03.2026 Rs.
At Cost or Valuation					
Buildings on Freehold Land	-	42,482,255	-	-	42,482,255
Motor Vehicles	34,666,568	228,572	-	-	34,895,140
Plant & Machinery	40,603,492	2,298,090	-	-	42,901,581
Hotel Equipment	83,306,383	4,424,754	-	(377,736)	87,353,401
Kitchen Equipment	28,296,188	1,464,477	-	-	29,760,664
Furniture and Fittings	109,060,389	9,124,547	-	-	118,184,936
Office Equipment	1,213,539	47,601	-	-	1,261,139
Recreational Equipment	1,647,500	-	-	-	1,647,500
Solar Heater System	6,171,100	103,249	-	(1,437,698)	4,836,651
Telephone System	3,440,548	297,825	-	-	3,738,373
Air Conditioning System	46,636,805	2,448,360	-	-	49,085,165
Gym Equipment	5,125,275	540,429	-	-	5,665,705
Computer Equipment	13,779,254	1,376,686	-	-	15,155,939
Linen and Furnishing	29,277,125	8,169,852	-	(10,132,984)	27,313,993
Cutlery , Crockery and Glassware	8,071,366	1,938,224	-	(1,542,124)	8,467,466
Solar Heater System	3,627,622	7,477,088	-	-	11,104,710
Total Depreciation	**414,923,154**	**82,422,008**		**(13,490,542)**	**483,854,619**

10.3 Net Book Values

	2026 Rs.	2025 Rs.
At Cost or Valuation		
Freehold Land	1,568,100,000	1,568,100,000
Buildings on Freehold Land	1,171,643,547	1,164,353,750
Motor Vehicles	38,671,428	-
Plant & Machinery	11,700,574	13,998,663
Hotel Equipment	16,767,005	9,690,395
Kitchen Equipment	3,413,885	1,912,598
Furniture and Fittings	50,024,117	56,320,102
Office Equipment	64,587	112,188
Recreational Equipment	-	-
Solar Heater System	2,994,209	-
Telephone System	473,150	612,501
Air Conditioning System	10,736,577	11,728,163
Gym Equipment	819,467	1,359,896
Computer Equipment	3,212,759	2,285,405
Linen and Furnishing	15,714,622	12,169,354
Cutlery ,Crockery and Glassware	2,813,015	3,533,834
Solar Power System	91,569,734	70,215,688
Total Net Carrying Amount of Property, Plant & Equipment	**2,988,718,676**	**2,916,392,538**

10.4

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

b) The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation, is as follows:

	Cost Rs.	Cumulative Depreciation If assets were Carried at cost Rs.	Net Carrying Amount 2026 Rs.	Net Carrying Amount 2025 Rs.
Class of Asset				
Freehold Land	9,782,792	-	9,782,792	9,782,792
Buildings on Freehold Land	802,850,497	215,539,952	587,310,545	609,899,412
	812,633,289	**215,539,952**	**597,093,337**	**619,682,204**

10.5 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.159,253,147/- (2025 - Rs.171,631,380/-) for cash consideration.

Notes to the Financial Statements

10.6 Property, Plant & Equipment includes fully depreciated assets which are still in use having a gross carrying amount of Rs. 201,411,933 (2025 - Rs.174,314,828/-).

11. INTANGIBLE ASSETS

	2026 Computer Software Rs.	2025 Computer Software Rs.
Cost		
As at 01 April	7,900,918	7,900,918
Acquired during the period	2,460,373	
As at 31 March	10,361,291	7,900,918
Amortization		
As at 01 April	7,399,791	7,113,564
Amortization for the year	591,126	286,227
As at 31 March	7,990,917	7,399,791
Net Book Value	**2,370,374**	**501,127**

12. INVESTMENT IN ASSOCIATE

The Company has a 28.41% interest representing 14,202,786 (2025 - 14,202,786) shares, in Royal Palms Beach Hotels PLC, situated at Kaluthara which is also involved in the hoteliering business. The companies' interest in Royal Palms Beach Hotels PLC is accounted for using the equity method in the company financial statements.
The following table illustrates the summarized financial information of the Royal Palms Beach Hotels PLC.

12.1 Share of the Associate's Statement of Financial Position (28.41%)

	As per Books of Associate		As per Shareholding	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current assets	1,125,960,469	979,538,388	319,885,369	278,286,856
Non current assets	2,835,934,072	2,802,139,384	805,688,870	796,087,799
Current liabilities	(215,507,855)	(190,718,509)	(61,225,782)	(54,183,128)
Non current liabilities	(811,074,698)	(814,549,867)	(230,424,574)	(231,411,867)
Net Assets	2,935,311,988	2,776,409,396	833,923,884	788,779,659
Goodwill			47,583,752	47,583,752
			881,507,636	836,363,411

12.2 Equity Value of Investment in Equity Accounted Investee

	2026 Rs.	2025 Rs.
As at 01 April	836,363,411	762,649,790
Comprehensive income (Note 12.3)	43,770,429	4,561,472
Other comprehensive income (Note 12.3)	(1,076,384)	(412,480)
Revaluation of land & Building	-	95,623,132
Revaluation of land & Building -Income tax effect	2,147,994	(26,599,631)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments	431,696	773,038
Income tax effect on Gain on Fair Value Through Other Comprehensive Income Financial Instruments	(129,509)	(231,911)
As at 31 March	**881,507,636**	**836,363,411**

12.3 Associate's Revenue and Profit

	2026 Rs.	2025 Rs.
Revenue	1,050,725,219	955,845,376
Cost of sales	(294,749,484)	(304,474,493)
Other income	72,637,810	(12,266,575)
Selling and Distribution Costs	(29,515,346)	(30,619,758)
Administrative Expenses	(609,689,198)	(581,252,184)
Other Expenses	(2,486,399)	(4,422,272)
Finance Income	18,347,762	13,172,142
Finance Cost	(1,815,727)	(2,067,486)
Profit (Loss) Before Tax	203,454,637	33,914,750
Tax Expense	(49,387,658)	(17,858,881)
Profit (Loss) Loss After Tax	154,066,979	16,055,869
Other Comprehensive Income	4,835,613	243,407,771
Total Comprehensive Income	**158,902,592**	**259,463,640**
Share of the Associate's Revenue and Profit (28.41%)		
Profit (Loss) Before Tax	57,801,462	9,635,180
Profit After Tax	43,770,429	4,561,472
Other Comprehensive Income	1,373,798	69,152,148
Total Comprehensive Income	**45,144,226**	**73,713,620**
Carrying amount of the Investment	881,507,636	836,363,411
Market Value of the shares **	718,660,972	468,691,938

