

DOLPHIN HOTEL PLC

ANNUAL REPORT 2024/25



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Club Hotel
Dolphin ANNUAL REPORT
2024/25

Our Vision and Mission



OUR VISION

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



OUR MISSION

Our Guests

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

Our Customers

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

Our People

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

Our Community

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

Our Shareholders

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

OUR VISION OUR MISSION

Overview

OUR PHILOSOPHY

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

OUR VALUES



We Think Boldly

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

We Lead Change

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

We Thrive On Creativity

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

We Evolve With Our Customers

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

We Personalise Experiences

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

We Keep Learning

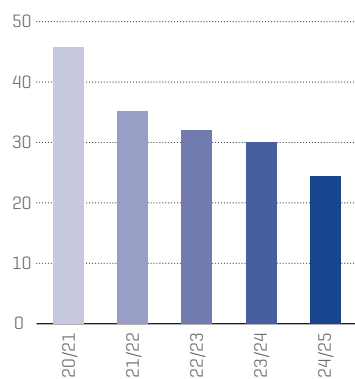
» We constantly strive to be the best we can be. And when we get there, we strive to be even better - never stopping or resting on our laurels.

Financial Highlights

Year ended 31 March		2025	2024
Revenue	Rs.000's	1,446,897	1,311,439
Profit before Interest, Tax, Depreciation & Amortization (EBITDA)	Rs.000's	252,339	105,754
Profit before Tax	Rs.000's	230,159	388,370
Profit after Tax	Rs.000's	167,434	320,017
Earnings per share	Rs.	2.65	5.06
Dilited Earnings per Share	Rs.	2.65	5.06
Cash Earnings/[Loss] per Share	Rs.	0.87	[3.18]
Interest Cover	Times	25.36	6.71
Return on Equity (ROE)	%	0.04	0.11
Return on Capital Employed (ROCE)	%	0.03	0.05
Statement of Financial Position Highlights and Ratios			
Total Assets	Rs.000's	6,010,230	5,350,348
Total Debt	Rs.000's	50,880	669,621
Total Shareholders' Funds	Rs.000's	4,433,831	3,404,275
No. of Shares in Issue		63,242,954	63,242,954
Net Assets per Share	Rs.	70.11	53.83
Debt / Total Equity	%	1	3
Debt / Total Assets	%	0.85	12.52
Market/ Shareholder Information			
Market Price of Share as at 31st March	Rs.	45.70	35.10
Market Capitalisation	Rs.000's	907,614	673,274
Price Earnings Ratio	Times	17.26	6.94
Dividends per Share	Rs.	Nil	Nil
Dividends Payout	%	Nil	Nil

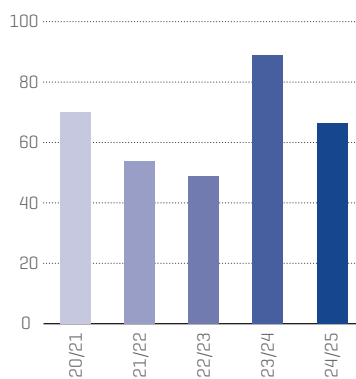
Market price Per Share

Rs.



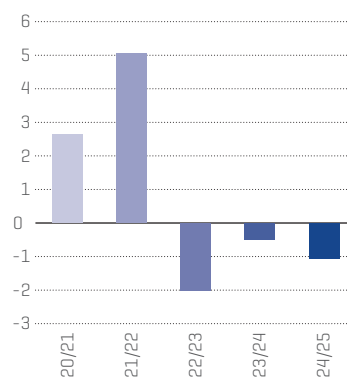
Net Assets Per Share

Rs.



Earning Per Share

Rs.



LEADERSHIP

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Chairman's Review

"BUILDING A STRONGER FUTURE THROUGH SUSTAINED PERFORMANCE AND INNOVATION IN HOSPITALITY"

Dear Stakeholders,

On behalf of the Board, it is my pleasure to present the Annual Report and Financial Statements of Dolphin Hotels PLC for the year ended 31st March 2025.

GLOBAL TOURISM INDUSTRY IN 2024/25

The year 2024/25 marked a significant resurgence for the global tourism industry. After years of volatility and disruption, travel confidence returned across most major markets. International tourist arrivals surpassed pre-pandemic levels in several regions, driven by pent-up demand, easing of travel restrictions, and increased airline capacity. Sustainability, digital transformation, and immersive experiences became central to traveller preferences, reshaping how the industry engages with customers. While macroeconomic uncertainties and geopolitical tensions posed occasional headwinds, the sector demonstrated notable resilience, supported by robust consumer demand and continued innovation.

FUTURE OUTLOOK OF THE TOURISM INDUSTRY 2025/26

Looking ahead, 2025/26 is expected to be a pivotal year for global tourism. With technology integration accelerating, and sustainability emerging as a core agenda, destinations and hospitality providers are preparing for a more personalised and responsible tourism model.

United Nations World Tourism Organization [UNWTO] forecasts continued growth in international tourist arrivals, supported by increased connectivity, visa facilitation, and infrastructure investments. However, the industry must remain agile to manage potential risks such as inflationary pressures, environmental concerns, and evolving customer expectations.

SRI LANKA TOURISM INDUSTRY

Sri Lanka's tourism sector showed commendable progress in 2024/25, benefitting from renewed global interest in experiential travel and wellness tourism.

Visitor arrivals witnessed a steady climb, reflecting the country's unique cultural heritage, biodiversity, and warm hospitality. The Sri Lanka Tourism Development Authority (SLTDA) played a pivotal role in this recovery, through targeted marketing campaigns, infrastructure development, and policy support aimed at elevating service standards and investor confidence. Strategic collaborations with international partners, digital promotion of lesser-known destinations, and the facilitation of sustainable tourism practices were instrumental in regaining momentum in the industry.

COMPANY FINANCIAL PERFORMANCE

During the year under review, the Company recorded a modest increase in net revenue, reaching Rs. 1.4 billion compared to Rs. 1.3 billion in the previous financial year, while reporting an EBIT of Rs. 143 million. The Company is currently reaping the benefits of its strategic decision to settle a significant portion of its borrowings in the previous financial year, leading to a substantial reduction in finance costs during 2024/25. In addition, surplus operational cash flows have been prudently allocated to short-term investments, generating additional finance income. Collectively, these measures have positively impacted the Company's bottom line, resulting in a Profit Before Tax (PBT) of Rs. 230.1 million for the financial year 2024/25.

In the long term, this deleveraging strategy is expected to significantly enhance the Company's financial stability and profitability. With reduced debt servicing obligations, the Company is now better positioned to reinvest cash flows into strategic initiatives, operational improvements, and elevated guest experiences—ultimately supporting sustainable growth and long-term value creation for shareholders.

As the tourism sector continues to evolve at a rapid pace, the Company's management remains proactive in navigating market dynamics. Strategic partnerships with Foreign Tour Operators (FTOs) and Local Destination Management Companies (DMCs) are being strengthened to address current challenges impacting key market segments. Several FTOs are also in the final stages of contract

finalization for the upcoming season, which is expected to further enhance market reach and booking volumes.

With continued growth in the tourism industry, the Company has developed comprehensive short-term and long-term strategies focused on operational excellence and sustained performance. This forward-looking approach reflects the Company's agility and commitment to adapting to changing market conditions, while positioning itself to capitalize on emerging opportunities and deliver enhanced value to stakeholders.

APPRECIATION

I wish to take this opportunity to extend my heartfelt gratitude to all our valued stakeholders—our guests, shareholders, partners, employees, and local communities. Your continued trust, loyalty, and collaboration have been vital in our efforts to deliver excellence in hospitality and create sustainable value.

A special note of appreciation goes to our dedicated employees across all properties and functions. Their resilience, professionalism, and commitment to service delivery have been the cornerstone of our success during a period of industry transformation.

I also extend my sincere thanks to my colleagues on the Board of Directors. Their strategic oversight, stewardship, and unwavering support have enabled the Group to navigate challenges and seize opportunities with clarity and purpose. As we look forward to 2025/26 and beyond, the Board remains committed to upholding the highest standards of governance, innovation, and accountability in delivering long-term value to all our stakeholders.



W. D. K. Jayawardena

Chairman
DOLPHIN HOTELS PLC

14 August 2025

THIS YEAR HAS BEEN MARKED BY RENEWED MOMENTUM, GLOBAL RECOGNITION, AND A STRENGTHENED COMMITMENT TO SUSTAINABLE HOSPITALITY ACROSS OUR PORTFOLIO. "DELIVERING BUSINESS EXCELLENCE THROUGH SUSTAINABLE PRACTICES AND GUEST-CENTRIC SERVICE"

Dear Stakeholders,

It is my pleasure to present the Annual Report and Financial Statements of Dolphin Hotels PLC for the year ended 31st March 2025. The year under review has been one of renewed momentum and celebration, with significant milestones that reflect our enduring commitment to value-driven hospitality, community engagement, and sustainable tourism.

GLOBAL TOURISM INDUSTRY – 2025

As we look ahead to 2025, the global tourism industry is poised for transformative growth driven by technological innovation, sustainability, and shifting traveller behaviours. Advances in digital connectivity, artificial intelligence, and personalized experiences will redefine how travellers plan and enjoy their journeys, creating new opportunities for engagement and efficiency within the hospitality sector. Moreover, a heightened global awareness of environmental and social responsibility is steering the industry toward more sustainable practices, with an emphasis on minimizing carbon footprints and supporting local communities. Despite geopolitical uncertainties and economic fluctuations, the outlook remains optimistic as demand for authentic, immersive experiences continues to rise across emerging and established markets alike. Our company is strategically

positioned to capitalize on these trends, reinforcing our commitment to innovation, guest satisfaction, and sustainable growth in the evolving landscape of global tourism.

SRI LANKA TOURISM INDUSTRY – 2025

Sri Lanka's tourism sector is experiencing a well-deserved resurgence, with international arrivals exceeding 2 million in 2024—its highest since 2018. Accolades such as "Most Desirable Island in the World" (Wanderlust Reader Travel Awards 2024) and "Most Family-Friendly Destination for 2025" (Condé Nast Traveller) have reaffirmed the island's global standing. Europe continues to be the largest source market, supported by improved connectivity and stronger destination branding. The government's renewed commitment to infrastructure development, combined with innovative marketing strategies and improved connectivity, is facilitating greater access and convenience for visitors. As global travellers increasingly prioritize safety, wellness, and meaningful engagement, Sri Lanka is uniquely positioned to meet these demands while fostering community empowerment and environmental stewardship. Our company remains dedicated to supporting this renaissance by delivering exceptional hospitality services that highlight the best of what Sri Lanka has to offer, contributing to the nation's tourism growth and long-term sustainability.

TOURISM IN NEGOMBO

In a significant endorsement, Negombo was listed as one of The New York Times' "52 Places to Go in 2024," ranking 16th globally—a recognition that reaffirms its growing appeal as one of Sri Lanka's most accessible and vibrant coastal destinations. Located just a short drive from the Bandaranaike International Airport, Negombo has long served as a welcoming first and last stop for international travellers. But in recent years, it has evolved into much more than a convenient transit hub.

Framed by a golden coastline and intersected by historic canals, Negombo offers a unique mix of beachside relaxation, colonial heritage, and cultural diversity. Its prominence in the tourism sector not only enhances the nation's global appeal but also generates substantial economic benefits through employment, local business growth, and community development.

OUR MARKET OUTREACH

In 2024, Club Hotel Dolphin celebrated two major industry accolades: South Asia's Leading All-Inclusive Resort at the South Asian Travel Awards and Sri Lanka's Best Four-Star Resort at the Sri Lanka Tourism Awards (SLTDA). These recognitions affirm our position as a leader in all-inclusive hospitality—seamlessly blending great value with engaging experiences that resonate across generations.

Our strongest endorsement, however, comes from our loyal returning guests—many who have visited us more than 30 or even 40 times—drawn to the sense of belonging and genuine warmth that defines our service.

Throughout 2024/25, we successfully expanded our footprint in both international and domestic markets. Our visibility remained strong across major OTAs such as Booking.com, Agoda, and TripAdvisor, enhanced by a stream of user-generated content highlighting our vibrant animation programmes, welcoming atmosphere, and family-friendly experiences.

CEO's Review

Our guest base—anchored by travellers from the UK, Germany, France, and India—was further engaged through targeted campaigns on Google and Meta, as well as longstanding partnerships with key tour operators and destination management companies (DMCs). Active participation at leading trade shows such as WTM London, ITB Berlin, and SATTE Delhi has strengthened our brand presence across Europe and Asia.

On the domestic front, Avurudu promotions, curated long weekend packages, and strategic TV and radio campaigns helped boost bookings among Sri Lankan families, corporates, and friend groups.

Notably, our efforts were recognised through the Top Hotel Partner 2025 award by Schausinsland Reisen and the HolidayCheck 2025 Award, underscoring Club Hotel Dolphin's enduring appeal as one of the most loved properties both locally and globally.

FINANCIAL PERFORMANCE

The year 2024/25 was one of solid progress, with revenue rising to Rs. 1.4 billion from Rs. 1.3 billion last year, driven by the continued revival of tourism and stronger operational efficiency. We also recorded an EBIT of Rs. 143 million, reflecting the success of our cost optimization measures and the resilience of our core operations.

A revaluation of land and buildings added a surplus of Rs. 1.2 billion strengthening our balance sheet and expanding the asset base to Rs. 6 billion. This positions us strongly to pursue new opportunities, deepen our presence in the industry, and deliver sustainable growth.

Looking ahead, we remain confident that with a robust financial foundation and a clear strategy, the Company is well placed to capture the next wave of growth in tourism and create long-term value for all stakeholders.

SUSTAINABILITY INITIATIVES

Club Hotel Dolphin continued to lead sustainability efforts in 2024/25 through meaningful projects that blended environmental stewardship with guest engagement.

The resort launched the Nipa Palm Conservation Project along the Gin Oya River, in collaboration with Wayamba University and the Wildlife & Nature Protection Society. Over 500 seedlings were cultivated in a newly established on-site nursery, creating a protective buffer for the riverbank ecosystem. This project gained national attention with the issuance of a commemorative stamp and First Day Cover by the Sri Lanka Postal Department in honour of World Tourism Day 2024.

On Earth Day, we hosted a high-impact awareness session titled "Planet vs Plastics", bringing together local students, neighbouring hotels, and churches for hands-on learning. On World Environment Day, we mobilised our team, guests, and community for a joint beach cleanup and tree planting initiative—actively contributing to coastal resilience and plastic waste reduction.

We also marked World Children's Day with a memorable event for nearby schoolchildren. Topics such as nutrition, child safety, and career guidance were explored in an interactive format, enriched with gifts and cheerful activities led by our animation team.

The introduction of the King Coconut Tree Planting Programme, where each tree is named after a returning guest, added a personal layer to our sustainability journey. This initiative combines conservation with an emotional touchpoint, encouraging guests to revisit and reconnect with "their" tree.

HUMAN RESOURCE CAPITAL

Our people remain at the heart of our success, and we are deeply committed to their growth, well-being, and long-term development. Through structured training and career development programs, we continue to nurture talent across all levels of the organization. Special focus was placed on food and beverage innovation training, introducing specialised wine and tea education programmes, and culinary workshops aligned with our renewed concepts.

The Hotel Trainee Program offers hands-on exposure across key operational areas, while the two-year Management Trainee Program is designed to groom high-potential individuals for future leadership—our most recent cohort

proudly graduated in January 2024. Further strengthening our community ties, the Future-Key Program provides school leavers from nearby communities with essential hospitality skills and clear career pathways, enhancing both our talent pipeline and local impact.

We also place strong emphasis on cultivating a supportive and rewarding workplace culture. This includes performance-linked bonuses that recognize employee contributions and annual staff retreats, where team members and their families enjoy overnight stays at a Browns property of their choice—fostering camaraderie, appreciation, and shared success.

APPRECIATION

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



R.L.E.C Wijeratne

Chief Executive Officer – Browns Hotels and Resorts Limited

14 August 2025

Board of Directors

W. D. K. JAYAWARDENA

Chairman

Mr Jayawardena was appointed to the Board w.e.f. 11th February 2021. Considering his wealth of experience in local and international fields of Banking and Investment Banking, Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

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

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

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

D. S. K. AMARASEKERA

Non-Executive Director

Appointed to the Board on 11th February 2021, Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business

Administration from the University of Sri Jayawardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. In addition to his directorship in this company, his other key appointments are: Non Executive Director -, Madulsima Plantations PLC, Ceylon Hotels Corporation PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantations PLC, Three Tips Ella (Private) Limited Eden Hotel Lanka PLC and several other subsidiaries of Browns Investments Group.