** *Investment is held for long term strategic reason and the investment is recovered through dividends. The management do not intend on disposing the stake held and realizing the investment.*

Notes to the Financial Statements

13. INVENTORIES

	2026 Rs.	2025 Rs.
Food and Beverage	26,778,786	17,735,774
Housekeeping and Uniform	12,150,898	9,716,484
Other Consumables	12,405,017	11,572,460
	51,334,701	39,024,717
Allowances for Obsolete Inventories	(3,793,176)	(4,288,524)
	47,541,525	**34,736,193**

14. RIGHT-OF-USE ASSETS

	Right-of-Use buildings	
Movement during the year	**2026 Rs.**	**2025 Rs.**
Cost		
Balance as at beginning of the year	8,597,051	8,597,051
Recognition/(Derecognition) of operating leases under SLFRS 16	3,839,794	-
Balance as at end of the year	12,436,845	8,597,051

	Right-of-Use buildings	
	2026 Rs.	**2025 Rs.**
Accumulated Depreciation / Impairment		
Balance as at beginning of the year	6,626,759	5,767,054
Charge for the year	949,525	859,705
Balance as at end of the year	7,576,284	6,626,759
Net Book Value		
At at the beginning of the year	1,970,292	2,829,997
As at the end of the year	4,860,561	1,970,292

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

Nature of the Lease Activity	Location of the leased property	unexpired lease period as at 31.03.2026
Building -898.44sq ft	Colombo 03	05 Year

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

Sensitivity to Discount Rate/ Incremental Borrowing Rates	ROU Asset	Lease Liability
Increased 1%	(203,366)	(203,366)
Decreased -1%	213,351	213,351

15. TRADE AND OTHER RECEIVABLES

	2026 Rs.	2025 Rs.
Trade Debtors		
-Related Parties (15.1)	35,013,069	35,712,465
-Others	71,036,655	129,517,576
Less: Impairment Allowances for Trade Debtors(15.2)	(1,080,871)	(1,394,790)
	104,968,852	163,835,251
Other Debtors	954,997	1,905,161
Loans to Company Officers	88,209	21,787
	106,012,059	**165,762,199**

15.1 Trade Dues from Related Parties

Name of the Related Party	Relationship	2026 Rs.	2025 Rs.
Tangerine Tours (Pvt) Limited	Other Related Party	34,960,624	35,712,465
Tangerine Vacations (Pvt) Limited	Other Related Party	52,445	-
		35,013,069	**35,712,465**

15.2 Total allowance for impairment on trade debtors

	2026 Rs.	2025 Rs.
Balance as at beginning of the year (As per SLFRS 09)	1,394,790	1,515,240
Charge/(Reversal) for the year	(313,919)	(120,450)
Balance as the end of the year	**1,080,871**	**1,394,790**

16. OTHER NON FINANCIAL ASSETS

	2026 Rs.	2025 Rs.
Prepayments	20,075,883	16,228,895
Other Receivables	667,619	120,000
VAT Receivable	13,020,282	13,600,244
	33,763,784	**29,949,140**

Notes to the Financial Statements

17. OTHER FINANCIAL ASSETS

17.1 Non Quoted Equity Securities with Non Related Parties

	No. of Shares		Cost 2026	Directors Valuation	Cost 2025	Directors Valuation
Lanka Glass Company Limited	50,000	50,000	500,000	-	500,000	-
Research International (Pvt) Limited	10,000	10,000	100,000	-	100,000	-
Gross Carrying Value of Investments			600,000	-	600,000	

Directors' valuations are based on cost of investments less any decline in value other than temporary, as decided by the Board of Directors.

17.2 Measured at Amortized Cost Short Term Investments - Fixed Deposits

	Company	Relationship	2026 Rs.	2025 Rs.
Fixed Deposits	Mercantile Investments and Finance PLC	Other Related Party	20,341,918	40,892,013
	Commercial Bank of Ceylon PLC		194,674,557	92,246,479
			215,016,475	133,138,492

17.3 Measured at Amortized Cost Amounts Due from Related Parties

Name of the Related Party	Relationship	2026 Rs.	2025 Rs.
Nilaveli Beach Hotels (Pvt) Limited	Other Related Party	180,172	172,062
The Nuwara Eliya Hotels Company PLC	Other Related Party	-	1,361
		180,172	173,423

18. CASH AND BANK BALANCES

	2026 Rs.	2025 Rs.
Cash at Bank and in Hand	304,356,657	298,970,247

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

Cash at Bank and in Hand	304,356,657	298,970,247
Bank Overdraft (Note 23)	(59,852,843)	(89,761,999)
	244,503,813	209,208,248

19. STATED CAPITAL

	Number of shares	Ordinary shares
At 31 March 2026	20,000,000	244,800,000
At 31 March 2025	20,000,000	244,800,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time on the residue of Profits and are eligible to participate in any surplus assets in a winding up. They are also entitled to one vote per share at meetings of the Company. There are no other preferences or restrictions on ordinary shares.

20. RESERVE

20.1 Revaluation Reserve

	2026 Rs.	2025 Rs.
Revaluation Reserve - Company (Note 20.2)	1,679,273,135	1,672,923,008
Revaluation Reserve - Associate Company (Note 20.3)	414,691,124	412,543,130
	2,093,964,259	**2,085,466,138**

20.2 Revaluation Reserve - Company On: Property, Plant and Equipment

	2026 Rs.	2025 Rs.
As at the beginning of the year	1,672,923,008	1,435,237,584
Revaluations During the year	-	326,543,103
Tax effect on surplus on revaluation	6,350,127	(88,857,679)
As at the end of the year	**1,679,273,135**	**1,672,923,008**

(a) Transfer to retained earnings represents the amounts transferred on impact of deferred tax, depreciation difference on cost and revalued amount of property, plant and equipment disposed and de-recognized during the year.

20.3 Revaluation Reserve - Associate Company On: Property, Plant & Equipment

	2026 Rs.	2025 Rs.
As at the beginning of the year	412,543,130	343,519,629
Revaluations During the year	-	95,623,132
Tax effect on surplus on Revaluation	2,147,994	(26,599,631)
As at the end of the year	**414,691,124**	**412,543,130**

The above Share of Associate Company's Revaluation Reserve represents the Company's Share of current year depreciation effect of the revaluation gain of previous years and the revaluation gain of those assets which were disposed or de-recognized during the year.

Notes to the Financial Statements

20.4 Fair Value Reserve- Associate Company

	2026 Rs.	2025 Rs.
As at the beginning of the year	618,513	77,386
fair Value Reserve During the year	431,696	773,038
Tax effect on Reserve	(129,509)	(231,911)
As at the end of the year	**920,700**	**618,513**

21. TRADE AND OTHER PAYABLES

	2026 Rs.	2025 Rs.
Financial Liabilities (Note 21.1)	70,128,993	65,678,937
Non Financial Liabilities (Note 21.2)	67,610,036	69,167,090
	137,739,030	**134,846,027**

21.1 Financial Liabilities

	2026 Rs.	2025 Rs.
Trade Payables	53,671,426	47,986,448
Other Payables	14,660,227	16,368,203
Dividends Payable	988,720	988,720
Payables to Contractors /Other Suppliers	808,620	335,565
	70,128,993	**65,678,937**

21.2 Non Financial Liabilities

	2026 Rs.	2025 Rs.
Advanced Received for Reservation	29,976,922	21,751,589
VAT Payable	12,733,355	19,842,316
TDL Payable	4,203,482	4,343,024
SSCL Payable	2,231,664	2,921,001
EPF and ETF Payable	3,389,806	2,819,867
Other Payables	15,074,806	17,489,294
	67,610,036	**69,167,090**

22. AMOUNTS DUE TO RELATED PARTIES

Name of the Related Party	Relationship	2026 Rs.	2025 Rs.
Security Ceylon (Pvt) Limited	Other Related Party	2,277,134	1,637,102
Tangerine Tours (Pvt) Limited	Other Related Party	5,793,041	6,908,085
Mercantile Investments and Finance PLC	Other Related Party	238,055	120,950
Royal Palms Beach Hotels PLC	Associate Company	1,842,155	2,368,463
		10,150,385	**11,034,600**

23. INTEREST BEARING LOANS AND BORROWINGS

	2026 Rs.	2025 Rs.
Current		
Bank Overdraft	59,852,838	89,761,999
Term Loan -Commercial Bank Of Ceylon PLC (23.1)	10,000,000	12,000,000
	69,852,838	101,761,999
Non - Current		
Term Loan -Commercial Bank Of Ceylon PLC (23.1)	-	10,000,000
Total Borrowings	**69,852,838**	**111,761,999**

23.1 Term Loan - Commercial Bank of Ceylon PLC

	As At 01.04.2025 Rs.	Repayment Rs.	As At 31.03.2026 Rs.
Term Loan Facility Under "Green Financing"	22,000,000	(12,000,000)	10,000,000
	22,000,000	**(12,000,000)**	**10,000,000**

23.2 Details of Loan - Terms and Conditions

Purpose	To Partly finance the investment cost in installation of rooftop solar system.
Loan amount	Rs. 30,000,000/- (Rupees Thirty Million only)
Commencement date	31st July 2024
Repayment of Loan	Capital to be repaid 30 equal monthly installments of Rs. 1,000,000/- .
Interest Rate	At Average Weighted Prime Lending Rate(AWPLR)+1.0%per annum together with any other statutory charges thereon payable monthly subject to fluctuations at the discretion of the Bank.
Security	General Terms and Conditions relating to Term Loan Facility for Rs 30,000,000

24. POST EMPLOYMENT BENEFIT LIABILITY

	2026 Rs.	2025 Rs.
Balance as at the Beginning of the Year	42,150,369	36,110,364
Charge for the Year (Note 24.1)	10,762,529	11,806,640
Payments Made during the year	(2,240,528)	(5,766,635)
Balance as at the end of the Year	**50,672,370**	**42,150,369**

24.1 Charge for the Year

Current Service Cost for the year	3,316,198	2,881,284
Interest cost for the year	4,215,037	4,333,244
	7,531,235	7,214,528
Actuarial (Gain)/Loss	3,231,294	4,592,112
	10,762,529	**11,806,640**

Notes to the Financial Statements

24.2 Actuarial Assumptions

	2026	2025
Discount Rate	10.00%	10.00%
Salary Increment	10.00%	9.00%
Mortality-A67/70 Mortality Table Issued by the Institute of Actuaries London		
Retirement Age	55 years.	55 years.
Disability rate	Simple disability rate	

Staff Turnover
The staff turnover rate used in the valuation are
Category 01: 9% up to age 54 and thereafter zero
Category 02: 5% up to age 54 and thereafter zero

An actuarial valuation of the gratuity was carried out as at 31 March 2026 by Actuarial and Management Consultants (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuaries is the Projected Unit Credit Method", recommended by LKAS 19 Employee Benefits.

24.3 Sensitivity of Assumptions Employed in Actuary Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measures.

The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate & salary increment rate on the profit or loss & employment benefit obligation for the year.

	Sensitivity Effect on Comprehensive Income Statement Increase / (Reduction) in results for the year	Sensitivity effect on employee benefit Obligation increase / (Reduction) in the Liability
31 March 2026		
Increase/ (Decrease) in Discount Rate		
+1%	2,567,955	(2,567,955)
-1%	(2,845,068)	2,845,068
Increase/ (Decrease) in Salary Increment Rate		
+1%	(3,054,992)	3,054,992
-1%	2,803,437	(2,803,437)
31 March 2025		
Increase/ (Decrease) in Discount Rate		
+1%	1,881,924	(1,881,924)
-1%	(2,064,114)	2,064,114
Increase/ (Decrease) in Salary Increment Rate		
+1%	(2,258,466)	2,258,466
-1%	2,092,097	(2,092,097)