DR. J. M. SWAMINATHAN

Non Executive Director

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

STEFAN FURKHAN

Independent Director

Appointed to the Board on 8th April 2024, Mr. Stefan Furkhan is a seasoned business leader and hospitality professional with over 35 years of commercial experience in Sri Lanka and globally, spanning Europe, South Asia, Australia, and the South Pacific. With a proven track record of managing diverse business portfolios and overseeing multiple

industries, Mr. Furkhan is recognised for his strategic leadership, operational excellence, and expertise in driving sustainable growth and innovation.

He holds a Graduate Diploma from the Chartered Institute of Marketing, UK (CIM), and is a Fellow of both the Chartered Institute of Marketing and the Institute of Hospitality, UK. Additionally, he is an alumnus of the Hotel School The Hague and a member of the Australian Institute of Management. Throughout his career, Mr. Furkhan has played a pivotal role in launching greenfield hotel projects, leading successful rebranding initiatives, and introducing groundbreaking concepts in the hospitality and tourism sectors.

Mr. Furkhan's extensive experience includes serving as the CEO of a diversified group of companies with operations spanning multiple industries. Within this group, he oversaw three publicly listed companies, where he also held the role of CEO.

Currently, Mr. Furkhan serves as Chairman and CEO of the Confifi Group of Companies. The Confifi Group is an investment entity focused on strategic asset ownership, private equity ventures, consulting, and business promotion, with a portfolio spanning real estate, market-leading equities, fixed-income securities, and government treasuries. He also holds board positions at Eden Hotel Lanka PLC, and Hotel Sigiriya PLC. Additionally, he is a Promoter, Shareholder, and Director of the Radisson Hotel Colombo, Radisson Hotel Kandy, and Radisson Blu Resort Galle.

Mr. Furkhan has extensive expertise in asset management, hotel development and acquisitions, corporate restructuring, and operational turnaround strategies.

As a seasoned C-suite executive with an international career, Mr. Furkhan continues to set benchmarks for excellence while contributing to the advancement of the tourism and hospitality industries in Sri Lanka and beyond. His leadership and strategic acumen remain instrumental in shaping the future of the organisations he works with.

Board of Directors

R.L.E.C WIJERATNE

Non-Executive Director

Appointed to the Board on 14th June 2024, Eksath Wijeratne, the dynamic Chief Executive Officer of Browns Hotels & Resorts under the LOLC group, which is one of the most diversified conglomerates in Sri Lanka, is a versatile hotelier with an impressive track record in the industry. He also serves as a Director of Excel Restaurants (Pvt) Ltd, Sun & Fun Resorts Ltd and Palm Garden Hotels PLC. With over three decades of experience, his leadership prowess and passion for nurturing talent position him as a driving force behind the continued success of the organisation.

Currently serving as the Vice President of Resort Hotels at the Tourist Hotel Association of Sri Lanka (THASL), Eksath's influence extends beyond his role at Browns Hotels & Resorts. His past presidency at the Sri Lanka Hospitality Graduates Association underscores his commitment to shaping the professional development of emerging hoteliers. Highlighting his extensive dedication to advancing the tourism sector, he has played a pivotal role as a former board member at the Sri Lanka Institute of Tourism and Hotel Management and currently serves as a board member at the Sri Lanka Tourism Promotion Bureau.

Under Eksath's transformative leadership, Browns Hotels & Resorts has flourished, boasting a portfolio of properties strategically located in prime destinations across Sri Lanka, including Bentota, Dickwella, Pasikudah, Sigiriya, and Negombo. Eksath's innovative thinking has been instrumental in shaping the unique character of Browns Hotels & Resorts. His visionary approach has not only ensured the brand's competitiveness but has also positioned it as a trendsetter in the industry. His commitment to excellence, coupled with a keen eye for market trends, is reflected in the organisation's ability to offer idyllic spaces for travellers seeking to discover Sri Lanka in style.

T DHARMARAJAH

Independent Director

Appointed to the Board on 1st October 2024, Mr Dharmarajah is the Managing Partner of M/s Amerasekera & Company and presently serves as a Director of Raigam Wayamba Salterns PLC, Raigam Southern Salterns (Private) Limited, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Renuka City Hotels PLC, Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd and DHS Medical Group (Private) Limited. He is a Member of the Council of University of the Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine, and a member of the Standing Committee on Management Studies of the University Grant Commission.

Dharmarajah is a member of a Committee appointed by Ministry of Education for five-year institutional review of Degree Awarding Non-State Higher Education Institutes.

He was a director of DFCC Bank PLC, DFCC Vardhana Bank, TKS Finance Limited & TKS Securities Limited. He also was a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education, a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He is also a former president of the Association of Accounting Technicians of Sri Lanka. T Dharmarajah holds a BSc. Management (Sp) Degree of the University of Sri Jayewardenepura and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka, and Institute of Public Finance & Development Accountancy.

He is a resource person in Capacity Development Training Program on Sri Lanka Public Sector Accounting Standards funded by USAID Program. He is an author of number of books in Accounting Standards for the students who are reading for G.C.E. (Advanced Level) and Professional Accounting Examination. Dharmarajah is an all Island Justice of Peace.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

12

Operational Review

DOLPHIN HOTEL PLC

We are pleased to present the Management Discussion and Analysis (MD&A) for the financial year 2024/25, providing an overview of Dolphin Hotel PLC’s operational highlights, strategic initiatives, challenges encountered, and outlook for the year ahead. This section also reflects on our response to macroeconomic trends and developments in the global and local tourism industries.

GLOBAL TOURISM INDUSTRY OVERVIEW

In 2024, the global tourism sector achieved near-full recovery, with international tourist arrivals reaching approximately 1.4 billion, representing 99% of 2019 pre-pandemic levels (UNWTO). This revival was fuelled by the relaxation of travel restrictions, pent-up demand, and strong outbound travel from key markets including China, the United States, and Europe.

The World Travel & Tourism Council (WTTC) reported a global economic contribution of USD 11.1 trillion, accounting for 9.2% of global GDP, alongside the creation of 348 million jobs—emphasising tourism’s vital role in economic and social recovery.

Asia-Pacific, Europe and the Middle East even exceeded pre-pandemic performance. However, challenges such as over-tourism and environmental degradation prompted new global sustainability frameworks like the EU’s Green Claims Directive, aimed at fostering responsible tourism.

SRI LANKA TOURISM INDUSTRY OVERVIEW

Sri Lanka recorded a significant rebound in tourism, with 2 million international arrivals in 2024—a 38% year-on-year increase, marking the highest volume since 2019. This resurgence reaffirmed Sri Lanka’s status as a sought-after destination, offering rich cultural experiences, pristine coastlines, and diverse natural beauty.

Tourism earnings surged to an estimated USD 3.17 billion, supported by extended visitor stays, strategic global marketing, and robust demand from markets such as India, Russia, the UK, China, and the Gulf region. Enhanced air connectivity and improved visa facilitation further contributed to this success.

The government’s 30-day visa-free entry initiative for selected countries, launched in late 2024, was a key driver of growth, coupled with infrastructure development and hotel sector incentives. These measures have strategically repositioned Sri Lanka for sustained growth and global competitiveness in tourism.

EMERGING TRENDS IN TOURISM: KEY FOCUS AREAS

Key Area	Development	Strategic Impact
Sustainability & Responsible Travel	Regulatory measures (e.g., EU Green Claims Directive), visitor caps at heritage sites, demand for eco-certifications.	Builds trust with eco-conscious travellers, mitigates regulatory risks, and preserves cultural/natural assets.
Wellness & Experiential Travel	Rising demand for holistic wellness, Ayurveda, cultural immersion, and slow tourism.	Increases average spend and stay duration, enhances guest engagement, and supports local economies.
Smart Tourism & Digital Integration	Growth of contactless tech, AI, VR/AR, and big data analytics.	Enhances operational efficiency, improves personalisation, supports dynamic destination marketing.

IMPACT ASSESSMENT OF DOLPHIN HOTEL PLC

Economic Impact

The Company generated substantial foreign exchange earnings and contributed to national revenue through taxation and tourism-related spending. The post-pandemic rebound in occupancy and service income also helped stabilise the Company’s earnings, while supporting employment across multiple regions.

Social Impact

A strong commitment to local hiring and upskilling programs has enabled Dolphin Hotel PLC to deliver community-level economic benefits. Training initiatives and inclusive recruitment practices continue to strengthen our social sustainability efforts.

Environmental Impact

In response to increasing environmental responsibilities, Dolphin Hotel PLC has initiated water and energy conservation practices, waste reduction efforts, and minimised single-use plastics. Future plans include pursuing green certifications and scaling up renewable energy adoption.

Cultural Impact

Through curated local experiences—traditional cuisine, cultural performances, and artisan collaborations—Dolphin Hotel PLC continues to celebrate and preserve Sri Lankan heritage. These efforts enhance guest experiences while supporting community pride and identity.

Operational Review

Strategic Partnerships

Dolphin Hotel PLC has deepened collaboration with DMCs, FTOs, and travel platforms across India, Europe, and the Middle East. Marketing alliances, FAM tours, and co-branded packages have improved visibility and market penetration. The Company also remains aligned with national tourism goals through participation in international trade shows and tourism board initiatives.

Going Concern Assessment

The Board of Directors affirms the Company's ability to continue as a going concern, with sufficient resources and no material uncertainties affecting operational continuity. There are no intentions to liquidate or cease operations of Dolphin Hotel PLC.

FINANCIAL REVIEW OF DOLPHIN HOTEL PLC

During the financial year 2024/25, the Company delivered a solid financial performance, marked by a continued growth in revenue. Total revenue reached Rs. 1.4 billion, reflecting an increase from Rs. 1.3 billion recorded in the prior year. This positive momentum was primarily driven by the sustained recovery of the tourism sector and improvements in operational efficiency.

The Company also recorded an Earnings Before Interest and Taxes (EBIT) of Rs. 143 million. This performance underscores the successful execution of cost optimisation initiatives and the ongoing recovery of the Company's core business activities.

In accordance with the Company's Revaluation Policy, a detailed revaluation of land and buildings was carried out as at 31st March 2025. This exercise resulted in a revaluation surplus of Rs. 1.2 billion. As a result, the Total Asset Base increased to Rs. 6 billion as at the reporting date, further strengthening the Company's financial position and asset base.

OUTLOOK FOR 2025/26 AND BEYOND – LEISURE AND TOURISM INDUSTRY

The global leisure and tourism industry is poised for continued growth in 2025/26 and the years ahead, supported by a robust post-pandemic recovery, rising disposable incomes in emerging economies, and a sustained shift toward experience-led, sustainable travel. International tourist arrivals are expected to surpass pre-pandemic levels across most regions, with the Asia-Pacific and Middle East emerging as key growth markets, driven by improved air connectivity and dynamic destination marketing initiatives.

According to the World Travel & Tourism Council (WTTC), the industry will continue to expand its contribution to global GDP, employment, and international trade, as travel becomes increasingly accessible, personalised, and inclusive.

In Sri Lanka, the outlook is equally promising. The government has set ambitious targets of over 3 million tourist arrivals and USD 5 billion in tourism revenue for 2025. Several strategic initiatives are expected to support this growth, including the introduction of streamlined digital visa processes, destination rebranding efforts, the expansion of direct international flight routes, and an improving geopolitical climate. With a renewed focus on positioning Sri Lanka as a premium eco-cultural destination, the country is well placed to attract high-spending travellers from both established and emerging tourism markets. The growing global demand for wellness tourism, heritage experiences, and sustainable eco-retreats is closely aligned with Sri Lanka's offering.

Technological innovation will play a central role in reshaping the future of travel. Artificial intelligence (AI), virtual reality (VR), and big data analytics are increasingly being adopted to enhance guest personalisation and streamline service delivery. At the same time, heightened environmental awareness is placing increased pressure on operators

to implement genuine, measurable ESG (Environmental, Social and Governance) initiatives. Regulatory bodies, particularly in the EU, are already mandating greater transparency in sustainability reporting—making verified ESG credentials critical to maintaining global competitiveness.

Strategic partnerships and collaborative business models will also be vital in the evolving landscape. Hotels and resorts are expected to deepen alliances with online travel agencies (OTAs), destination management companies (DMCs), wellness brands, and local communities to create differentiated, value-added experiences. Co-branding, cross-promotional campaigns, and bundled packages will become more prominent as operators seek to stand out in an increasingly digital and competitive marketplace.

For Dolphin Hotel PLC, these trends present a compelling mix of opportunities and responsibilities. To stay ahead, the Company must remain agile, continue expanding its footprint in wellness and cultural tourism, and invest in sustainable, future-ready infrastructure. With Sri Lanka gaining traction as a high-end travel destination and tourism revenues on an upward trajectory, Dolphin Hotel PLC is strategically positioned to leverage these developments by offering authentic, eco-conscious, and digitally enhanced guest experiences.

In summary, the global travel and tourism industry is set to enter a phase of strong recovery and expansion in 2025 and beyond. Success, however, will hinge on the ability of industry players to embrace innovation, sustainability, and strategic collaboration to sustain this momentum over the long term.

STEWARDSHIP

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Risk Management

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

The risk management process of Dolphin Hotels PLC, is developed to investigate and control industry specific and general risks in which the entity is exposed to. We have adopted the ISO 31000 standard of risk management which provides a platform that ensures the quality of managing risk within the guidelines and principles of the framework. The framework elaborates on establishing the context, risk identification, risk assessment, risk response, treatment for the risk, risk reporting and monitoring.

THE GROUP RISK POLICY

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

This implies that we will:

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

INTERNAL CONTROL AND RISK MANAGEMENT

The management team of Serendib Leisure Management Ltd, managing agent of Dolphin Hotels PLC, reviews and assesses significant risks on a regular basis and has implemented an oversight program to ensure that there is a system of information gathering, awareness and action to mitigate exposure to identified risks.

The management team of Serendib Leisure Management Ltd, managing agent of Dolphin Hotels PLC, overlooks the risk management process of the Dolphin Hotels PLC.

The Group Risk Management Committee (GRMC) of LOLC Holdings PLC (ultimate parent company of Dolphin Hotels PLC) reviews the company's risk profile and provides guidance on required risk responses on a quarterly basis.