24.4 Maturity Profile

	2026	2025
Weighted Average Duration of defined benefit obligation	5.8 Years	5.1 Years
Distribution of defined benefit obligation over the future working life time		
Less than or equal 01 year	11,341,883	10,209,897
Over 01 year and less than or equal 02 years	7,152,685	6,972,999
Over 02 year and less than or equal 05 years	12,200,111	9,894,517
Over 05 years and less than or equal 10 years	11,999,275	10,064,826
Over 10 years	7,978,418	5,008,130
Total	**50,672,372**	**42,150,370**

25. LEASE LIABILITIES

25.1 Movement of Lease Liabilities

	2026 Rs.	2025 Rs.
Balance as at the beginning of the year	2,712,588	3,580,460
Payment of lease liabilities	(1,650,000)	(1,800,000)
Derecognition of operating lease liability	3,839,801	-
Interest expense	1,079,549	932,128
Balance as at 31.03.2025	**5,981,938**	**2,712,588**
Current Portion of Lease Liabilities		
2025/26 FY Lease payments	1,800,000	1,800,000
2025/26 FY Lease interest	(947,778)	(775,943)
	852,222	1,024,057
Non Current Portion of Lease Liabilities	**5,129,716**	**1,688,531**

*** The Company use 18.29% as Incremental Borrowing Rate*

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

	2026 Rs.	2025 Rs.
Depreciation expenses of right of use assets	949,525	859,705
Interest expense on lease liability	1,079,549	932,128
Total Amount Recognized in Profit and Loss	**2,029,074**	**1,791,833**

Notes to the Financial Statements

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

	1-12 Months Rs.	2 to 5 Years Rs.	More Than 5 Years Rs.	Total Rs.
Lease Liability	852,222	5,129,716	-	5,981,938

26. COMMITMENTS AND CONTINGENCIES

26.1 Commitments

26.1.1 Capital Expenditure Commitments

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

26.1.2 Financial Commitments

There are no financial commitments as at the reporting date.

26.2 Contingencies

Contingent Liabilities

There are no significant contingencies as at 31 March 2026

27. ASSETS PLEDGED

The Company holds 14,202,786 shares in Royal Palms Beach Hotels PLC (Associate Company), of which 3,237,332 shares, amounting to Rs. 32,373,320, have been pledged against the facilities obtained from Commercial Bank of Ceylon PLC.

28. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

The following tables provides the significant amount of transactions, which have been entered into with related parties for the relevant financial year.

28.1 Transactions with Associate Company -Recurring transactions

Tangerine Hotel PLC holds 28.41% Share holding of Royal Palms Beach Hotels PLC.

Nature of Transaction	Terms of Transactions	Amount 2026 Rs.	Amount 2025 Rs.
As at 1 April 2025		(2,368,463)	(2,998,504)
Staff quarters rent	Market terms	3,681,600	3,681,600
Sewerage treatment plant rent	Market terms	3,677,139	4,160,586
Bottle water	Market terms	484,818	410,002
Laundry Chargers	Market terms	(36,035,898)	(32,694,148)
Reimbursements of expenses		2,730,223	2,528,857
Fund transfers for settlements		25,988,426	22,543,144
As at 1 April 2026		(1,842,155)	(2,368,463)

28.2 Transactions with Key Management Personnel

The Key Management Personnel (KMPs) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Key Management Personnel of the Company are Board of Directors of the Company and personnel holding designation General Manager and above. Transactions with Key Management Personnel and transaction with the close family members (CFMs) of the KMPs, If any, also have been taken into consideration in the following disclosure.

28.2.a) Key Management Personnel Compensation

	2026 Rs.	2025 Rs.
Short-term post employment benefits	8,353,000	8,393,000

28.3 Transaction with Other Related Parties -Recurring Transactions

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

Some Key Management Personnel of the Company and their members of the families collectively have control directly or indirectly in certain entities with which the Company entered into the transactions, summarized as follows:

The Company carries out transactions with KMPs & their close family members in the ordinary course of its business on an arms length basis at commercial rates.

Nature of Transaction	Nature of Transaction	Relationship	Terms of Transactions	Amount		Balance as at	
				2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Security Ceylon (Pvt) Ltd	Security Services	Other Related Company	As per Agreement	(28,154,339)	(25,802,165)	-	-
	Staff Meals		Market terms	3,049,433	3,624,002	-	-
	Fund transfers for settlements			24,464,874	22,183,416	-	-
	Amounts payable to Security Ceylon (Pvt) Ltd			-	-	(2,277,134)	(1,637,101)
Nilaveli Beach Hotel(Pvt) Ltd	Reimbursement expenses	Other Related Company	Reimbursement cost	2,004,350	1,762,515	-	-
	Fund transfers for settlements			(1,996,240)	(1,743,042)	-	-
	Amounts receivable from Nilaveli Beach Hotel (Pvt) Ltd			-	-	180,172	172,061
Tangerine Tours (Pvt) Ltd	Marketing Fee	Other Related Company	As per Agreement	(53,552,017)	(49,299,555)	-	
	Tour Operation		As per Agreement	89,080,537	71,299,334	-	-
	Reimbursement expenses			(15,679,539)	(12,433,303)	-	-
	Fund transfers for settlements			(19,485,778)	(114,550,028)	-	-
	Amounts receivable from Tangerine Tours (Pvt) Ltd			-	-	29,167,583	28,804,380
Mercantile Investments & Finance PLC	Fixed Deposit Investments/ (withdrawal) (net)	Other Related Company	Market terms	(20,000,000)	(34,654,556)	20,000,000	40,000,000
	Interest income on Fixed deposits		Market terms	1,914,011	4,237,330	-	-
	Head office Rent		As per agreement	(1,995,675)	(2,177,100)	-	-
	Repairs and Service to the motor vehicle		Market Terms	(1,442,273)	(2,108,053)	-	-
	Reimbursement expenses			(1,793,413)	(1,614,683)	-	-
	Fund transfers for settlements			5,590,366	5,778,886	-	-
	Amounts payable to Mercantile Investment & Finance PLC			-	-	238,055	(120,950)

Notes to the Financial Statements

28.3 Transaction with Other Related Parties -Recurring Transactions contd.

Nature of Transaction	Nature of Transaction	Relationship	Terms of Transactions	Amount		Balance as at	
				2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
The Nuwara Eliya Hotels PLC	Reimbursement expenses	Other Related Company	Reimbursement cost	715,438	434,047	-	-
	Fund transfers for settlements			(716,799)	(499,889)	-	-
	Amounts receivable from Nuwara Eliya Hotels PLC			-	-	-	1,361
Tangerine Vacations (Pvt) Limited	Tour Operation	Other Related Company	Market terms	727,777	174,107	-	-
	Fund transfers for settlements			(675,332)	(2,532,502)	-	-
	Amounts receivable from Vacations(Pvt)Limited			-	-	52,445	-

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

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments of the Company comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the determination of fair values as at the reporting date.

29.1 Financial Instruments Carried at Fair Value

The Company does not have any financial instruments that are carried at Fair value at the reporting date.

29.2 Carrying Amounts and Fair Values of Financial Instruments

Financial instruments of the Company comprise of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents the determination of fair values as at the reporting date.

Fair values of financial assets and financial liabilities, together with the carrying amounts in the statement of financial position, are as follows:

Financial Assets	Amortized Cost Rs.	Total carrying amount Rs.	Fair value Rs.
31 March 2026			
Current Assets			
Trade & other receivables	106,012,059	106,012,059	106,012,059
Cash and short-term deposits	519,373,132	519,373,132	519,373,132
Amounts due from related parties	180,171	180,171	180,171
	625,565,362	**625,565,362**	**625,565,362**
Financial Liabilities			
Current Liabilities			
Trade and other payables	137,739,030	137,739,030	137,739,030
Amounts due to related parties	10,150,385	10,150,385	10,150,385
Bank overdrafts / Short term loan	69,852,838	69,852,838	69,852,838
	217,742,252	**217,742,252**	**217,742,252**
Non-current Liability			
Interest - Bearing Loans and Borrowings	-	-	-
	-	-	-
31 March 2025			
Current Assets			
Trade & other receivables	165,762,199	165,762,199	165,762,199
Cash and short-term deposits	432,108,738	432,108,738	432,108,738
Amounts due from related parties	173,422	173,422	173,422
	598,044,359	**598,044,359**	**598,044,359**
Financial Liabilities			
Current Liabilities			
Trade and other payables	134,846,027	134,846,027	134,846,027
Amounts due to related parties	11,034,600	11,034,600	11,034,600
Bank overdrafts / Short term loan	101,761,999	101,761,999	101,761,999
	247,642,626	**247,642,626**	**247,642,626**
Non-current Liability			
Interest - Bearing Loans and Borrowings	10,000,000	10,000,000	10,000,000
	10,000,000	**10,000,000**	**10,000,000**

Notes to the Financial Statements

29.3 Financial Instruments not Carried at Fair Value/ Current

Given below is a comparison by class of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	2026		2025	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
Financial Assets				
Trade and other receivables	106,012,059	106,012,059	165,762,199	165,762,199
Amounts due from related parties	180,172	180,172	173,423	173,423
Short-term deposits	215,016,475	215,016,475	133,138,492	133,138,492
Cash at bank and cash in hand	304,356,657	304,356,657	298,970,247	298,970,247
	625,565,362	**625,565,362**	**598,044,360**	**598,044,360**
Financial Liability				
Trade and other payables	70,128,993	70,128,993	65,678,937	65,678,937
Amounts due to related parties	10,150,385	10,150,385	11,034,601	11,034,601
	80,279,378	**80,279,378**	**76,713,538**	**76,713,538**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to trade and other receivables, Amounts due from / to related parties cash and cash equivalents, other financial assets amount due from related parties, other payables and short term deposits amount due to related parties.

29.4 Determination of Fair Value and Fair Value Hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the disclosed fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the disclosed fair value that are not based on observable market data

29.5 Financial Instruments not Carried at Fair Value /Non Current

The fair value of financial liabilities does not significantly vary from the value based on the amortized cost methodology.

		2026		2025	
		Carrying Value	Fair Value	Carrying Value	Fair Value
	Level	Rs.	Rs.	Rs.	Rs.
Financial Liabilities					
Interest-bearing loans and borrowings	Level 2	69,852,838	69,852,838	111,761,999	111,761,999
		69,852,838	69,852,838	111,761,999	111,761,999

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements:

For financial assets and financial liabilities that have a short term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to trade and other receivables, cash and cash equivalents, other financial assets amount due from related parties, other payables and short term deposits amount due to related parties.

29.6 Non Financial Assets Disclosed at Fair value

	Method	Date of valuation	Level **	Carrying Value (Rs)	Unobservable Inputs	Price range per perch/Sq.Ft
2026						
Free hold land	Market Approach	31.03.2025	03	1,568,100,000	Estimated price per perch	700,000 - 900,000
Buildings	Depreciated Replacement cost Method	31.03.2025	03	1,171,643,547	Estimated price per sq.ft	3500 -15,000
2025						
Free hold land	Market Approach	31.03.2025	03	1,568,100,000	Estimated price per perch	700,000 - 900,000
Buildings	Depreciated Replacement cost Method	31.03.2025	03	1,164,353,750	Estimated price per sq.ft	3500 -15,000

*** Fair value measurement sensitivity to unobservable inputs - positive impact to the fair value*

Valuation was carried out by professionally qualified independent value in compliance with Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement).

Notes to the Financial Statements

30. RISK MANAGEMENT

30.1 Introduction

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

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

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

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

30.2 Credit Risk

(a) Introduction

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

Company has an established credit policy under which each new customer is reviewed individually for credit worthiness before standard payment and delivery terms are offered to the customer. The credit review includes bank and other reputed company references. Credit granted is subject to regular review, to ensure it remains consistent with the customer's creditworthiness in relations to the anticipated volume of business.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Reporting date.

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

	Note	2026 Rs.	2025 Rs.
Cash and cash equivalents	18	304,356,656	298,970,246
Trade and other receivables	15	106,012,059	165,762,199
Other financial assets	17.2	215,016,475	133,138,492
Amounts Due from Related Parties	17.3	180,172	173,423
		625,565,362	**598,044,359**

Expected Credit Loss Assessment

The company adopted Expected Credit Loss (ECL) approach to impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimizing the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the company assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements and cash flow projections.

The company re-evaluated its approach to measurement of ECL in the light of the economic recession, as the consequent unexpected deterioration in credit quality of loan portfolios (Financial institutions), will have a significant impact on the ECL measurement. The company considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) updated to reflect the impact of economic recession was incorporated in measuring ECL while information used for Probability of Default (PD) and Loss Given Default (LGD) were used without modification due to insufficiency of updated information relating to borrowers repayment ability, resource constraints and various government relief measures as a result of the outbreak.