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

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

RISK EVALUATION AND MAPPING

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

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

RISK MATRIX

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

MANAGING RISK

Risk Rating	Required Action
	<ul style="list-style-type: none"> » Board attention is required » Immediate action by senior management with a detailed research and management of risk through appropriate responses
	<ul style="list-style-type: none"> » Board attention is required » Senior management responsibility specified » Risk must be managed by senior management with a detailed risk treatment plan
	<ul style="list-style-type: none"> » Senior management attention required » Management responsibility specified » Risks should be treated using one or more of the risk treatment option
	<ul style="list-style-type: none"> » Risks should be treated using one or more of the risk treatment options » Risks should be managed using specific monitoring or treatment procedures
	<ul style="list-style-type: none"> » Risk is accepted with minimal treatment and can normally be managed using existing routine procedures » Low risks need to be monitored and periodically reviewed to ensure they remain acceptable

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

Risk category	Risk Exposure	Risk Mitigating Actions
<p>1. Global Travel Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Extraordinary » Likelihood : Almost certain 	<p>Adverse impact on global travel due to country borders being shutdown / negative travel advisories / cancellation of flights and negative appetite of foreign travel among global travellers due to adverse social and economic condition of the country</p>	<ul style="list-style-type: none"> » Implementation of recommended safety protocols to ensure safety of guests and employees » Actively participate in industry associations to lobby for releasing negative travel advisories » Join in Destination marketing campaigns on social media and other digital media
<p>2. Macroeconomic & Political Risks</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Extraordinary » Likelihood : Almost certain 	<p>Increase of operational costs / Decrease in revenue / Increase in finance cost / Cash flow deficiencies / Cancellation of reservations / Barriers on supply chain</p>	<ul style="list-style-type: none"> » Placement of contingency and recovery plans to mitigate the exposure to unexpected fluctuations / crisis » Active participation in industry associations to lobby for releasing negative travel advisories » Management being on alert regularly for changes in economic and political environment as to identify risks at possible earliest stage
<p>3. Liquidity Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Major » Likelihood : Likely 	<p>Risk of inability to meet short term loan repayments / supplier payments and other liabilities</p>	<ul style="list-style-type: none"> » A significant component of interest bearing loans and borrowings were settled from the cash proceeds obtained from the right issue. » Negotiating new overdraft facilities to fund short term cash requirements » Negotiation of longer credit periods with suppliers » Re-negotiation of all contracts / subscriptions and annuities for better credit terms » Maintaining the fixed overheads at a minimum level to control operational cash-burn

Risk category	Risk Exposure	Risk Mitigating Actions
<p>4. Risk of noncompliance</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Major » Likelihood : Likely 	<p>Possible requirement of mandatory disclosure of star rating of hotels</p>	<ul style="list-style-type: none"> » Invest in all properties for the necessary improvements to retain the currently advertise star rating
<p>5. Market Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Major » Likelihood : Almost certain 	<p>Adverse impact on yields and occupancies due to fluctuation in demand</p>	<ul style="list-style-type: none"> » Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets » Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence » Sourcing new markets and developing new channels » Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators
<p>6. Credit Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Moderate » Likelihood : Likely 	<p>Risk arising due to default by customers due to possible bankruptcy of travel agents / tour operators. Impact on liquidity and profitability</p>	<ul style="list-style-type: none"> » Credit is allowed only for approved customers which is reviewed bi-annually » Monitor and review the overdue debtor balances monthly » Obtain booking advances » Compliance to laid down credit SOPs on credit control » signed up for payment plans with Tour Operators& Travel Agents
<p>7. Health and Safety Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Moderate » Likelihood : Moderate 	<p>Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.</p>	<ul style="list-style-type: none"> » Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition » Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same » The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided » Tour operator safety standards are complied with and necessary action is taken immediately on any concern area related to health and safety based on audit inspections done by tour operators » The company sources its products and services from approved suppliers » Performing quarterly health and Safety audit reviews
<p>8. Foreign Exchange Rate Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Moderate » Likelihood : Likely 	<p>Adverse impact on P&L and gearing</p>	<ul style="list-style-type: none"> » Exchange rate movements are taken into consideration when entering into contracts with travel agents » Structure Forex borrowings in proportion to the revenue currency mix » Hedge in Forward Rate Agreements (FRAs)
<p>9. Human Resource Risk</p> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> » Impact : Moderate » Likelihood : Rare 	<p>Risk of losing skilled and trained human capital and recruitment of right staff for new hotel developments. Trade union activities resulting in work disruptions</p>	<ul style="list-style-type: none"> » Establish career development programs and succession plans in order to retain and motivate the talent pool of the company » Provide focused and structured training for staff at all levels to aid personal and professional development » Develop a strong employer brand to attract staff of the right quality » Increasing employee engagement through designing recognition programmes

Annual Report of the Board of Directors

The Board of Directors of Dolphin Hotels PLC takes pleasure in presenting its Report together with the Audited Financial Statements of the Company for the year ended 31 March 2025

PRINCIPAL ACTIVITY

The Company's principal activity is carrying on the business of a Hotelier by the name of Club Hotel Dolphin in Waikkal.

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

CORPORATE GOVERNANCE

The Directors confirm that the Company complies with the Rules on Corporate Governance laid down by the Colombo Stock Exchange. The Corporate Governance practices of the Company are given from pages 21 to 26 of the Annual Report.

FIT & PROPER ASSESSMENT

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements together with the notes thereon are given on pages 34

GOING CONCERN

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

MATERIAL ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2025 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from pages 43 to 78.

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on pages 59 to 61.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2025 amounted to Rs. 948,644,310/- divided into 63,242,954 ordinary shares.

STATUTORY PAYMENTS

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

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

CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 200,425/- [Rs. 430,744 in 2024].

DIRECTORS

The Directors of the Company during the year under review were as follows:

W D K Jayawardena	Chairman
D S K Amarasekera	Non-Executive Director
Dr. J M Swaminathan	Non-Executive Director
S. Furkhan	Independent Director
R.L.E.C. Wijeratne	Non-Executive Director
T Dharmarajah	Independent Director [Appointed w.e.f. 01.10.24]

The profiles of the Directors are given on pages 9 to 10.

INTEREST REGISTER

In compliance with the requirements of the Companies Act. No. 07 of 2007 an interest Register was maintained by the Company during the accounting period ended 31 March 2025.

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

The declarations made by the directors confirm that there are no financial, business, family or other material/ relevant relationship[s] between Mr W D K Jayawardena, Chairman and amongst the other members of the Board.

Other directorships held by the Directors in Sri Lanka are disclosed on pages 9 to 10 Directors of subsidiaries and associate companies are given on pages 27 to 28.

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 (2) of the Companies Act. The Directors have declared their interest in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' interest in contracts with the Company is disclosed on page 64 of the Annual report.

DIRECTORS' INTEREST IN SHARES

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

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

Annual Report of the Board of Directors

Director	As at 31.03.2025	As at 31.03.2024
W D K Jayawardena	-	-
D S K Amarasekera	-	-
Dr. J M Swaminathan	-	-
S Furkhan	-	-
R L E C Wijeratne	-	-
T Dharmarajah	-	-

DIRECTORS' REMUNERATION

The Directors were paid Rs. 1,570,000/- during the period under review.

RETIREMENT AND RE-ELECTION OF DIRECTORS

Mr. D S K Amarasekera who is retiring in terms of Article 86 of the Articles of Association of the Company and offer himself for re-election. The Directors recommend his re-election.

Mr. T Dharmarajah who are retiring in terms of Article 74 of the Articles of Association of the Company and offer themselves for re-election. The Directors recommend their re-election

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

The Company has received notice from a shareholder of its intention to move a resolution to re-elect Dr. Swaminathan as an Independent Director. The Board recommends his re-election.

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

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

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

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

These Committees meet regularly. However, the Nominations & Governance Committee has been established on 1st October 2024 and no meetings were held during October 2024 to 31st March 2025. Matters needing approval or recommendations from the said Committee had been obtained by circulation. The minutes of the rest of the committee meetings are tabled at Board meetings, so the entire Board can be kept aware and informed of the detailed discussions and be confident that relevant issues are receiving the focused attention they need.

The Reports of these Committees can be found on pages 28 to 32 and provide further details.

BOARD AND BOARD SUB COMMITTEE MEMBERSHIP

Director	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination Committee	Board Meeting Attendance			
						30.05.2024	14.08.2024	13.11.2024	13.02.2025
W. D. K. Jayawardena	✓*	-	✓	✓	✓	✓	✓	✓	✓
R L E C Wijeratne	✓	-	-	-	-	-	✓	✓	✓
D. S. K. Amarasekera	✓	✓	-	✓	-	✓ [online]	✓	✓ [online]	✓
S Furkhan	✓	✓	✓	✓	✓	-	✓	-	✓ [online]
Dr. J. M. Swaminathan	✓	-	-	-	-	✓	✓	✓	✓
T Dharmarajah [AWEF-01.10.2024]	✓	✓**	✓**	✓**	✓**			✓	✓ [online]

* Chairman

** Committee Chairman

Annual Report of the Board of Directors

DECLARATION BY THE BOARD OF DIRECTORS IN TERMS OF RULE 9.16 OF THE LISTING RULES

The directors declare that;

- » as stated above under "Directors' Interest in Contracts", the Directors have declared all material interests in contracts with the Company and have refrained from voting on matters in which they were materially interested;
- » any change to applicable laws, rules and regulations including the Listing Rules and applicable capital market provisions are disseminated to the Board by the Company Secretaries which are discussed by the Board to ensure awareness, conformity and compliance with such laws and regulations.

Compliance with laws and regulations

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

Internal Control & Risk Management

- » the review of the internal controls framework covering financial, operational, compliance and risk management is conducted by the Internal Audit team, the results of which are reported to the Board Audit committee quarterly. Through the Audit committee, the Directors have obtained a reasonable assurance of the effectiveness of such Internal Controls and adherence thereto.

The Risk Management review can be found on pages 15 to 17.

TRANSACTIONS WITH RELATED PARTIES

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24.

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

DIVIDENDS

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

AUDITORS

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

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries apart from acting as external Auditors. The Auditors were paid Rs. 1,300,000 as audit fee.

AUDITOR'S REPORT

The Auditor's report appears on pages 35 to 37.

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

During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 22.2 to the Financial Statements found on page 71.

RISK MANAGEMENT

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

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

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

ANNUAL GENERAL MEETING

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

For and on behalf of the Board of Dolphin Hotels PLC



W. D. K. Jayawardena
Chairman



R.L.E.C. Wijeratne
Non-Executive Director

14 August 2025

Corporate Governance

INTRODUCTION

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

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

The Board of Directors of the Company presently comprises of six members.

The Board has determined that M/s. S Furkhan and T Dharmarajah can appropriately be classified as independent directors. This determination is based on their professionalism and conduct. Their expertise and experience are of great value in decision making.

BOARD INDEPENDENCE

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

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

To facilitate more detailed discussion, the Board has appointed Board Sub Committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 28 to 32.

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on pages 9 to 10.

AUDITORS

During the year under review Deloitte Partners Chartered Accountants served as the External Auditors of the Company and they were paid Rs. 1,537,574 as Audit fees.

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

The Auditors have confirmed that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

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

STAKEHOLDERS

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

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

- » Audit Committee
- » Remuneration Committee
- » Related Party Transactions Review Committee
- » Nomination & Governance Committee

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

This enhances discussion and the resolving of issues in a manner that facilitates not only improved performance but also strengthened controls.

The Reports of these Committees can be found on pages 28 to 32 and provide further details.

COMPLIANCE WITH REGULATIONS

The Board confirms that the Company is compliant with the Corporate Governance requirements of the Colombo Stock Exchange ["CSE"], SEC and the Companies Act No. 7 of 2007.

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

The extent of compliance required by the listing rules of the Colombo Stock Exchange as amended by Section 9 is as follows :-

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out, in the Annual report of the Company.	Complied with The Company's commitment to the Corporate Governance Code of CSE is detailed herein.
Policies		
9.2.1	The Company shall establish and maintain the following new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website. a) Policy on the matters relating to the Board of Directors b) Policy on board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities f) Policy on Risk management and Internal Control g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti- Bribery and Corruption	Complied with Summarised versions of all policies are now hosted in the Corporate Website https://www.brownshotels.com/investor-relations
9.3	Board Committees	
9.3.1.	The Company to ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. a) Audit Committee b) Remuneration Committee c) Related Party Transaction Review Committee d) Nomination & Governance Committee	Complied with The Committees are already in place and are functioning effectively:
9.3.2.	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules.	Complied With
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Complied with Mr W D K Jayawardena serves as the Chairman of the Company while T Dharmarajah -Independent Director serves as the Committee Chairman

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	Complied with Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity	In terms of Rule 9.2.1, a policy on Relations with Shareholders and Investors is in place and hosted on the website.
9.5	Policy on matters relating to the Board of Directors	
9.5.1.	Listed Entities to establish and maintain a formal policy governing matters relating to the Board of Directors.	In terms of Rule 9.2.1, a policy on Matters relating to the Board of Directors is in place and hosted on the website
9.6	Chairperson and CEO	
9.6.1	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed by such Entity in terms of Rule 9.6.3 below	Complied with The Chairman of the Company is a Non-Executive Director. The positions of Chairperson and CEO are not held by the same individual.
9.6.3.	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties	Noted for compliance should the need arise.
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.3	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	Complied with All the Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five [05] Directors	Complied with The Board comprises 06 Directors as of date.
9.8.2	Minimum Number of Independent Directors	
9.8.2[a]	The Board of Directors shall include at least two [2] Independent Directors or such number equivalent to one third of the directors whichever is higher.	Complied with 2 out of the 6 Board Members are Independent Directors. Both Directors have submitted annual declarations confirming their independence
9.9.	Alternate Directors	
	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one [1] year from the date of appointment	No Alternate Directors have been appointed to the Board thus far. Agree to comply should the need arise.
9.10	Disclosures relating to Directors	
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	Complied with The maximum number of directorships a Board member is permitted to hold includes 10 Specified Business Entities [SBE] and 10 non-SBEs. This is specified in the Policy on Matters Relating to the Board of Directors which is hosted on the corporate website
9.10.2.	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; <ul style="list-style-type: none"> i. a brief resume of such Director; ii his/her capacity of directorship; and, iii Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 	Complied with All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee
9.11 & 9.11.4	Nomination and Governance Committee The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board together with written Terms of Reference. Composition The members of the Nominations and Governance Committee shall; <ul style="list-style-type: none"> [1] Comprise of a minimum of three [03] Directors of the Listed Entity, out of which a minimum of two [02] members shall be Independent Directors of the Listed Entity. [2] Not comprise of Executive Directors of the Listed Entity. [3] An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. [4] The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity 	Complied with A Nominations & Governance Committee is in place. As of 31st March 2025 the Committee comprised 3 Non Executive directors of whom 2 are Independent.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.12	Remuneration Committee The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference	Complied with Please refer committee report on page 29
9.12.6.	The Committee shall comprise; » a minimum of 3 Directors out of which a minimum of 2 shall be independent » not consist of Executive Directors Chairperson to be an Independent Director	Complied with Please refer committee report on page 29
9.13	Audit Committee	
9.13.1 & 9.13.2	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied with An Audit Committee appointed on 01.10.2024 is already in place. The Audit Committee has oversight of the risk function in addition.
9.13.3	Composition 1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors (b) not comprise of Executive Directors 2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3) The Audit Committee may meet as often as required Provided that the Audit Committee compulsorily meet on a quarterly basis prior to recommending the financials to be released to the market 4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors 5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation 6) The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	Complied with As of 31st March 2025, the Committee comprised 3 Non-Executive Directors of whom 2 are independent. Please refer Committee Report of Page 30 Complied with Complied with Complied with The Committee met 04 times during the financial year ended 31st March 2025 Complied with Complied with CEO BHRL & AGM-Finance attend the Audit Committee meeting by invitation Complied with The Company has appointed an Audit Committee dedicated to it.
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee	Complied with Please refer committee report on page 30.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.14	Related Party transaction Review Committee	
9.14.1.	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation	Complied with
9.14.2.	<p>Composition</p> <p>The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.</p>	<p>Complied with</p> <p>As of 31st March 2025 the Committee comprised 2 Independent Directors & one Non- Executive Director.</p> <p>Please refer committee report on page 28</p>
9.14.4	<p>General Requirements</p> <p>(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter.</p> <p>(2) Minutes of meetings are properly documented and communicated to the Board of Directors.</p> <p>(3) Members of the RPTRC to ensure they have or have access to adequate knowledge, expertise and advice.</p> <p>(4) Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>(5) Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter</p>	<p>Complied with</p> <p>The Committee met 4 times during the year under review, held quarterly.</p> <p>Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.</p> <p>Complied with</p> <p>No such occurrence to report during the financial year 2025.</p> <p>Directors of the RPTRC are aware of their obligations.</p>
9.14.6.	<p>Shareholder Approval</p> <p>The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations</p>	During the year under review there were no such transactions which required shareholder approval.
9.16	Additional Disclosures	Please refer report of the Board of Directors on page 9.

Directors' Disclosures in Terms of Section 9.10.4 (e)

Name of the Director	Number of Board Seats held in Listed Companies	Designation
W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLC	Non-Executive Chairman
	Palm Garden Hotels PLC	Non-Executive Chairman
	Serendib Hotels PLC	Non-Executive Chairman
	Dolphin Hotels PLC	Non-Executive Chairman
	Hotel Sigiriya PLC	Non-Executive Chairman
	Brown & Company PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
Dr. J M Swaminathan	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Renuka Holdings PLC	Non-Executive Director
	Serendib Land PLC	Independent Director
	Browns Investments PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Sierra Cables PLC	Non-Executive director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Hapugastenne Planatations PLC	Non-Executive Director
	Udapusellawa Plantations PLC	Non- Executive Director
	Tea Smallholder Factories PLC	Non- Executive Director
	Sierra Cables PLC	Non- Executive Director
	Ceylon Hotels Corporation PLC	Non-Executive Director
R L E C Wijeratne	Dolphin Hotels PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
Stefan Furkhan	Eden Hotel Lanka PLC	Non-Executive Director
	Hotel Sigiriya PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
T Dharmarajah	Hotel Sigiriya PLC	Senior Independent Director
	Palm Garden Hotels PLC	Independent Director
	Eden Hotel Lanka PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Browns Investments PLC	Independent Director
	Udapussellawa Plantation PLC	Independent Director
	Hapugastenna Plantations PLC	Independent Director
Tea Smallholder Factories PLC	Independent Director	

Report of the Related Party Transactions Review Committee

In conformity with the Listing Rules of the Colombo Stock Exchange, a Related Party Transactions Review Committee [“the Committee”] has been appointed w.e.f. 1st October 2024 and comprises the following members as of date:

T Dharmarajah

Independent Director/ Committee Chairman

S Furkhan

Independent Director/ Committee Member

W D K Jayawardena

Non-Executive Director/ Committee Member

D S K Amarasekera

Non-Executive Director/ Committee Member

To Comply with Section 9, Dr J M Swaminathan, Committee Chair stepped down on 1st January 2025.

The objectives of the Committee are to exercise oversight on behalf of the Board, that all Related Party Transactions of the Company are consistent with the Listing Rules of the Colombo Stock Exchange and that the required disclosures are made in a timely manner as required by the Rule.

The RPT Policy developed by the Committee and recommended for adoption by the Board of Directors of the Company is consistent with the operating model. The policy in detail is as follows:

(a) Shareholder Approval

- i. All non-recurrent transactions to be approved by shareholders, by way of a Special Resolution if the value is equal to, or more than one third [1/3] of the Total Assets of the Company as per the latest Audited Financial Statements of the Entity; OR
- ii. one third [1/3] of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year.

Acquisition of a substantial asset from, or dispose of a substantial asset to, any Related Party of the Entity or its associates, should be done subject to shareholder approval.

- iii. All recurrent Related Party Transaction to be approved by shareholders, by way of a Special Resolution, if the value is equal to, or more than one third [1/3] of the gross revenue [or equivalent term for revenue in the Income Statement] and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity; OR
- iv. one third [1/3] of the gross revenue [or equivalent term for revenue in the group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year;

If a transaction requires shareholder approval as set out in the Rules above, Disclosures in the Annual Report it would be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

(b) Disclosures

The Company shall make an immediate Market Announcement to the Exchange; of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited.

Financial Statements; OR of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.

DISCLOSURES IN THE ANNUAL REPORT

Disclosures in the Annual Report to be done in accordance with Section 9.14.8 of the Listing Rules

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

The details of the Related Party Transactions reviewed and approved by the Committee are disclosed in Note 24 of the Financial Statements for the year ended 31 March 2025 and are found on page 72 of the Annual Report.

During the period under review, In terms of Rule 9.14.8 (4) the Committee declares that the Company had not entered into any transaction with related parties which warranted a disclosure nor shareholder approval.

The Committee met 04 times during the year ended 31 March 2025 and the attendance are given in the following table:

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah	2/2
W D K Jayawardena	4/4
S Furkhan	2/2
D S K Amarasekera	2/4
Dr J M Swaminathan	3/3



T Dharmarajah
Committee Chairman

Report of the Remuneration Committee

In conformity with the Listing Rules of the Colombo Stock Exchange, a Remuneration Committee ("the Committee") has been appointed w.e.f. 1st October 2024.

COMPOSITION

The Remuneration Committee comprises the following Directors as of date:

T Dharmarajah

Independent Director

S Furkhan

Independent Director

W D K Jayawardena

Non-Executive Director

TERMS OF REFERENCE

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

The Committee also studies reports on the human resources of the hotel, which enable it to review the training provided as the

Company's rewards are linked to performance. During the year under review, training had been carried out on areas such HR Management for Non-HR Managers, OBT with Sri Lanka Airforce, Team Building and Communication Training Session, Performance Management for Professionals- Executive Staff , Staff Soft Skills Development and Enhancing Customer Service Excellence

The Committee met once during the year under review at which all Committee members were present.

On behalf of the Committee



T Dharmarajah

Chairman - Remuneration Committee

Report of the Audit Committee

The Audit Committee [“the Committee”] has been formally appointed by the Board in conformity with the Listing Rules of the Colombo Stock Exchange w.e.f. 1st October 2024. The Chairman of the Audit Committee is an Independent Non-Executive Director.

COMPOSITION

The members of the Audit Committee as at 31 March 2025 were as follows:

T Dharmarajah

Independent Director/Committee Chairman
(Appointed w.e.f. 01.01.2025)

S Furkhan

Independent Director

D. S. K. Amarasekera

Non-Executive Director

To Comply with Section 9, Dr J M Swaminathan, Committee Chair stepped down on 1st January 2025.

The Committee meets regularly to review the financial statements. During these discussions, the Committee satisfies itself that the Company’s systems enable information to be accurately recorded and reported in a manner that is timely and in compliance with all relevant regulatory and statutory requirements. The Group Chief Financial Officer was invited to attend these meetings.

INTERNAL AUDIT

The Internal Audit Function of the Company is being carried out by the Group Enterprise Risk Management Division. Internal audit had independently reviewed the financial and internal control systems of the Company. It had carried out independent audits in accordance with an internal Audit Plan which was approved by the Audit Committee before the commencement of the financial year.

The Enterprise Risk Management Division follows up on the implementation of recommendations and reports the progress to the Audit Committee.

ROLE OF THE COMMITTEE

The Audit Committee operates within the Terms of Reference outlined in its Charter and assist the Board in fulfilling their oversight responsibilities in the following areas.

- i) Ensuring the quality and integrity of the Company’s Financial Statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.
- ii) Monitoring the system of internal accounting and financial controls of the Company.
- iii) Ensuring compliance with legal and statutory requirements including financial reporting requirements, disclosure requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- iv) Overseeing the performance of Internal Audit functions including the process to ensure that the internal controls and risk management of the Company are adequate.
- v) Assessing the independence and performance of the External Auditors of the Company and make recommendations to the Board pertaining to the appointment, re appointment or removal of External Auditors and their remuneration and approve terms of engagement.

EXTERNAL AUDIT

The Committee also met with the External Auditors, to facilitate a dialogue on any areas of concern. This enabled the Committee to gain additional assurance that the financial statements and the notes thereto contained all necessary information. Through these meetings, the Committee was able to review the effectiveness of the external auditors.

The Committee then made recommendations to the Board on the suitability of the Auditors for re-appointment, and on the audit fees to be paid.

Accordingly, the Committee proposed that M/s Deloitte Partners be re-appointed as external auditors of the Company for the ensuing year subject to approval of the shareholders at the forthcoming Annual General Meeting.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

Confirmation has been obtained from the External Auditors of their compliance with the independence guidelines given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee met 4 times during the financial year ended 31st March 2025. The details of attendance of individual members are given below:

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah (Committee Chairman)	2/2
D S K Amarasekera	3/4
S Furkhan	2/2
Dr J M Swaminathan	3/3

On behalf of the Committee



T Dharmarajah

Chairman - Audit Committee

Report of the Nomination and Governance Committee

Nomination & Governance Committee established by the board on 01st October 2024 in terms of Section 9.10.3 and re constituted with effect from 01st January 2025.

COMPOSITION

T. Dharmarajah

Committee Chairman/ Non-Executive Independent Director

S. Furkhan

Non-Executive Independent Director

W D K Jayawardena

Non-Executive Director

FUNCTIONS OF THE NOMINATION & GOVERNANCE COMMITTEE

- i) Evaluate the appointment of directors to the Board of Directors and Board Committees of the Company.
- ii) Regularly review the structure, size, and composition (including the skills, knowledge and experience) of the Board, and make recommendation to the Board with regard to any suitable changes.

TERMS OF REFERENCE

The Company has board approved Terms of reference for the Nomination & Governance Committee. It sets out the authority, composition, scope and responsibilities of the Committee taking into consideration the Corporate Governance requirements set out in the Listing Rules of the CSE.

RE- ELECTION OF DIRECTORS

As provided in the Articles of Association of the Company the Committee recommended the retirement by rotation of one director namely, Mr. D S K Amarasekera and the re-election of a director i.e. Mr. T Dharmarajah appointed to fill a casual vacancy on the Board during the year under review. Further, Dr. J M Swaminathan who reached age 70 in 2011 and recommended to re-elect in terms of Section 210 of the Companies Act no. 7 of 2007 subject to shareholder approval. The Committee ensures that all Directors are required to submit themselves for re-election at regular intervals and at least once in every three years in accordance with the provisions of the Articles of Association of the Company.

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

Description	D S K Amarasekera [Article 86]	Dr. J M Swaminathan [Sec. 210 of the CA]	T Dharmarajah [Article 73]
Date of first appointment as a Director	11.02.2021	11.02.2021	01.10.2024
Date of last re-election as a Director at an AGM	2023	2024	-
Board Committees Served on during the year under review	-	Audit RPTRC Remuneration	Audit RPTRC Remuneration NGC
Present directorships in listed and unlisted Companies	Please refer Director's Profiles	Please refer Director's Profiles	Please refer Director's Profiles
Any relationships including close family relationships between the Director proposed for re-election and the directors, the Bank or its shareholders holding more than ten per centum [10%] of the shares of the Company	None	None	None

Report of the nomination and governance committee Cont'd

MEETING & ACTIVITIES

The Committee reviewed and recommended the introduction of the following Policies to ensure Compliance with the revised Listing Rules of the Colombo Stock Exchange.

- a) Policy on the matters relating to the Board of Directors
- b) Policy on board Committees
- c) Policy on Corporate Governance, Nominations and Reelection
- d) Policy on Remuneration
- e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities
- f) Policy on Risk management and Internal Control
- g) Policy on Relations with Shareholders and Investors
- h) Policy on Environmental, Social and Governance Sustainability
- i) Policy on Control and Management of Company Assets and shareholder Investments
- j) Policy on Corporate Disclosures
- k) Policy on Whistleblowing
- l) Policy on Anti- Bribery and Corruption

INDEPENDENT DIRECTORS

The Committee is of the opinion that M/s T Dharmarajah and S Furkhan have met the criteria for determining their independence based on their professionalism, conduct, expertise and experience. The said Directors have also submitted declarations in accordance with the requirements of the revised CSE Listing Rules 9.8.5. Based on the recommendation of the Committee to Board has also determined that M/s Dharmarajah and S Furkhan can appropriately be classified Independent Directors as of report date.

COMPLIANCE WITH LISTING RULES OF THE CSE

The Committee has received and reviewed reports from management regarding the Company's compliance with the corporate governance framework. Based on this review, the Committee confirms that, to the best of its knowledge, all Corporate Governance requirements outlined in the Listing Rules have been fully met.

On behalf of the Committee



T Dharmarajah
Chairman
Nomination & Governance Committee

14 August.2025

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Statement of Directors' Responsibility in Relation to Preparing Financial Statements

FINANCIAL REPORTS

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

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

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

- » Appropriate accounting policies are used, selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained.
- » All applicable and relevant Accounting Standards have been followed.
- » Judgements and estimates have been made which are reasonable and prudent.

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

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

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

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

COMPLIANCE REPORT

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

By Order of the Board of Dolphin Hotels PLC



W D K Jayawardena

14 August 2025

Independent auditor’s report



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**INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC
Report on the Audit of the Financial Statements
Opinion**

We have audited the financial statements of Dolphin Hotels PLC (the Company) which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2025, 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 the Institute of Chartered Accountants of Sri Lanka (“CA Sri Lanka Code of Ethics”) and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of freehold land and buildings</p> <p>See notes 4.7 and 10 of the financial statements for disclosures of related accounting policies, judgements, estimates and balances.</p> <p>As at 31 March 2025, carrying value of freehold land and buildings classified as property, plant and equipment of the Company amounted to Rs. 3,951 Mn.</p> <p>The Company has chosen the revaluation model as its accounting policy for recognition of its freehold land and buildings, which are accordingly measured at fair value with sufficient regularity, to ensure that the carrying amounts do not materially differ from their fair value as at the reporting date. The Company engaged independent valuation experts to revalue their freehold land and buildings as of 31 March 2025.</p>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"> » Compared historical valuations in relation to freehold land and buildings against current year valuations, and noted that the movements appear to be in line with overall movement in the market; » Assessed the professional competence, qualifications, and experience and objectivity of the external valuation expert; » Verified the completeness and accuracy of the information provided to the external valuation expert by the management of the Company;

CS Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunarathne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, L A C Tillekeratne ACA, D C A J Yapa ACA

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**INDEPENDENT AUDITORS’ REPORT CONTD...
TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC CONTD..
Report on the audit of financial statements Contd..
Key Audit Matters Contd..**

Key audit matter [Contd]	How our audit addressed the key audit matter [Contd]
<p>During the year ended 31 March 2025, the Company reported surplus on revaluation of freehold land and buildings of Rs. 1,226 Mn.</p> <p>Freehold land and buildings were valued at their fair values at reporting date using the market value approach for freehold land and the depreciated replacement cost approach for buildings.</p> <p>The fair values of freehold land and buildings are dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each freehold land and building and recent comparable transactions for each freehold land and building at different locations directly impact fair values.</p> <p>We focused on this matter because the:</p> <ul style="list-style-type: none"> » Relative amount of the freehold land and building balances in the Company’s statement of financial position. The freehold land and building value of Rs. 3,951 Mn representing 66% of the total assets of the Company; » Quantum of revaluation surplus recognised by the Company, that directly impacts the Company’s statement of other comprehensive income; and » Inherently subjective nature of freehold land and buildings valuations due to use of estimates and judgement in the valuation methodology. 	<ul style="list-style-type: none"> » Evaluated the reasonableness of significant assumptions, judgements, and estimates used by the external valuation expert in determining the fair value of the freehold land and buildings. This included comparing the key inputs with publicly available property market data, considering factors such as location, land extent, and the physical condition of the buildings; » Engaged an auditor’s expert to assist in assessing the reasonableness of the valuation techniques, key assumptions and methods applied and data used in valuation, including evaluating the fair values determined by the valuer with reference to current market evidence obtained by the expert; » Inspected the valuation reports and agreed the fair values to the Company’s accounting records and financial statements; and » Assessed the adequacy and appropriateness of related disclosures in the financial statements in accordance with the applicable financial reporting framework.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to

communicate the matter to those charged with governance and take appropriate actions based on the circumstances.

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

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

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

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



**INDEPENDENT AUDITORS' REPORT CONTD...
TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC CONTD..
Report on the audit of financial statements Contd..**

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.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

CHARTERED ACCOUNTANTS

COLOMBO

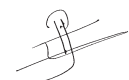
14 August 2025

Statement of Financial Position

As At 31 March 2025

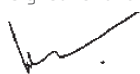
As at 31 March	Note	2025 Rs.	2024 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	10	4,116,367,300	2,866,555,696
Intangible Assets	11	845,406	1,639,986
Other Financial Assets	12	1,999,589	2,682,566
Total Non-Current Assets		4,119,212,295	2,870,878,248
Current Assets			
Inventories	13	38,646,920	37,780,719
Trade and Other Receivables	14	613,143,127	579,651,010
Other Financial Assets	12	661,178,326	660,313,348
Cash and Cash Equivalents	15	578,049,117	1,201,725,091
Total Current Assets		1,891,017,490	2,479,470,168
Total Assets		6,010,229,785	5,350,348,416
EQUITY AND LIABILITIES			
Equity			
Stated Capital	16	948,644,310	948,644,310
Other Components of Equity	17	1,971,855,147	1,114,347,919
Retained Earnings		1,513,331,139	1,341,282,974
Total Equity		4,433,830,596	3,404,275,203
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	18	-	409,591,369
Deferred Tax Liabilities	8.2	1,040,026,705	679,594,426
Retirement Benefit Obligations	19	32,840,165	33,904,489
Total Non-Current Liabilities		1,072,866,870	1,123,090,284
Current Liabilities			
Trade and Other Payables	20	386,236,458	504,954,208
Dividends Payable	21	3,754,046	3,754,046
Income Tax Liabilities		62,661,830	54,244,711
Interest Bearing Loans and Borrowings	18	-	180,900,005
Bank Overdraft	15.2	50,879,985	79,129,959
Total Current Liabilities		503,532,319	822,982,929
Total Equity and Liabilities		6,010,229,785	5,350,348,416

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Jeewantha Perera
Head of Finance

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board by.



W. D. K. Jayawardena
Director



R.L.E.C Wijeratne
Director

The accounting policies and notes on page 43 through 78 form an Integral Part of the financial statements.

14 August 2025
Colombo

Statement of Profit or Loss

For the year Ended 31 March 2025

For the year ended 31 March	Note	2025 Rs.	2024 Rs.
Revenue	4	1,446,897,071	1,311,438,532
Cost of Sales		[510,924,482]	[403,661,661]
Gross Profit		935,972,589	907,776,871
Other Operating Income and Gains	5	4,739,466	4,043,803
Sales and Marketing Expenses		[17,428,978]	[8,890,718]
Administrative Expenses		[780,207,945]	[675,067,015]
Results of Operating Activities		143,075,132	227,862,941
Finance Cost	6	[5,642,299]	[75,176,531]
Finance Income	6	92,725,803	235,683,172
Profit Before Tax	7	230,158,636	388,369,582
Tax Expense	8	[62,725,038]	[68,352,392]
Profit for the Year		167,433,598	320,017,190
Earnings Per Share - Basic	9	2.65	5.06

The accounting policies and notes on page 43 through 78 form an Integral Part of the financial statements.