The company also assessed its financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counterparties.

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

	Gross Receivable	
	2026	**2025**
	Rs.	**Rs.**
Not past due 0- 60 days	69,567,051	125,187,503
Past due 61-90 days	26,168,074	35,874,009
Past due 90-120 days	5,051,481	1,738,225
Past due 120-180 days	4,890,498	2,330,617
More than 180 days	372,619	99,687
Total	106,049,724	165,230,041

Movement in the Impairment Allowance*	**2026**	**2025**
	Rs.	**Rs.**
Balances at 01 April	(1,394,790)	(1,515,240)
Impairment recognized	313,919	120,450
Balances at 31 March	**(1,080,871)**	**(1,394,790)**

30.3 Liquidity Risk

(a) Introduction

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(b) The table below summaries the maturity profile of company's financial liabilities based on contractual undiscounted payments.

	Contractual Maturities of Financial Liabilities				
31 March 2026	**Total**	**Up to 3 Months**	**3-12 Months**	**1 - 5 Years**	**More than 5 Years**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Trade and other payables	137,739,030	137,739,030	-	-	-
Bank overdraft	59,852,838	59,852,838	-	-	-
Amounts Due to Related Parties	10,150,385	10,150,385	-	-	-
	207,742,252	207,742,252	-	-	-

30.3 Liquidity Risk contd.

31 March 2025	Total	Contractual Maturities of Financial Liabilities Up to 3 Months	3-12 Months	1 - 5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and other payables	134,846,027	134,846,027	-	-	-
Bank overdraft	89,761,999	89,761,999	-	-	-
Amounts Due to Related Parties	11,034,600	11,034,600	-	-	-
	235,642,626	**235,642,626**	-	-	-

(c) Undrawn committed borrowing facilities
There are no undrawn borrowing facilities available to the Company as at the reporting date.

30.4 Market Risk

(a) Introduction
Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changers in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

(b) Foreign Currency Risk
The Company is exposed to foreign currency risk on revenue, and receivables and cash deposits denominated in currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily US dollars and Euro. The Company Finance team closely monitors the exchange rate movement, for necessary action.

The Sri Lankan Rupee is depreciating against the US Dollar in March 2026 on the back of economic turmoil in global, regional and local markets resulting from the economic recession. The Company exposed to foreign currency denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

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

	20%	-20%
Euro (€)	28,992,653	(28,992,653)
Dollar ($)	75,381,799	(75,381,799)
	104,374,452	(104,374,452)

(c) Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowing portfolio consist with fixed rate borrowings thus company does not have an interest rate risk as at the reporting date.

31. CAPITAL MANAGEMENT

The company's capital structure comprising share capital, reserves and retained earnings, as disclosed in the statement of changes in equity. The Board's intention is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's objective for managing its capital is to ensure that company will be able to continue as a going concern while maximizing the return to shareholders, as well as sustaining the future development of its business. In order to maintain or adjust the capital structure, the Company may alter the total amount of dividends paid to shareholders, issue new shares, and draw down additional debt.

32. GOING CONCERN

The Management, after making necessary inquiries and reviews including reviews of the hotel budgets for the ensuing year. Capital expenditure requirements, future prospects along with risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements. In determining the basis of preparing the financial statements for the year ended 31 March 2026, based on available information, the management has assessed the existing and anticipated effects of current economic situation on the Company.

33. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

Investor Information

Tangerine Beach Hotels PLC 2026

	No.of Members	Shareholding	%
1 - 1000	1396	174,364	0.87%
1001 - 10000	172	555,670	2.78%
10001 - 100000	59	1,542,127	7.71%
100001 - 1000000	20	6,051,706	30.26%
> 1000000	3	11,676,133	58.38%
	1650	**20,000,000**	**100.00%**

Category	Shareholding	%
Resident	19,938,995	99.69%
Non Resident	61,005	0.31%
	20,000,000	**100.00%**

Category	Shareholding	%
Individuals	5,426,591	27.13%
Corporate	14,573,409	72.87%
	20,000,000	**100.00%**

	2026	2025
Market Value per share as at 31.March	101.25	86.5
Highest Market price during the Year	164.75	87.9
Lowest Market price during the Year	66	50.8

20 Largest Shareholders	2026		2025	
Nilaveli Beach Hotels (Pvt) Limited	6,147,018	30.74%	6,147,018	30.74%
Mercantile Investments and Finance PLC	3,899,644	19.50%	3,899,644	19.50%
Employees Providend Fund	1,629,471	8.15%	1,629,471	8.15%
N Vaitilingam & Co. Ltd	981,431	4.91%	1,080,233	5.40%
T J Ondaatjie	582,220	2.91%	582,220	2.91%
A M Ondaatjie	569,982	2.85%	569,982	2.85%
G G Ondaatjie	538,028	2.69%	538,028	2.69%
N J H M Cooray	433,770	2.17%	433,770	2.17%
Tangerine Tours (Pvt) Ltd	405,478	2.03%	405,478	2.03%
Blue Oceanic Beach Hotels (Pvt) Ltd	295,172	1.48%	295,172	1.48%
Jet Travels (Private) Ltd	267,032	1.34%	267,032	1.34%
C A Ondaatjie	259,854	1.30%	259,854	1.30%
M Keerthiratne	255,898	1.28%	255,898	1.28%
N T M S Cooray	246,072	1.23%	246,072	1.23%
N H V Perera	202,236	1.01%	202,236	1.01%
Ceylon Galvanising Industries Ltd	201,566	1.01%	234,000	1.17%
U Surendra	165,450	0.83%	165,450	0.83%
K M N Perera	152,756	0.76%	152,756	0.76%
H A A de Silva	150,530	0.75%	150,530	0.75%
Peoples Leasing and Finance PLC/Suhada	138,567	0.69%	-	-
Mercantile Fortunes (Pvt) Ltd	-	-	117,384	0.59%