Statement of Comprehensive Income

For the year ended 31 March 2025

For the year ended 31 March	Note	2025 Rs.	2024 Rs.
Profit for the Year		167,433,598	320,017,190
Other Comprehensive Income			
Items that will not be reclassified to profit or loss subsequently			
Fair Value (Loss) / Gain on Fair Value Through OCI Investments	12	(682,977)	725,184
Surplus from Revaluation of Land and Buildings	10.1	1,225,986,007	-
Deferred Taxation Attributable to Surplus from Revaluation of Land and Buildings	8.2.2	(367,795,802)	-
Actuarial Gain / (Loss) on Retirement Benefit Obligations	19	6,592,239	(7,690,806)
Deferred Taxation Attributable to Actuarial (Gain) / Loss	8.2.2	(1,977,672)	2,307,241
Net Other Comprehensive Income / (Loss) Items that will not to be Reclassified to Profit or Loss in Subsequent Periods		862,121,795	(4,658,381)
Other Comprehensive Income / (loss) for the Year, Net of Tax		862,121,795	(4,658,381)
Total Comprehensive Income for the Year, Net of Tax		1,029,555,393	315,358,809

The accounting policies and notes on page 43 through 78 form an Integral Part of the financial statements.

Statement of Changes in Equity

For the year ended 31 March 2025

For the year ended 31 March	Note	Other Component of Equity				Total Rs.
		Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	
As at 01 April 2023		948,644,310	1,115,665,353	(2,042,618)	1,026,649,349	3,088,916,394
Net Profit for the Year		-	-	-	320,017,190	320,017,190
Other Comprehensive Income						
Fair Value Gain on Fair Value Through OCI Investments	17	-	-	725,184	-	725,184
Actuarial loss on Retirement Benefit Obligations	19	-	-	-	(7,690,806)	(7,690,806)
Deferred Taxation Attributable to Actuarial Loss	8	-	-	-	2,307,241	2,307,241
Total Comprehensive Income		-	-	725,184	314,633,625	315,358,809
Balance as at 31 March 2024		948,644,310	1,115,665,353	(1,317,434)	1,341,282,974	3,404,275,203
Balance as at 1 April 2024		948,644,310	1,115,665,353	(1,317,434)	1,341,282,974	3,404,275,203
Net Profit for the Year		-	-	-	167,433,598	167,433,598
Other Comprehensive Income						
Surplus from Revaluation of Land & buildings	10	-	1,225,986,007	-	-	1,225,986,007
Deferred Taxation Attributable to Surplus from Revaluation of Land and Buildings	8	-	(367,795,802)	-	-	(367,795,802)
Fair Value loss on Fair Value Through OCI Investments	17	-	-	(682,977)	-	(682,977)
Actuarial Gain on Retirement Benefit Obligations	19	-	-	-	6,592,239	6,592,239
Deferred Taxation Attributable to Actuarial Gain	8	-	-	-	(1,977,672)	(1,977,672)
Total comprehensive Income		-	858,190,205	(682,977)	172,048,165	1,029,555,393
Balance as at 31 March 2025		948,644,310	1,973,855,558	(2,000,411)	1,513,331,139	4,433,830,596

The accounting policies and notes on page 43 through 78 form an integral part of the financial statements.

Statement of Cash Flows

For the Year ended 31 March 2025

For the Year Ended 31 March	Note	2025 Rs.	2024 Rs.
Operating Activities			
Net Profit Before Income Tax		230,158,636	388,369,582
Adjustments for			
Depreciation of Property, Plant and Equipment	10	108,469,422	110,599,111
Amortisation of Intangible Assets	11	794,580	794,580
Finance Income	6	(80,382,255)	(226,719,269)
Write off of Receivables	7	51,267,323	-
Foreign Currency Losses / [Gain] - Loan	18.1	3,053,516	(49,398,853)
Finance Costs	6	5,642,299	75,176,531
Provision for Retirement Benefit Obligations	19	6,716,135	5,888,325
Provision for Impairment of Trade Receivables	14	12,084,017	12,589,048
		337,803,673	317,299,055
Working Capital Adjustments:			
Increase in Inventories		(866,201)	(6,225,712)
Increase in Trade and Other Receivables & Other Financial Assets		(92,860,842)	(447,575,570)
[Decrease] / Increase in Trade and Other Payables		(118,717,750)	16,334,055
Cash Generated From / (Used In) Operations		125,358,880	(120,168,172)
Finance Costs Paid		(5,642,299)	(75,176,531)
Employee Retirement Benefit Paid	19	(1,188,220)	(6,081,765)
Income Tax Paid		(63,648,946)	-
Net Cash Generated From / (Used In) Operating Activities		54,879,415	(201,426,468)
Investing Activities			
Purchase of Property, Plant and Equipment	10	(132,295,019)	(72,127,601)
Loans Settled by Related Parties	12	40,000,000	-
Finance Income		35,534,494	226,719,269
Net Cash Flows (Used in) / Generated From Investing Activities		(56,760,525)	154,591,668
Financing Activities			
Related Party Loans (Repaid) / Obtained During the Year	18	(16,814,428)	16,814,428
Repayment of Interest Bearing Loans and Borrowings	18	(576,730,462)	(302,953,532)
Net Cash Flows Used In Financing Activities		(593,544,890)	(286,139,104)
Net Decrease in Cash and Cash Equivalents		(595,426,000)	(332,973,904)
Cash and Cash Equivalents at the Beginning of the Year		1,122,595,132	1,455,569,036
Cash and Cash Equivalents at the End of the Year	15	527,169,132	1,122,595,132

The accounting policies and notes on page 43 through 78 form an Integral Part of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2025

1. CORPORATE INFORMATION

1.1 General

Dolphin Hotels PLC (“Company”) is a Public limited liability Company listed on the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office is located at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is operation of a hotel in Waikkal, Sri Lanka.

1.3 Parent Entity and Ultimate Parent Entity

Serendib Hotels PLC which is the immediate parent of Dolphin Hotels PLC was acquired by Eden Hotel Lanka PLC. The Company’s intermediate and ultimate parent undertaking and controlling parties are Eden Hotel Lanka PLC, Browns Hotels and Resorts Limited, Browns Investments PLC and LOLC Holdings PLC respectively, which are incorporated in Sri Lanka. However, Serendib Hotels PLC continues to be the immediate parent of the Company despite of the said acquisition.

1.4 Date of Authorisation for Issue

The Financial Statements of Dolphin Hotels PLC for the year ended 31 March 2025 were authorised for issue, in accordance with a resolution of the Board of Directors on 14 August 2025.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (“SLFRS”s), Sri Lanka Accounting Standards (“LKAS”s), relevant interpretations of the Standing Interpretations Committee (“SIC”) and International Financial Reporting Interpretations Committee (“IFRIC”). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for land, buildings and motor vehicles which are measured at revalued amounts subsequently and financial

assets and liabilities which are measured at amortised cost / fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company’s financial statements are disclosed in note 3 to the financial statements.

2.2 Going Concern

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

2.3 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention other than land, buildings and motor vehicles which are subsequently measured at revalued amounts, fair value through OCI investments and other financial assets and liabilities measured at fair value / amortised cost.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the parent company’s functional and presentation currency.

2.5 Materiality and Aggregation

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

2.6 Comparative Information

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

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

Statement of comprehensive income for the year ended 31 March 2024 [all amounts are in Sri Lankan Rupees]	As reported previously	Reclassifications	Current presentation
Other Income [See Note (a) below]	5,489,857	[1,446,054]	4,043,803
Finance Income – Exchange gain on operations	246,397,962	[10,714,790]	235,683,172
Administrative Expenses [See Note (b) below]	[687,227,859]	12,160,844	[675,067,015]
Total	435,340,040	-	435,340,040

(a) Foreign currency encashment income amounting to Rs. 1,446,054 which was previously classified under “Other operating income and gains” is now included under “Finance Income” as a part of “exchange gain on operations”.

(b) Exchange loss on operations amounting to Rs. 12,160,844 which was previously classified under “Administrative Expenses” is now included under “Finance Income” as a part of “exchange gain on operations”.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3.1 Judgements

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

a) Revenue from Contract with Customers

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

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

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

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

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

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

Accordingly, the revenue from contract with customers of the Company is accounted as follows.

a) Room Revenue

Revenue is recognised on the rooms occupied on daily basis and after completing all other obligation related to the Room.

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.

b) Deferred Tax Assets

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

3.2 Estimates and Assumptions

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

a) Revaluation of Property, Plant and Equipment

The Company carries its land and buildings at revalued amounts with changes in fair value being recognised in OCI. The Company engages an independent valuation specialist once in 3 years, to assess fair value for the said assets. Land, buildings and motor vehicle values by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The valuation methodology adopted and the key assumptions to determine the fair value of the properties and sensitivity analyses are provided in relevant notes as required.

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

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

c) Impairment of Non - Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate

valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

d) Retirement Benefit Obligations

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

e) Impairment of financial assets

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently for all periods presented in the Financial Statements by the Company. Changes to the accounting policies have been disclosed in the note 4.1.

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

4.1 Changes in Accounting Policies

The Accounting policies are consistent with the comparative period.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

4.2 Foreign Currencies

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or transaction of monetary items are recognised in Profit or Loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

4.3 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- » It is expected to be settled in the normal operating cycle
- » It is held primarily for the purpose of trading
- » It is due to be settled within twelve months after the reporting period or

- » It does not have the right at the reporting date to defer the settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

4.4 Fair Value Measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- » In the principal market for the asset or liability 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 considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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

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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 reassessing categorisation at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations.

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

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

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

4.5 Revenue

Recognition of Revenue

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

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

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

Room Revenue is recognised based on the rooms occupied, on a daily basis, and food and beverage are accounted for at the time of sale.

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

Goods Transferred at a Point in Time

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

Services Transferred Over Time

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

Contract Liabilities

Contract liabilities are Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities includes advances received for reservations. Contract liabilities of the Company have been disclosed in Trade and Other Payables note 20.

4.6 Taxation

Current Income Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue Department of Sri Lanka. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the Company

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

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

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

Deferred Taxation

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

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

- i) Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carryforward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- i) Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii) In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

4.7 Property, Plant and Equipment

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

Land, buildings, land improvements, swimming pool and motor vehicles are measured at fair value less accumulated depreciation and any impairment losses after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Where Buildings and motor vehicles are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss.

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A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

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

	2025	2024
Buildings on Freehold Land	Over maximum period of 60 years	Over maximum period of 60 years
Furniture, Fittings and Equipment	5 -10 Years	5 -10 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Swimming Pool	Over maximum period of 60 years	Over maximum period of 60 years
Cutlery, Crockery, Glassware and Silverware	2-3 Years	2-3 Years

An item of property, plant and equipment and any significant part initially recognised is de-recognised 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 Profit or Loss when the asset is de-recognised.

Capital Work In Progress is recognised at cost and subsequently it is carried at cost less accumulated impairment.

Borrowing Costs

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

4.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

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

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

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

Gains or losses arising from 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 recognised in the Statement of Profit or Loss when the asset is de-recognised.

4.9 Inventories

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

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

Foods and Beverages Stocks	-	At actual cost on weighted average basis.
Maintenance and Others	-	At actual cost on weighted average basis.

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

4.10 Financial Instruments

Financial Assets

Initial Recognition and Measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction

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costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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 de-recognised, modified or impaired.

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

Financial Assets at Fair Value Through OCI (Debt Instruments)

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

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

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

The Company has not classified any instrument under this category as of 31 March 2025.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

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

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

The Company has not classified any instrument under this category as of 31 March 2025.

De-recognition

A financial asset is de-recognised when:

- » The rights to receive cash flows from the asset have expired.
- » The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a

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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.

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

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. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables and contract assets, the 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.

Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

Financial Liabilities at Fair Value Through Profit or Loss

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

Loans and borrowings

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of Financial Instruments

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

4.11 Cash and Cash Equivalents

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

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

4.12 Employee Benefits

(a) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective

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statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(b) Defined Benefit Plans – Gratuity

A defined benefit plan is post-employment benefits plan other than a defined contribution plans – Employees' Provident Fund and Employees' Trust Fund. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the 'Projected Unit Credit method'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

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

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

4.13 Provisions

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

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

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

(a) The Company have applied the following new and amended SLFRS Accounting Standards that are effective for the first time during the current year, for their annual reporting period commencing on 1 April 2024:

(i) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The Company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

(ii) Amendments to LKAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants

The Company has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

(b) The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

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

(ii) Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

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

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

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

(c) **New and revised SLFRS Accounting Standards in issue but not yet effective and not early adopted in 2024/25:**

(i) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

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

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods. However, the extent of such impact will be determined at the time of adoption.

(ii) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

4 REVENUE

Year ended 31 March	2025 Rs.	2024 Rs.
Accommodation, Food and Beverage	1,422,152,435	1,294,202,449
Others (Hotel Operations)	24,744,636	17,236,083
	1,446,897,071	1,311,438,532

5 OTHER OPERATING INCOME AND GAINS

Year ended 31 March	2025 Rs.	2024 Rs.
Rental Income	4,739,466	3,919,967
Sundry Income	-	123,836
	4,739,466	4,043,803

6 FINANCE COST AND INCOME**6.1 Finance Costs**

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Interest Expense on Overdrafts		1,983,221	3,399,245
Interest Expense on Loans and Borrowings - Related Parties	24.4	2,524,460	18,924,939
Interest Expense on Loans and Borrowings - Others		1,134,618	52,852,347
		5,642,299	75,176,531

6.2 Finance Income

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Interest Income from - Related Party Loans	24.4	37,047,557	27,878,545
Interest Income from - Related Party Current Accounts	24.4	7,800,204	-
Interest Income from - Commercial Papers & Saving Accounts		35,534,494	198,840,724
Exchange gain on operations		12,343,548	8,963,903
		92,725,803	235,683,172

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

7 PROFIT BEFORE TAX

Stated After Charging

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Included in Administrative Expenses			
Directors' Emoluments	25 [a]	1,570,000	-
Auditors' Remuneration - Audit [Fees and Expenses]		1,300,000	1,160,000
Auditors' Remuneration - Non Audit [Fees and Expenses]		-	-
Depreciation on Property, Plant and Equipment	10	108,469,422	110,599,111
Amortisation on Intangible Assets	11	794,580	794,580
Professional and Legal Fees		752,350	939,440
Donations		200,425	430,744
Provision for Impairment of Trade Receivables	14.2	12,084,017	12,589,048
Write Off of Receivables		51,267,323	-
Management Fees	24.4	93,712,418	112,912,786
Accounting Fees	24.4	1,486,800	6,720,312
Consultancy Fees	24.4	17,700,000	-
Employee Benefit Expense	7.1	218,726,799	198,511,552

7.1 Employee Benefit Expense

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Salaries, Wages and Other Benefits		197,308,475	179,651,556
Retirement Benefit Obligations	19.1	6,716,135	5,888,325
Defined Contribution Obligations - EPF and ETF		14,702,189	12,971,671
		218,726,799	198,511,552

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

8 INCOME TAX EXPENSE

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Statement of Profit or Loss			
Current Income Tax			
Current Tax Expense on Ordinary Activities for the Year	8.1	76,222,286	64,172,839
Over Provision of Current Taxes in Respect of Prior Years		[4,156,054]	-
Deferred Income Tax			
Deferred Taxation [Reversal] / Charge	8.2.2	[9,341,194]	4,179,553
		62,725,038	68,352,392
Statement of Other Comprehensive Income			
Deferred Taxation Charge / [Reversal]	8.2.2	369,773,474	[2,307,241]
		369,773,474	[2,307,241]
Income Tax Expense Recorded in Total Comprehensive Income		432,498,511	66,045,151

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

Year ended 31 March	2025 Rs.	2024 Rs.
Accounting Profit Before Tax	230,158,636	388,369,582
Aggregate Disallowable Items	130,781,157	141,594,825
Income from Other sources	[78,085,422]	[250,317,929]
Aggregate Allowable Items	[106,101,603]	[95,754,847]
Taxable Profit from Trade Income	176,752,768	183,891,631
Less: Unrealised Loss	-	[183,891,631]
	176,752,768	-
Taxable Profit from Other Sources	77,321,517	229,945,249
Less: Losses Claimed	-	[16,035,786]
	254,074,285	213,909,463
Income Tax - 30%	76,222,286	64,172,839
Current Income Tax Expense	76,222,286	64,172,839
Effective Tax Rate	30%	30%

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

8 INCOME TAX EXPENSE CONTD..

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

Year ended 31 March	2025 Rs.	2024 Rs.
---------------------	-------------	-------------

8.1.2 Tax Losses Brought Forward

Tax Losses Brought Forward	104,146	184,570,741
Adjustment to the Reflect Impacts from Tax Return 2023/24	(104,146)	15,460,823
Tax Losses Utilised	-	(199,927,417)
Tax Losses Carried Forward	-	104,146

8.2 Deferred Tax**8.2.1 Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;**

Year ended 31 March	Note	2025 Rs.	2024 Rs.
Deferred Tax Liabilities	8.2.3	1,059,662,698	695,955,755
Deferred Tax Assets	8.2.3	(19,635,993)	(16,361,329)
Net Deferred Tax Liabilities		1,040,026,705	679,594,426

8.2.2 Deferred Taxation Charge / [Reversal] - Statement of Profit or Loss / Other Comprehensive Income

Year ended 31 March	Statement of Profit or Loss		Other Comprehensive Income / Directly through Equity	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	(4,088,859)	(47,441,742)	-	-
Revaluation of Buildings	-	-	367,795,802	-
	(4,088,859)	(47,441,742)	367,795,802	-
Deferred Tax Assets				
Retirement Benefit Obligations	(1,658,374)	58,031	-	-
Collective Impairment of Trade and Other Receivables	(3,625,205)	(3,776,714)	-	-
Carry Forward of Unused Tax Losses	31,244	55,339,978	-	-
Actuarial Loss / [Gain]	-	-	1,977,672	(2,307,241)
	(5,252,335)	51,621,295	1,977,672	(2,307,241)
	(9,341,194)	4,179,553	369,773,474	(2,307,241)

Deferred tax provision as of 31 March 2025 has been computed based on the future tax rate applicable to the Company (30%) in accordance with Inland Revenue Act, No. 24 of 2017.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

8 INCOME TAX EXPENSE CONTD..**8.2.3 Deferred Tax Asset/Liability Relates to the Following;**

Year ended 31 March	Statement of Financial Position	
	2025 Rs.	2024 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	213,813,067	217,901,926
Surplus from Revaluation of Buildings & Swimming Pool	845,849,631	478,053,829
	1,059,662,698	695,955,755
Deferred Tax Assets		
Retirement Benefit Obligations	10,083,736	8,425,362
Collective Impairment of Trade and Other Receivables	9,783,943	6,158,738
Carry Forward of Unused Tax Losses	-	31,244
Actuarial Loss / [Gain]	[231,686]	1,745,985
	19,635,993	16,361,329
Net Deferred Tax Liabilities	1,040,026,705	679,594,426

9 EARNINGS PER SHARE

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

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

Amounts Used as the Numerator:

Year ended 31 March	2025 Rs.	2024 Rs.
Profit Attributable to Ordinary Shareholders	167,433,598	320,017,190

Number of Ordinary Shares Used as the Denominator:

Year ended 31 March	2025 Number	2024 Number
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	63,242,954	63,242,954
Earnings Per Share - Basic	2.65	5.06

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

10 PROPERTY, PLANT & EQUIPMENT**10.1 Gross Carrying Amounts**

	As at 01.04.2024 Rs.	Additions Rs.	Transfer on Revaluation Rs.	Revaluation Surplus Rs.	As at 31.03.2025 Rs.
At Cost					
Furniture, Fittings and Equipment	381,932,285	14,730,917	-	-	396,663,202
Plant, Machinery and Equipment	328,380,039	29,521,332	-	-	357,901,371
Cutlery and Crockery	64,603,847	20,178,372	-	-	84,782,219
	774,916,171	64,430,621	-	-	839,346,792
At Valuation					
Land and Improvements	891,000,000	-	-	637,200,000	1,528,200,000
Buildings and Swimming Pools on Freehold Land	1,915,296,696	56,361,080	[137,443,783]	588,786,007	2,423,000,001
Motor Vehicles	215,660	13,258,742	-	-	13,474,402
	2,806,512,356	69,619,822	[137,443,783]	1,225,986,007	3,964,674,403
Total Value of Depreciable Assets	3,581,428,527	134,050,443	[137,443,783]	1,225,986,007	4,804,021,195

10.2 In the Course of Construction

	As at 01.04.2024 Rs.	Additions Rs.	Transfer Out Rs.	As at 31.03.2025 Rs.
Capital work in progress	2,331,700	532,772	[2,288,196]	576,276
	2,331,700	532,772	[2,288,196]	576,276

10.3 Accumulated Depreciation

	As at 01.04.2024 Rs.	Charge for the Year Rs.	Transfer on Revaluation Rs.	As at 31.03.2025 Rs.
At Cost				
Furniture, Fittings and Equipment	353,652,911	30,630,208	-	384,283,119
Plant, Machinery and Equipment	238,319,649	11,968,054	-	250,287,703
Cutlery and Crockery	34,655,022	18,678,177	-	53,333,199
	626,627,582	61,276,439	-	687,904,021
At Valuation				
Buildings and Swimming Pool on Freehold Land	90,361,290	47,082,493	[137,443,783]	-
Motor Vehicles	215,660	110,490	-	326,150
	90,576,950	47,192,983	[137,443,783]	326,150
Total Accumulated Depreciation	717,204,532	108,469,422	[137,443,783]	688,230,171

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

10 PROPERTY, PLANT & EQUIPMENT CONTD..**10.4 Net Book Value**

As at 31 March	2025 Rs.	2024 Rs.
At Cost		
Furniture and Fittings	12,380,083	28,279,374
Plant, Machinery and Equipment	107,613,668	90,060,391
Cutlery and Crockery	31,449,020	29,948,825
	151,442,771	148,288,590
At Valuation		
Land and Improvements	1,528,200,000	891,000,000
Buildings and Swimming Pools on Freehold Land	2,423,000,001	1,824,935,406
Motor Vehicles	13,148,252	-
	3,964,348,253	2,715,935,406
In the Course of Construction		
Capital work in progress	576,276	2,331,700
Total Carrying Amount of Property, Plant and Equipment	4,116,367,300	2,866,555,696

10.5 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.134,050,443 (2024 - Rs. 70,827,716), the consideration of which was settled by cash.

10.6 Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amounts of Rs. 555,015,721 (2024 - Rs. 534,065,933).

10.7 No borrowing cost has been capitalised during the year (2024 - Rs. Nil).

10.8 The Company has stated following properties at revalued amounts. The valuation was carried out by Mr. W.M. Chandrasena, independent valuer who holds the recognised and relevant professional qualification and has the recent experience in the location and the category of the revalued properties. The surplus arising from the revaluation was transferred to revaluation reserve.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

10 PROPERTY, PLANT & EQUIPMENT CONTD..

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

Property	Category	Number of Buildings	Extent	Method of Valuation	Range of Estimates for Unobservable Inputs	Valuation	Sensitivity of the input to the fair value	Significant Unobservable Inputs	Date of Valuation
Land at Waikkal	-	-	15A 3R 27P	Market Basis Valuation	Rs. 600,000 per perch	1,528,200,000	Positively Correlated	Price per perch of land	31 March 2025
Buildings at Waikkal	Luxury Accommodation	6	220,339 Sq. Ft 154 Rooms	Depreciated Replacement Cost	Rs. 15,000 to Rs. 18,000 per sq.ft Depreciation rate - 10% to 22.50%	2,423,000,000	Positively Correlated	Replacement cost per square foot Depreciation rate [Allowance for Physical Deterioration]	31 March 2025
	Premium Facilities	7			Rs. 10,000 to Rs. 11,000 per sq.ft Depreciation rate - 17.50% to 22.50%				
	Standard Facilities	5			Rs. 5,000 to Rs. 9,500 per sq.ft Depreciation rate - 22.50% to 32.50%				
	Basic/Utility Structures	2			Rs. 3,000 to Rs. 3,500 per sq.ft Depreciation rate - 27.50%				

10.8.2 The movement of revaluation reserve and other information are disclosed under note 17.1.

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

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets were Carried at Cost Rs.	Net Carrying Amount 2025 Rs.	Net Carrying Amount 2024 Rs.
Land and Improvements	10,051,397	-	10,051,397	10,051,397
Buildings and Swimming Pool on Freehold Land	1,306,009,701	383,280,848	922,728,853	861,811,089
	1,316,061,098	383,280,848	932,780,250	871,862,486

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

11 INTANGIBLE ASSETS

As at 31 March	Note	2025 Rs.	2024 Rs.
Computer Software			
As at 01 April		6,037,943	6,037,943
As at 31 March		6,037,943	6,037,943
Amortisation & Impairment			
As at 01 April		4,397,957	3,603,377
Amortisation	7	794,580	794,580
As at 31 March		5,192,537	4,397,957
Carrying Value		845,406	1,639,986

11.1 Intangible assets are amortised over their useful economic lives and useful economic lives are estimated as 5 - 10 years.

12 OTHER FINANCIAL ASSETS

As at 31 March	Note	2025 Rs.	2024 Rs.
Other Financial Assets - Non - Current	12.1	1,999,589	2,682,566
Other Financial Assets - Current	12.1.2	661,178,326	660,313,348
		663,177,914	662,995,914

12.1 Other Financial Assets - Non Current

The Company has investments in unquoted equity shares of Rainforest Ecolodge (Private) Limited.

As at 31 March	Note	2025 Rs.	2024 Rs.
Investments in Equity Securities	12.1.1	1,999,589	2,682,566
		1,999,589	2,682,566

12.1.1 Investment in Equity Securities

As at 31 March	2025 No. of Shares	2024 No. of Shares	2025 Rs.	2024 Rs.
Unquoted - Fair Value Through OCI Investments - Rainforest Ecolodge (Private) Limited				
As at 01 April	400,000	400,000	2,682,566	1,957,382
Change in Fair Value			(682,977)	725,184
As at 31 March	400,000	400,000	1,999,589	2,682,566

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

12 OTHER FINANCIAL ASSETS CONTD..**12.1.1 Investment in Equity Securities Contd..**

Investment in Equity Securities solely comprises application and allotment money paid to Rainforest Ecolodge (Private) Limited for purchase of 400,000 shares of Rs.10 each. The fair value of unquoted equity shares in Rainforest Ecolodge (Private) Limited is estimated using Price to Price to Book value multiple (P/BV) and significant unobservable inputs used for the valuation as follows.

Year ended 31 March	2025 Rs.	2024 Rs.
Peer Multiple	3.26	3.12
Liquidity Discount	10%	20%
Premium for Sustainable Tourism Concept	20%	5%

12.1.1.1 Unquoted - Fair Value Through OCI Investments - Rainforest Ecolodge (Private) Ltd - Sensitivity Analysis

Year ended 31 March	2025 Rs.	2024 Rs.
+5% Change in Peer Multiple	99,980	134,129
-5% Change in Peer Multiple	(99,980)	(134,129)
+5% Change in Liquidity Discount	(7,625)	(29,806)
-5% Change in Liquidity Discount	7,625	29,806
+5% Change in Premium for Sustainable Tourism Concept	20,821	14,904
-5% Change in Premium for Sustainable Tourism Concept	(20,821)	(14,904)

12.1.2 Other Financial Assets - Current

As at 31 March	Note	2025 Rs.	2024 Rs.
Loans and receivables granted to related companies	12.1.2.1	661,178,326	660,313,348
		661,178,326	660,313,348

12.1.2.1 Loans and Receivables Granted to Related Companies

Entity	Relationship	As at 01.04.2024 Rs.	Interest	Foreign Exchange Gain	Loans Repayments	As at 31.03.2025	Repayment Terms	Rates of Interest
Serendib Hotels PLC	Immediate Parent Company	660,313,348	37,047,557	3,817,421	[40,000,000]	661,178,326	on Demand	SONIA + 3.40%
		660,313,348	37,047,557	3,817,421	[40,000,000]	661,178,326		

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

13 INVENTORIES

As at 31 March	2025 Rs.	2024 Rs.
Food	13,667,737	10,738,733
Beverage	10,312,418	12,099,605
House - Keeping and Maintenance	14,666,765	14,942,381
	38,646,920	37,780,719

14 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	2025 Rs.	2024 Rs.
Trade Debtors	14.1	416,436,669	536,750,350
Less: Provision for Impairment of trade receivables	14.2	[32,613,147]	[20,529,130]
		383,823,522	516,221,220
Other Debtors		2,931,886	460,770
Advances and prepayments		43,774,717	31,622,902
		46,706,603	32,083,672
Other Receivables from Related Parties	14.4	182,312,878	31,117,994
Loans and advances to company officers	14.3	300,124	228,124
		182,613,002	31,346,118
		613,143,127	579,651,010

14.1 Trade Debtors Age Analysis

As at 31 March	Total Rs.	Neither past due nor impaired Rs.	30-90 days Rs.	91-120 days Rs.	>120 days Rs.
2025					
Trade Debtors	416,436,669	165,755,720	152,236,162	31,842,747	66,602,040
Less: Provision for Impairment of trade receivables	[32,613,147]	-	-	[318,427]	[32,294,720]
	383,823,522	165,755,720	152,236,162	31,524,320	34,307,320
2024					
Trade Debtors	536,750,350	79,993,582	143,535,879	128,012,058	185,208,831
Less: Provision for Impairment of trade receivables	[20,529,130]	-	-	[482,062]	[20,047,068]
	516,221,220	79,993,582	143,535,879	127,529,996	165,161,763

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group / Company and a failure to make contractual payments for a period of greater than 60 days from the due date. Accordingly, the Company has written off Trade Debtors amounting to Rs. 51,267,323.

The Company grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the management. The average credit period granted to such debtors are 30 Days.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

14 TRADE AND OTHER RECEIVABLES CONTD..**14.2 The Movement of the Provision for Impairment of Trade Receivables**

	2025			2024		
	Individual Impairment	Collective Impairment	Total Impairment	Individual Impairment	Collective Impairment	Total Impairment
As at 01 April	13,109,744	7,419,386	20,529,130	-	7,940,082	7,940,082
Provision / [Reversal of Provision] for Impairment [Note 7]	8,190,207	3,893,810	12,084,017	13,109,744	(520,696)	12,589,048
As at 31 March	21,299,951	11,313,196	32,613,147	13,109,744	7,419,386	20,529,130

14.3 Loans and Advances to Company Officers

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	228,124	1,635,167
Loans Granted during the Year	1,185,000	-
Less: Repayments	(1,113,000)	(1,407,043)
As at 31 March	300,124	228,124

14.4 Other Receivables From Related Parties

As at 31 March	Relationship	2025 Rs.	2024 Rs.
Serendib Hotels PLC	Immediate Parent Company	2,897,639	2,520,939
Hotel Sigiriya PLC	Subsidiary Immediate Parent Company	182,966	-
Serendib Leisure Management Limited	Subsidiary Immediate Parent Company	4,828,867	600,400
Millennium Development (Private) Limited	Subsidiary of Intermediate Parent	10,153,860	10,153,860
Dickwella Resorts (Private) Limited	Subsidiary of Intermediate Parent	239,971	19,374
Eden Hotel Lanka PLC	Intermediate Parent Company	2,746,512	1,888,428
Green Paradise (Private) Limited	Subsidiary of Intermediate Parent	569,880	309,120
Frontier Capital Lanka (Private) Limited	Subsidiary Immediate Parent Company	220	40
Sun & Fun Resorts (Private) Limited	Subsidiary of Intermediate Parent	199,512	1,652,316
Excel Restaurants (Private) Limited	Subsidiary of Intermediate Parent	15,060,000	10,000,000
Taprobane Plantation Limited	Subsidiary of Intermediate Parent	402,265	402,265
Browns Leisure Private Limited	Subsidiary of Intermediate Parent	571,252	571,252
Sansun Boutique Hotel Limited	Subsidiary of Intermediate Parent	126,827,623	-
Three Tips Ella (Private) Limited	Subsidiary of Intermediate Parent	17,632,311	3,000,000
		182,312,878	31,117,994

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

15 CASH AND CASH EQUIVALENTS**15.1 Favourable cash and cash equivalents balance**

As at 31 March	2025 Rs.	2024 Rs.
Cash and Bank Balances	238,622,177	771,220,413
Money Market Investments	339,426,940	430,504,678
	578,049,117	1,201,725,091
15.2 Unfavourable Cash and Cash Equivalent Balances		
Bank Overdraft	(50,879,985)	(79,129,959)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	527,169,132	1,122,595,132

The interest rate exposure of the borrowings of the Company was as follows:

Total borrowings:		
- at floating rates	50,879,985	79,129,959
Weighted Average effective interest rates:		
- bank overdrafts	AWPLR + 2.5%	AWPLR + 2.5%

(a) The Company has not pledged any securities for the bank overdraft facility which the Company have obtained from Hatton National Bank PLC.