Value Added Statement

For the Financial Year Ended 31st March	2026	2025
Revenue	1,147,904	1,058,425
Less		
Cost of Sales	(776,339)	(708,026)
	371,565	350,399
Adjustment for		
Other Income	2,521	7,526
Total Value Added	**374,086**	**357,925**
Distribution Of Value Added as Follows		
To employee as Remuneration	192,464	171,772
To Providers of Capital		
Dividends to shareholders	-	-
Total Tax to Government	36,732	33,980
To Expansion and Growth		
Retained With Business		
as Deprecation	82,193	77,011
as reserves	62,697	75,162
	374,086	**357,925**
Value Added Per Revenue	0.33	0.34
Value Added per Employment	0.51	0.48
Value Added Per Ordinary Share	18.70	17.90

Decade at a Glance

Year Ended 31st March	2026 Rs'000	2025 Rs'000	2024 Rs'000	2023 Rs '000
Trading Results				
Turnover net of Turnover Tax	1,147,904	1,058,425	964,685	569,189
Operating profit/(Loss) before interest exp. and other income	109,415	49,493	(19,768)	(171,024)
Profit/(Loss) before Taxation	196,792	63,369	73,967	(119,435)
Taxation Provision	3,360	2,954	3,452	(81,326)
Profit after taxation on ordinary activities	200,152	66,324	77,419	(200,761)
Capital & Reserves				
Stated Capital/Share Capital	244,800	244,800	244,800	244,800
Revaluation Reserve	1,679,273	1,672,923	1,435,238	1,426,398
Fair Value Reserve	921	618	77	32
Revenue Reserve	1,216,868	1,020,055	957,357	882,416
Capital Reserves of Associate company	414,691	412,543	343,520	341,457
Total Equity	3,556,553	3,350,939	2,980,992	2,895,103
Assets Employed				
Current Assets	712,165	667,569	642,229	560,060
Current Liabilities	(218,594)	(248,666)	(203,266)	(188,658)
Net Current Assets	493,571	418,903	438,963	371,402
Property,Plant, & Equipment	2,988,718	2,916,392	2,449,411	2,535,433
Intangible assets	2,370	501	787	273
Long Term Investements	881,507	836,363	762,650	713,232
Right of use assets	4,860	1,970	2,830	4,282
Non- Current Liabilities	(814,473)	(823,190)	(723,649)	(729,519)
	3,556,553	3,350,939	2,930,992	2,895,103
Ratio & Statistics				
Gearing Ratio (Times)	0	0.003	0	0
Current ratio (Times)	(3)	(3)	(3)	(3)
Earnings per Share	10	3	3.87	(10)
Net assets per Share	178	168	149	145
Interest Cover (Times)	57.99	22.21	17	(55)
Return on Shareholder's Funds(%)	5.63	1.98	3	(7)
Return on Total Assets(%)	4.36	1.50	2	(5)
Price Earning Ratio	10.12	21.11	15	(5.48)
Dividends per Share	0	0	0	0
Dividend cover (Times)	0	0	0	0
Dividend Yeild (%)	0	0	0	0
Dividend Pay- out Ratio	0	0	0	0

2022 Rs '000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
321,332	133,462	591,289	710,257	669,997	631,272
(132,435)	(213,194)	(14,416)	91,087	92,048	79,622
(94,935)	(199,953)	71,088	178,085	165,162	131,180
(5,975)	(9,504)	(12,892)	(36,009)	(40,188)	(25,512)
(100,910)	(209,457)	58,196	142,076	124,974	105,668
244,800	244,800	244,800	244,800	244,800	244,800
1,718,775	1,533,896	1,550,621	1,566,408	1,355,990	1,506,126
32					
1,080,818	1,182,113	1,369,014	1,301,574	1,171,462	1,057,997
412,798	311,644	316,349	321,126	273,532	293,821
3,457,223	3,272,453	3,480,784	3,433,908	3,045,784	3,102,744
587,976	601,683	753,150	701,478	573,465	460,025
(109,793)	(91,668)	(115,390)	(112,747)	(112,328)	(101,211)
478,183	510,015	637,760	588,731	461,137	358,814
2,529,792	2,379,729	2,426,186	2,443,737	2,209,578	2,193,329
606	1,007	761	1,217	1,757	1,868
814,396	719,134	755,331	747,608	678,423	685,980
5,353	10,706	1,383			
(371,107)	(348,137)	(340,637)	(347,385)	(305,110)	(137,247)
3,457,223	3,272,453	3,480,784	3,433,908	3,045,785	3,102,744
0.002	0.003	0	0	0.00004	0.005
5	7	7	6.22	5.11	4.55
(5)	(10)	3	7.10	6.25	5.28
173	164	174	171.70	152.29	155.14
(51)	(257)	196	8,514	600.26	224.35
(3)	(6)	2	4.14	4.10	3.41
(3)	(5.64)	1.48	3.65	3.61	3.16
(8.74)	(3.83)	12.06	5.72	7.25	11.26
0	0	1	0.50	0.50	0.50
0	0	3	14.21	12.50	10.57
0	0	0.03	0.01	0.01	0.01
0	0	0.344	0.07	0.08	0.09

Real Estate Portfolio

Company & Location	Building in (sq.F.t)		No of Building	Freehold property Land in Acers		Net Book value	
						Rs'000	Rs'000
	2025/2026	2024/2025		2025/2026	2024/2025	2025/2026	2024/2025
Tangerine Beach Hotels PLC. St.Abrew's Road, Nagashandiya Waskaduwa, Kaluthara North	195,540	194,590	15	11.08	11.08	2,739,743	2,732,453
Total	**195,540**	**194,590**	**15**	**11.08**	**11.08**	**2,739,743**	**2,732,453**

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting of Tangerine Beach Hotels PLC, will be held as **a virtual meeting** on 30th September 2026 at 11.45 a.m. assembled at 236, Galle Road, Colombo 3 to transact the following business.

1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors therein.
2. To re-elect Mr. P S R Casie Chitty who retires in terms of Article 88(i) of the Articles of Association of the Company.
3. To re-elect Mr. G G Ondaatjie who retires in terms of Article 88(i) of the Articles of Association of the Company.
4. To elect Mrs. C A Ondaatjie in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolution as an ordinary resolution.