16 STATED CAPITAL

As at 31 March	2025 No.of shares	2024 No.of shares	2025 Rs.	2024 Rs.
Fully Paid Ordinary Shares	63,242,954	63,242,954	948,644,310	948,644,310
			948,644,310	948,644,310

16.1 The holders of ordinary shares possess the right to receive dividends as declared from time to time. The holders of ordinary shares are entitled to one vote per share at a meeting of the Company.

Ordinary shares of the Company do not have a par value.

17 OTHER COMPONENT OF EQUITY

Reserves

As at 31 March	Note	2025 Rs.	2024 Rs.
Revaluation Reserve	17.1	1,973,855,558	1,115,665,353
Fair Value Reserve	17.2	(2,000,411)	(1,317,434)
		1,971,855,147	1,114,347,919

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

17.1 Revaluation Reserve

As at 31 March	Note	2025 Rs.	2024 Rs.
As at 01 April		1,115,665,353	1,115,665,353
Revaluation Surplus During the year	10	1,225,986,007	-
Deferred Tax Attributable to Revaluation Surplus	8.2.2	(367,795,802)	-
As at 31 March		1,973,855,558	1,115,665,353

The above revaluation surplus consists of net surplus resulting from the revaluation of building on land and swimming pool as described in note 10. Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

17.2 Fair Value Reserve

As at 31 March	Note	2025 Rs.	2024 Rs.
As at 01 April		(1,317,434)	(2,042,618)
Change in Fair Value	12.1.1	(682,977)	725,184
As at 31 March		(2,000,411)	(1,317,434)

The Fair Value Reserve consists of the net deficit resulting from the fair valuation of investments in Fair Value Through OCI instruments as described in the note 12.1.1.

18 INTEREST BEARING LOANS AND BORROWINGS

	2025			2024		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Loans [18.1]	-	-	-	164,085,577	409,591,369	573,676,946
Loans from Related Parties [18.2]	-	-	-	16,814,428	-	16,814,428
	-	-	-	180,900,005	409,591,369	590,491,374

18.1 Bank Loans

	As at 01.04.2024 Rs.	Repayment Rs.	Foreign Exchange Loss Rs.	As at 31.03.2025 Rs.
HSBC - GBP	291,855,382	(293,202,106)	1,346,724	-
HSBC - Euro	281,821,564	(283,528,356)	1,706,792	-
	573,676,946	(576,730,462)	3,053,516	-

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

18 INTEREST BEARING LOANS AND BORROWINGS CONTD..**18.2 Loans from Related Parties**

Related Party	Relationship Rs.	Repayment Terms	Rates of Interest	2025 Rs.	2024 Rs.
Eden Lanka Hotels PLC	Intermediate Parent Company	On Demand	AWPLR + 7.5%	-	16,814,428
				-	16,814,428

18.2.1 Movement of Loans from Related Parties

Related Party	As at 01.04.2024 Rs.	Repayment Rs.	As at 31.03.2025 Rs.
Eden Lanka Hotels PLC	16,814,428	[16,814,428]	-
	16,814,428	[16,814,428]	-

19 RETIREMENT BENEFIT OBLIGATION

As at 31 March	Note	2025 Rs.	2024 Rs.
As at 01 April		33,904,489	26,407,123
Charge for the Year	19.1	6,716,135	5,888,325
Actuarial (Gain)/Loss	19.2	[6,592,239]	7,690,806
Benefit Paid		[1,188,220]	[6,081,765]
As at 31 March		32,840,165	33,904,489

19.1 Expense Recognised in Statement of Profit or Loss

Current Service Cost	2,308,552	2,191,328
Interest Cost	4,407,583	3,696,997
	6,716,135	5,888,325

19.2 Actuarial Loss/ (Gain) Immediately Recognised In Other Comprehensive Income

Due to experience	[6,436,419]	7,150,837
Due to changes in financial assumptions	[155,820]	539,969
	[6,592,239]	7,690,806

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

19 RETIREMENT BENEFIT OBLIGATION CONTD..

Messers Actuarial and Management Consultants (Private) Limited carried out an actuarial valuation of the retirement benefit obligations on 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used are as follows:

As at 31 March	2025	2024
Financial Assumptions		
Discount Rate	12.00%	13.00%
Future Salary Increment Rate	10.00%	11.00%
Demographic Assumptions		
Rate of Employee Turnover	20.00%	20.00%
Retirement Age	60 Years	60 Years
Average Expected Future Service	4.4 Years	4 Years

19.3 Sensitivity of Assumptions in Actuarial Valuation

The following table demonstrates the sensitivity to possible changes in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligation measurement as at 31 March 2025. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment rate on the profit or loss and Retiring Gratuity obligation for the year.

	2025		2024	
	Delta Effect of +1%	Delta Effect of [-1%]	Delta Effect of +1%	Delta Effect of [-1%]
(Increase) / Decrease in Discount Rate	(1,194,933)	1,287,455	(1,220,829)	1,316,255
Increase / (Decrease) in Salary Increment Rate	1,437,865	(1,355,724)	1,471,803	(1,386,922)
Increase / (Decrease) in Employee Turnover	120,027	(140,300)	173,169	(198,010)

19.4 Following Payments are Expected Over the Weighted Average Life Span Obligation on the Future Years:

Years From the Current Period	2025 Rs.	2024 Rs.
Within the next 12 months	6,560,931	7,059,564
Between 1 to 2 years	8,965,190	9,487,734
Between 3 to 5 years	9,597,337	8,135,799
Between 6 to 10 years	5,804,871	7,286,378
Beyond 10 years	1,911,836	1,935,014
	32,840,165	33,904,489

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

20 TRADE AND OTHER PAYABLES

As at 31 March	Note	2025 Rs.	2024 Rs.
Trade Payable		98,132,542	73,396,088
Other Payables - Related Parties	20.1	24,464,606	167,216,989
- Others [See Note [a] below]		198,016,621	194,564,450
Contract Liabilities	20.2	14,586,122	18,252,381
Sundry Creditors Including Accrued Expenses		51,036,567	51,524,300
		386,236,458	504,954,208

The average credit period of the Company is 60 days.

- (a) Other payables include a provision of Rs. 62,253,798 [2024 - Rs. 54,054,828] related to an ongoing legal case filed against the Company by the Wennapuwa Pradeshiya Sabha at the Magistrate Court - Marawila.

20.1 Other Payable to Related Parties

As at 31 March	Relationship	2025 Rs.	2024 Rs.
Serendib Hotels PLC	Immediate Parent Company	-	120,000
Serendib Leisure Management Limited	Subsidiary of Immediate Parent Company	-	106,135,969
LOLC Holdings PLC	Ultimate Parent Company	1,565,711	41,446,751
LOLC Technologies Limited	Subsidiary of Ultimate Parent	2,614,056	-
LOLC Corporate Service (Private) Limited	Subsidiary of Ultimate Parent	100,000	800,000
Eden Hotel Lanka PLC	Intermediate Parent Company	235,055	1,087,623
Browns Hotels Resorts Limited	Intermediate Parent	2,249,784	17,626,646
Browns Investments PLC	Intermediate Parent Company	17,700,000	-
		24,464,606	167,216,989

20.2 Contract Liabilities

As at 31 March	2025 Rs.	2024 Rs.
As at 01 April	18,252,381	26,245,190
Revenue Recognised During the Year	[250,949,293]	[179,478,811]
Additions	247,283,034	171,486,002
As at 31 March	14,586,122	18,252,381

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

21. DIVIDEND PAYABLE

As at 31 March	2025 Rs.	2024 Rs.
Unclaimed Dividend	3,754,046	3,754,046
	3,754,046	3,754,046

22. COMMITMENTS AND CONTINGENCIES**22.1 Commitments**

There were no material capital, operating and financial commitments existing as at 31 March 2025.

22.2 Contingencies

The Wennappuwa Pradeshiya Sabha has filed multiple cases against Dolphin Hotels PLC at the Magistrate Court – Marawila, claiming a total of Rs. 62,523,798 for operating the hotel without obtaining the necessary licenses from the Pradeshiya Sabha for the years 2016 through 2023. These cases are currently at the hearing stage and remain pending final adjudication. Notwithstanding the ongoing legal proceedings, the Company has recognised a full provision of Rs. 62,523,798, which is included under Other Payables [Note 20] in the financial statements.

Although a full provision has been made, due to the ongoing legal proceedings and the uncertainty surrounding the final outcome, the matter is also disclosed under Contingent Liabilities to ensure comprehensive disclosure.

Except for the above, there were no other material contingencies outstanding at the statement of financial position date.

23. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

24. RELATED PARTY DISCLOSURES**24.1 Terms and conditions of transactions with related parties**

All related party transactions are conducted at commercial terms agreed by the management. All related party outstanding balances at year-end are unsecured and are to be settled in cash. Interest-bearing borrowings are at pre-determined interest rates and terms, based on the risk profiles of the related entities.

Terms and conditions on loans granted to related parties are disclosed in note 12.1.2.1 to these financial statements.

24.2 Non-recurrent related party transactions

There were no non-recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 31 March 2025 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

24.3 Recurrent related party transactions

Nature of Assets	Nature of Liability	Value of the Related Party Transaction	Relationship	Value of the Related Party Transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
Sansun Boutique Hotel Limited	Aggregate recurrent transactions	126,885,827	Subsidiary of Intermediate Parent	10%	Commercial terms agreed by management

There were no other recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2024 audited financial Statements, which required additional disclosures in the 31 March 2025 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

24. RELATED PARTY DISCLOSURES CONTD..

Details of significant related party disclosures are as follows:

24.4 Transactions with the Ultimate Parent, Parent and Related Entities

Nature of Transaction	Ultimate Parent		Immediate Parent		*Other Related Parties		Total	
	LOLC Holdings PLC		Serendib Hotels PLC		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.				
Expenses Incurred by the Company on Behalf of Other Inter-Companies	-	-	-	73,600	17,953,874	6,274,372	17,953,874	6,347,972
Purchase of Goods / Services	(17,656,919)	(1,560,107)	(419,404)	(398,440)	(3,151,656)	(7,690,180)	(21,227,979)	(9,648,727)
Finance Income - Loans Granted [Note 6.2]	-	-	37,047,557	27,878,545	-	-	37,047,557	27,878,545
Finance Income - Current Accounts [Note 6.2]	-	-	-	-	7,800,204	-	7,800,204	-
Management Fees [Note 7]	-	-	-	-	(93,712,418)	(112,912,786)	(93,712,418)	(112,912,786)
Finance Charges [Note 6.1]	(2,076,913)	(1,775,140)	-	-	(447,547)	(1,149,799)	(2,524,460)	(18,924,939)
Expenses Incurred on Behalf of the Company	-	-	-	-	(120,086,460)	(30,770,323)	(120,086,460)	(30,770,323)
Accounting Fees [Note 7]	-	-	-	-	(1,486,800)	(6,720,312)	(1,486,800)	(6,720,312)
Consultancy Fees [Note 7]	-	-	-	-	(17,700,000)	-	(17,700,000)	-
Secretarial and Professional Fee Payable	-	-	-	-	(1,200,000)	-	(1,200,000)	-
Settlement of Dues from Related Parties	-	-	(313,033)	-	(2,474,627)	65,867,838	(2,787,660)	65,867,838
Settlement of Dues to Related Parties	59,614,873	264,362,436	539,404	4,433,932	344,764,689	-	404,918,966	268,796,368
Treasury Loans Obtained	-	(50,300,000)	-	(35,000,000)	-	-	-	(85,300,000)
Loan Granted	-	-	-	35,000,000	124,000,000	20,000,000	124,000,000	55,000,000
Loan Repayment from Related Parties [Note 12.1.2.1]	-	-	40,000,000	-	-	-	40,000,000	-
	39,881,041	194,727,189	76,854,524	31,987,637	254,259,260	(67,101,190)	370,994,825	159,613,637

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

24. RELATED PARTY DISCLOSURES CONTD..**24.4 Transactions with the Ultimate Parent, Parent and Related Entities Contd..**

Other Related Parties

- » Hotel Sigiriya PLC
- » Serendib Leisure Management Limited
- » Sun & Fun Resorts Limited
- » Millennium Development (Private) Limited
- » Dickwella Resorts (Private) Limited
- » Browns Leisure (Private) Limited
- » Frontier Capital Lanka (Private) Limited
- » Browns Hotels and Resorts Limited
- » Taprobane Plantation Limited
- » Three Tipts Ella (Private) Limited
- » Sansun Boutique Hotels Limited
- » Excel Restaurants (Private) Limited
- » Green Paradise (Private) Limited
- » Eden Hotel Lanka PLC
- » LOLC Corporate Service (Private) Limited
- » LOLC Technologies Limited
- » Browns Investments PLC

24.5 The details of the loans obtained from related parties are set out in Note 12.

24.6 The Company wise breakdown of related party receivable and payable balances are given in Note 14 and 20 respectively.

24.7 Terms and Conditions:

Management Fees	Management fees are paid based on the Hotel Management Agreement entered into with Serendib Leisure Management Limited
Expenses Incurred	Expenses Incurred on behalf of / by Related Parties are reimbursed on actual cost basis.
Loans	Information relating to loans received from/ granted to related parties are disclosed in notes 12.
Purchase of Goods and Services	Purchase of Good and Services are based on commercial terms agreed by management.
Finance Income / Charges - Current Accounts	Finance income or cost on intercompany balances is recognised on the monthly amounts exceeding Rs.10,000,000, based on the daily AWPLR + 7.5% rate set by the Browns Group Treasury. Interest is not applied when the balance is receivable.
Accounting Fees	Accounting fees are paid based on the management agreement entered into with Serendib Leisure Management Limited.
Secretarial and Professional Fee	LOLC Corporate Service (Private) Limited provides corporate secretarial services including statutory filings, maintenance of registers, and coordination of board/shareholder meetings and charged are made based on management agreed terms.
Consultancy Fees	Energy efficiency enhancements, power optimisation, green building compliance, and related consultancy services were provided and charged at management agreed terms by Browns Investments PLC.

25. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

The Key Management Personnel of the Company are the Board of Directors of the Company.

a) Key Management Personnel Compensation

Key Management Persons were paid Rs. 1,570,000/- during the year (2023/24 - Rs. NIL).

b) Other Transactions With Key Management Personnel

There were no other transactions with the Key Management Personnel during the year.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

26. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2025, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Investment in equity shares are carried at fair value.

The fair value of financial liabilities approximate their carrying values.

Set out below is a comparison by class of the carrying value of Company's financial instruments that are carried in the Financial Statements.

As at 31 March	2025	2024
Financial Assets:		
Trade and Other Receivables	569,368,410	548,028,108
Other Financial Assets - Investment in Equity Shares	1,999,589	2,682,566
Other Financial Assets - Loans Granted to Related Parties	661,178,326	660,313,348
Cash and Short Term Deposits	578,049,117	1,201,725,091
Total	1,810,595,442	2,412,749,113
Financial Liabilities:		
Interest Bearing Loans and Borrowings	-	590,491,374
Trade and Other Payables	371,650,336	486,701,827
Bank Overdraft	50,879,985	79,129,959
Total	422,530,321	1,156,323,160

26.1 Fair Value Hierarchy

The Company held the following financial instruments at fair value in the Statement of Financial Position as at the reporting dates:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

- » **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- » **Level 2** — Other techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- » **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

26 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES CONTD..**26.1 Fair Value Hierarchy Contd..**

Financial Assets	31 March 2025	Level 1	Level 2	Level 3
Investment in Equity Shares	1,999,589	-	-	1,999,589
Financial Assets	31 March 2024	Level 1	Level 2	Level 3
Investment in Equity Shares	2,682,566	-	-	2,682,566
Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Land and Building	3,056,400,000	-	-	3,056,400,000
Non-Financial Assets Measured at Fair Value	31 March 2024	Level 1	Level 2	Level 3
Land and Buildings	2,715,935,406	-	-	2,715,935,406

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Company also holds Fair Value through OCI investments.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. Senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Serendib Hotels PLC (the Immediate Parent Company).

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

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.

In order to reduce the Interest rate risk, the Company implements the following strategies.

- 1) Debt has been structured through fixed interest rates in order to manage the volatility in the market.
- 2) Proper mechanism to monitor the fluctuations in interest rates.
- 3) Work towards the low gearing ratio.
- 4) Internal funding sources rather than the external funding sources.

Notes to the Financial Statements Cont'd

Year ended 31 March 2025

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD..**Variable rate instruments**

Related party borrowings are at AWPLR plus a margin of 7.5% (subsequently revised depending on the interest rate fluctuations).

Management is of the view that the Group's exposure to interest rate risk is minimal as Group does not expect significant changes in AWPLR.

Carrying amounts of these loans has been disclosed in loans & borrowings note.

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as AWPLR.