   "Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable Mrs. Christabel Angela Ondaatjie who is 85 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
5. To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine payments for charitable and other purposes for year 2026/27

BY ORDER OF THE BOARD
TANGERINE BEACH HOTELS PLC
Mercantile Investments and Finance PLC

Secretaries

17th August 2026
Colombo

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

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

Supplimentary Notice to Shareholders

Instructions for Registration and participation at the virtual Annual General meeting

TANGERINE BEACH HOTELS PLC
46TH ANNUAL GENERAL MEETING

Dear Shareholder,

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

Please note the following procedure to be adopted in terms of same.

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

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

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

BY ORDER OF THE BOARD
TANGERINE BEACH HOTELS PLC
Mercantile Investments and Finance PLC

Secretaries

17th August 2026
Colombo

Registration Form

TANGERINE BEACH HOTELS PLC
46TH ANNUAL GENERAL MEETING

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

Full Name of Shareholder ....

Address of Shareholder ....

....

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

Membership No/ CDS Account No .... No. of Shares held ....

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

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

If Proxy is appointed

Full Name of Proxy ....

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

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

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

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

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

INSTRUCTIONS AS TO COMPLETION

1. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform
2. The "Web Link" for participation at the AGM through the online platform will be forwarded to the Shareholder's above noted email address.
3. In the case of a Company/Corporation, the registration form must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. If the registration form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
5. The completed registration form should be deposited at the Secretaries office at No.236, Galle Road, Colombo 3 or emailed to mercantile@mi.com.lk 48 hours before the time appointed for the meeting.

Form of Request

FORM OF REQUEST
FOR A PRINTED COPY OF THE ANNUAL REPORT 2025/26 OF TANGERINE BEACH HOTELS PLC

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

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

Notes:

1) Please complete the Form of Request by filling in legibly the required information /Date and signing in the space provided.
2) In the event the shareholder is a Company, the Form of Request should be signed under its Common Seal or by a duly authorised officer of the Company in accordance with its Article of Association.
3) Please forward the completed Form of Request to the Secretaries in one of the following methods-

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

   By email - mercantile@mi.com.lk

Form of Proxy

I/We ....
of .... being a member/members of
TANGERINE BEACH HOTELS PLC, do hereby appoint; .... of
.... or failing him/her

Angeline Myrese Ondaatjie	or failing her
Gerard George Ondaatjie	or failing him
Christabel Angela Ondaatjie	or failing her
Travice John Ondaatjie	or failing him
Nawagamuwage Hasantha Viraj Perera	or failing him
Lakal Hemendra Jayasinghe	or failing him
Prasanna Senani Rajiv Casie Chitty	or failing him
Punyakanthi Tikiri Kumari Navaratne	or failing her
Getawa Kandage Sudath Kumar	or failing him
Aroshi Nanayakkara	

as my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to held on 30th September 2026 at 11.45 a.m.as a virtual meeting assembled at 236, Galle Road, Colombo 3 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against	Withhold
1)	To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2026, with the Report of the Auditors there on.			
2)	To re-elect Mr. P S R Casie Chitty retiring in terms of Article 88(i) of the Articles of Association of the Company.			
3)	To re-elect Mr. G.G. Ondaatjie retiring in terms of Article 88(i) of the Articles of Association of the Company.			
4)	To elect Mrs. C A Ondaatjie retiring in terms of Section 211 of the Companies Act No.07 of 2007			
5)	To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.			
6)	To authorize the Directors to determine payments for charitable and other purposes for the year 2026/27			

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

....
Signature of Shareholder/s

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

INSTRUCTIONS AS TO COMPLETION

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

Corporate Information

Name of the Company
Tangerine Beach Hotels PLC.

Status & Legal Form
Public quoted company with limited liability
Incorporated in Sri Lanka on 21st May 1980

Company Registration No.
PQ 162

Tax Payer Identification Number
104065600

VAT Registration Number
104065600 7000

Communication Registered Office
236, Galle Road, Colombo 03, Sri Lanka
P.O. Box 195, Colombo
Tel : 2343720-7
Website : www.tangerinehotels.com

Hotel
Tangerine Beach Hotel, St.Abrew's Road,
Nagashandiya,Waskaduwa.
Tel : 034-2237295, 2237982, 2237983, 2237640
E-mail : reservations@tangerine.lk

Secretaries
Mercantile Investments & Finance PLC

Remuneration Committee
N.H.V.Perera - *Chairman*
P.S.R.Casie Chitty
G K S Kumar

Audit Committee
G K S Kumar - *Chairman*
N.H.V.Perera
P.T.K Navaratne

Related Party Committee
G K S Kumar - *Chairman*
N H V Perera
P T K Navaratne

Nomination & Governance Committee
P .T. K. Navaratne - *Chairperson*
G .K .S. Kumar
A .M. Ondaatjie

External Auditors
Ernst & Young
Chartered Accountants

Internal Auditors
Deloitte
Chartered Accountants

Bankers
Hatton National Bank PLC
Commercial Bank of Ceylon PLC

Board of Directors
A.M. Ondaatjie - *Chairperson*
G.G.Ondaatjie
T.J. Ondaatjie
C.A.Ondaatjie
N.H.V.Perera
L.H. .Jayasinghe
P.S.R.Casie Chitty
G K S Kumar
P.T.K Navaratne
Aroshi Nanayakkara

Corporate Management

Lakal H.Jayasinghe	Director / General Manager
Gihan Liyanage	Assistant General Manager
M.I. Shahabdeen	Chief Financial Officer
Manil Galagoda	Group Consultant for Engineer
Nelson Mayadunnage	Financial Controller
Hareez Jameel	Senior Accountant

Management Team

Lakal H.Jayasinghe	Director/General Manager
Gihan Liyanage	Assistant General Manager
Nelson Mayadunnage	Financial Controller
Menaka Fernado	Chief Accountant
Hareez Jameel	Senior Accountant
B.S.S,.Bangsajayah	Food & Beverage Manager
Praboth Jayaweera	Credit Manager
Palitha Fonseka	Cost Controll Exective
Chaturanga Hettiarachchi	Rooms Division Manager
Kalpitha Dias	Housekeeper
S.Lalith Kumara	Maintenance Manager
Chandana Wijeratna	Executive Chef
Gayan Liyanage	Human Resources Manager
Sudath Baladeva	Purchasing Manager
Jayantha Fernando	Cluster Chief Engineer
Chathura Rangana	Engineer - Quality Assurance &Quantity Surveying

Concept & Designed by
Copyline
a great equation

www.tangerinehotels.com