Increase/ [decrease] in basis points	Effect on Profit Before Tax	
	2025 Rs.	2024 Rs.
+ 1000 basis points	(3,200,022)	(47,364,116)
- 1000 basis points	3,200,022	47,364,116
+ 500 basis points	(1,600,011)	(45,211,201)
- 500 basis points	1,600,011	45,211,201

Foreign Currency Risk

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

Currency risk is managed by the Group's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Group also monitors its exposure to movements in exchange rates on a net basis. Group estimates exchange rate to convert year end foreign currency denominated amounts based on published rates by the Central Bank of Sri Lanka.

Below are the spot exchange rates used by the Company as at 31 March 2025 and the date of signing financial statements.

	As at Reporting Date 31 March 2025	As at Reporting date 31 March 2024
USD	296.35	301.18
EURO	319.86	326.03
GBP	383.78	380.52

The Company is not significantly impacted due to the movement of foreign exchange rates, as many of the Company's transactions and the balances as of the reporting date are denominated in Sri Lankan Rupees, which is the functional currency of the Company.

Equity Price Risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

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Year ended 31 March 2025

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD..**Credit Risk Contd..**

The Company's maximum exposure to credit risk on trade receivables as at the year-end based on the carrying value in the statement of financial position is given below.

As at 31 March	Note	2025 Rs.	2024 Rs.
Trade Receivables	14	416,436,669	536,750,350
Less: Impairment of Trade Receivables	14	(32,613,147)	(20,529,130)
		383,823,522	516,221,220
Cash and Cash Equivalents	15	578,049,117	1,201,725,091

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk. Refer Note 14.1 for age analysis of Trade Receivables.

Management of credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

Customer credit risk is managed by each company subject to the Serendib Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment. In monitoring customer credit risk, customers are grouped according to their business volumes and consider separately for granting credit limits. Based on the volume of the transaction and based on the relationship, the customers are ranked. For the customers who identified as High Risks Customers, sales are made once they made an advance or full payment. Outstanding customer receivables are regularly monitored and contracts are signed and agreed with all credit customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for Impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limits are established for each customer and these limits are reviewed frequently.

Impairment

The Company establishes an allowance for impairment that represents its estimate of incur losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding.

The Company limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings.

Bank of Ceylon	AA-[lka]
Nations Trust Bank PLC	A[lka]
Sampath Bank PLC	AA- [lka]
Seylan Bank PLC	A+[lka]
National Development Bank PLC	A [lka]
Hatton National Bank PLC	AA- [lka]

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Year ended 31 March 2025

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD..**Financial Instruments and Cash Deposits**

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 12 and 14 except for financial guarantees and derivative financial instruments.

Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and intercompany borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be below. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual payments.

As at 31 March 2025	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Trade and Other Payables	-	240,674,450	-	-	-	240,674,450
Bank Overdraft	50,879,985	-	-	-	-	50,879,985
	50,879,985	240,674,450	-	-	-	291,554,435

As at 31 March 2024	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	-	16,814,428	164,085,577	409,591,369	-	590,491,374
Trade and Other Payables	-	362,358,787	-	-	-	362,358,787
Bank Overdraft	79,129,959	-	-	-	-	79,129,959
	79,129,959	379,173,215	164,085,577	409,591,369	-	1,031,980,120

Capital Management

Capital includes ordinary shares. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2025 and 31 March 2024. The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Company's policy is to keep the gearing ratio below 20%.

	2025	2024
Total debt	50,879,985	95,944,387
Total equity	4,433,830,596	3,404,275,203
Gearing Ratio	1%	3%

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Ten Year Financial Review

[Figures in Rs.'000 unless otherwise stated]

Year ended 31 March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Trading Results										
Revenue	1,446,897	1,311,439	575,897	282,960	349,729	728,502	952,910	877,784	878,311	880,508
Profit / (Loss) Before Tax	230,159	388,370	18,389	(35,507)	(36,082)	62,517	176,816	189,681	129,566	219,818
Profit / (Loss) for the year	167,434	320,017	(103,009)	(24,846)	(33,225)	44,485	147,178	148,976	100,337	208,172
Hotel Operations										
Annual sales growth (%)	10.33	127.72	103.53	(19.09)	(51.99)	(23.55)	8.56	(0.06)	(0.25)	1.12
Room occupancy (%)	73	59	30	35.00	48.15	65.66	81.88	78.00	79.00	83.00
Current ratio (Times)	3.76	3.01	3.42	2.95	1.35	1.37	3.41	1.23	0.89	1.04
Interest cover (Times)	25.36	6.71	(1.09)	(0.32)	(1.13)	3.45	11.82	33.09	16.96	17.08
Debt equity ratio (%)	1	3	29.97	36.89	34.80	30.77	30.42	7.35	10.60	12.79
Market/ Shareholder Information										
Return on equity[%]	0.04	0.11	(3.33)	(0.88)	(1.58)	2.13	7.17	7.81	5.36	11.52
Net assets per share (Rs.)	70.11	53.83	48.84	88.96	66.54	66.19	64.94	60.31	59.17	57.17
Earnings / (loss) per share (Rs.)	2.65	5.06	(1.63)	(0.79)	(1.05)	1.41	4.65	4.71	3.17	6.58
Market price per share (Rs.)	45.70	35.10	32.00	30.10	24.50	18.30	26.50	26.00	31.50	42.00
Price earning ratio (Times)	17.26	6.94	(15.84)	(38.31)	(23.32)	13.01	5.69	5.52	9.93	6.38
Dividend per share (Rs.)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.00	1.00	1.50

Investor Information

SHAREHOLDER INFORMATION

Number of shares	2025			2024		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,515	396,023	0.62	1,252	304,129	0.48
1,001 - 10,000	602	2,439,543	3.85	352	1,297,412	2.05
10,001 - 100,000	221	6,802,593	10.76	125	3,696,746	5.85
100,001 - 1,000,000	34	8,063,731	12.76	23	8,091,195	12.80
Over 1,000,000	2	45,541,064	72.01	4	49,853,472	78.82
	2,374	63,242,954	100.00	1,756	63,242,954	100.00

Number of shares	Resident			Non-Resident		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,507	394,499	0.62	8	1,524	0.00
1,001 - 10,000	597	2,412,343	3.81	5	27,200	0.04
10,001 - 100,000	218	6,715,594	10.62	3	86,999	0.14
100,001 - 1,000,000	33	7,813,731	12.36	1	250,000	0.40
Over 1,000,000	2	45,541,064	72.01	0	0	0.00
	2,357	62,877,231	99.42	17	365,723	0.58

Number of shares	2025			2024		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
Categories of Shareholders						
Institutions	183	52,883,381	83.62	116	51,779,760	81.87
Individuals	2,191	10,359,573	16.38	1,640	11,463,194	18.13
	2,374	63,242,954	100.00	1,756	63,242,954	100.00

PUBLIC HOLDING

	2025	2024
Public holding as a percentage of the Issued share capital	30.67%	30.33%
Number of shareholders representing the public holding	2,373	1,754

SHARE TRADING

	2025	2024
Highest Market Price [Rs.]	59.90[03/01/2025]	39.80[04/07/2023]
Lowest Market Price [Rs.]	30.00[10/09/2024]	27.20[28/06/2023]
Last Traded Price [Rs.]	45.70[28/03/2025]	52.00 [28/03/2023]
No. of Shares Traded	6,938,619	38,341,300
No. of Trades	4069	3,944
Turnover [Rs.]	375,147,098.80	134,810,402.90

Twenty Major Shareholders as at 31.03.2025

	2025		2024	
	No of Shares	%	No of Shares	%
Serendib Hotels PLC	43,849,317	69.33	43,849,317	69.33
Hemtours [Pvt] Ltd	1,691,747	2.67	1,691,747	2.67
Dawi Investments Trust [Pvt] Ltd	1,000,000	1.58	1,812,408	2.87
People's Leasing and Finance/Nagoya Ceylon Trading [Pvt] Ltd	690,177	1.09	-	-
Seylan Bank PLC/Mohamed Mushtaq Fuad	404,350	0.64	-	-
Hemas Holdings PLC	376,808	0.60	376,808	0.60
Mr. S R S De Saram/Mrs. S T T Jayasundera	360,100	0.54	2,500,000	3.95
E-Tech Corporation [Pvt] Ltd	290,000	0.46	-	-
Mr. N K Flemming	250,000	0.40	303,264	0.48
S A Cooray	248,621	0.39	-	-
Seylan Bank PLC/R A Rishard	232,700	0.37	-	-
Synamon Global [Pvt]Ltd	220,867	0.35	-	-
Senkadagala Finance PLC/M.M. Faud	218,867	0.35	-	-
Hatton National Bank PLC/ Mushtaq Mohamed Fuad	216,464	0.34	-	-
B S M De Silva	214,700	0.34	214,700	0.34
Mrs. M Nadarajah	212,069	0.34	-	-
K K D Senanayake	192,286	0.30	192,286	0.30
B M S K Haththotuwa	184,450	0.29	-	-
Acuity Partners [Pvt] Limited/ D J N Hettiarachchi	175,000	0.28	-	-
Mrs. S Amarasekera	175,000	0.28	-	-
Total held by the above shareholders	51,203,523	80.94	50,940,530	80.54
Shares held by the balance shareholders	12,039,431	19.06	12,302,424	19.46
Total Issued capital	63,242,954	100.00	63,242,954	100.00

The public shareholding as at 31st March 2025 was 30.67% of the issued ordinary shares held by 2,373 shareholders. As at 31st March 2025, the Float Adjusted Market Capitalisation was 907,613,546

The Company is compliant with the minimum public holding requirement stipulated in CSE Rule 7.13.1[b] Option 2

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 44TH ANNUAL GENERAL MEETING of the Company will be held on Wednesday, 24th September 2025 at 11.30 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform centered at the LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

1. To receive the Report of the Directors and Statement of Accounts for the year ended 31 March, 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. D S K Amarasekera who retires by rotation in terms of Article 86 of the Articles of Association of the Company
3. To re-elect as a Director Mr. T Dharmarajah who retires in terms of Article 73 of the Articles of Association of the Company
4. *To re-elect as an Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election [Refer Note 4]
5. To re-appoint as Auditors M/s Deloitte Partners Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.
6. To approve in terms of the Companies Act No. 26 of 1951 (Donations), the making of donations by the Directors as determined by them for the current financial year and until the next Annual General meeting of the Company.

By order of the Board

DOLPHIN HOTELS PLC



LOLC CORPORATE SERVICES (PVT) LTD

Secretaries
27 August 2025

NOTE:

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.
- 2) The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.
- 3) A Form of Proxy accompanies this Notice.
- 4) *Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :

"Resolved that Dr. J M Swaminathan who reached the age of 70 years in 2011, be and is hereby re-elected a Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr. J M Swaminathan."

Notice of Annual General Meeting

5) IMPORTANT NOTICE:

This year the Annual Report and Financial Statements of the Company are available on the:

- 1) Corporate Website: <https://www.brownshotels.com/investor-relations/>
- 2) The Colombo Stock Exchange: <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=STAF.N0000>

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code:



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Secretaries on +94 11 7248554 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com.

In the event the Company is required to take any further action in relation to the Meeting, in the best interest of the Meeting attendees; and/ or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and publication on the Company website - <https://www.brownshotels.com/investor-relations/>

Form of Proxy

I/We
of
being a member/members of the above named Company hereby appoint
.....of whom failing

- W. D. K. Jayawardena of Colombo or failing him
- D. S. K. Amarasekera of Colombo or failing him
- Dr. J. M. Swaminathan of Colombo or failing him
- S Furkhan of Colombo or failing him
- R L E C Wijeratne of Colombo or failing him
- T Dharmarajah of Colombo

as my/our* Proxy to represent me/us* at the Forty-fourth [44th] Annual General Meeting of the Company to be held as an on- line meeting on Wednesday, 24th September 2025 at 11.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

THE PREFERENCES IN THE FOLLOWING TABLE TO BE MARKED BY ORDINARY [VOTING] SHAREHOLDER/S ONLY.

I/We* the undersigned, ordinary [voting] shareholder[s] of the Company hereby authorise my/our* Proxy to vote for me/ us* and on my/our* behalf in accordance with the preferences indicated below [please mark your preference with an 'X']:

	For	Against
ORDINARY BUSINESS		
1. To re-elect as a Director Mr. D S K Amarasekera who retires by rotation in terms of Articles 86 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. T Dharmarajah who retires in terms of Articles 73 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as an Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 4 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint as auditors M/s Deloitte Partners, Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Board of Directors to determine donations.	<input type="checkbox"/>	<input type="checkbox"/>

dated this day of....., 2025.

- i) *please strike off inappropriate word
- ii) please refer overleaf for instructions

Form of Proxy

Important: Please post or scan and email the Form of Proxy together with the following additional details as per the instructions given below.

CDS Account Number of the Shareholder [s]		
Shareholder's contact number/s	Land line [residence/work]:	
	Mobile:	
Email address to which the on-line link should be forwarded to for the proxyholder's participation at the AGM		
Proxy holder's NIC number		

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:
 - i] addressed to the 'Company Secretaries' and posted or hand delivered to 100/1, Sri Jayawardenapura Mawatha, Rajagiriya; or
 - ii] Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "DOLPHIN AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Stakeholder Feedback Form

Dolphin Hotels PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name :

Email :

Phone :

Company/Organisation :

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

- | | | |
|---|--|---|
| <input type="checkbox"/> Shareholder | <input type="checkbox"/> Employee | <input type="checkbox"/> Service Provider |
| <input type="checkbox"/> Customer | <input type="checkbox"/> Student | <input type="checkbox"/> Supplier |
| <input type="checkbox"/> Community | <input type="checkbox"/> Regulatory Body | <input type="checkbox"/> Special Interest Group |
| <input type="checkbox"/> Public Authority | <input type="checkbox"/> Journalist | |

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

- Very Satisfied
 Satisfied
 Neutral
 Dissatisfied
 Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- Always
 Often
 Sometimes
 Rarely
 Never

3. How effective do you find the Company's use of its website and social media for communication?

- Very Effective
 Effective
 Neutral
 Ineffective
 Very Ineffective

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

- Financial Reports
 Annual Reports
 Press Releases
 Investor Briefings
 Social Media Updates
 Website Content
 Other (please specify):

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

- Very Accessible
 Accessible
 Neutral
 Inaccessible
 Difficult to Access

3. How effectively does the Company address your concerns and queries?

- Very Effective
 Effective
 Neutral
 Ineffective
 Very Ineffective

Stakeholder Feedback Form

Forward-Looking Information & Major Developments

1. How useful do you find the Company's forward-looking comments and information on future prospects?

- Very Useful
- Useful
- Neutral
- Not Useful
- Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments [e.g., mergers, acquisitions, new products]?

- Very Effectively
- Effectively
- Neutral
- Ineffectively
- Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

- Very Confident
- Confident
- Neutral
- Not Confident
- Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- Very Effectively
- Effectively
- Neutral
- Ineffectively
- Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

.....

.....

Submission

Please return the completed form to:

Investor Relations/ Communications

DOLPHIN HOTELS PLC, 100/1 Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY

Dolphin Hotels PLC

LEGAL FORM

A Public Quoted Company with Limited Liability, incorporated on 20th January 1981 under the Companies Ordinance [Cap 145] and re-registered under the Companies Act No. 7 of 2007

COMPANY REGISTRATION

PQ 224

BOARD OF DIRECTORS

W D K Jayawardena
Chairman

D. S. K. Amarasekera
Non-Executive Director

Dr. J M Swaminathan
Non-Executive Director

S. Furkhan
Independent Director

R.L.E.C. Wijeratne
Non-Executive Director

T Dharmarajah
Independent Director

BANKERS

Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Hongkong and Shanghai Banking Corporation Ltd.

HOTEL

Club Hotel Dolphin Waikkal
Tel : +94 (31) 4877111, +94 (31) 2277788
Fax : +94 (31) 227943

COMPANY SECRETARIES

LOLC Corporate Services [Pvt] Ltd

REGISTRARS

SSP Corporate Services [Pvt] Ltd.
Address: No. 101, Inner Flower Road, Colombo 03
Tel : +94 (11) 2573894
Fax : +94 (11) 2573609

MANAGING AGENT

Serendib Leisure Management Limited [SLML]

AUDITORS

Deloitte Partners - Chartered Accountants

REGISTERED OFFICE

Address: 100/1 Sri Jayawardenapura Mawatha,
Rajagiriya.
Tel : +94 (11)7248248
Fax : +94 (11)2865606



www.brownshotels.com

DOLPHIN HOTELS PLC

[REGISTERED OFFICE]

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka

Telephone: 011-7248248 [Gen] Fax: 011-2865606

Website: www.brownshotels.com