Palm Garden Hotels PLC

ANNUAL REPORT | 2024/25

ANNUAL REPORT

2024/25

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LEADERSHIP

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SRI LANKA'S TOURISM SECTOR HAS DEMONSTRATED RESILIENCE AND POTENTIAL FOR GROWTH DESPITE RECENT ADVERSITIES, INCLUDING THE PANDEMIC AND SOCIO-POLITICAL CHALLENGES. THE COUNTRY'S RICH CULTURAL HERITAGE, NATURAL BEAUTY, AND DIVERSE OFFERINGS CONTINUE TO ATTRACT INTERNATIONAL VISITORS.

DEAR STAKEHOLDERS,

On behalf of the board, it is my pleasure to present the annual report and financial statements of Palm Garden Hotels PLC for the year ended 31 March 2025.

GLOBAL TOURISM INDUSTRY IN 2024/25

The global tourism industry has experienced significant fluctuations over recent years, largely influenced by global economic conditions, geopolitical events, and most notably, the impact of the COVID-19 pandemic. Despite these challenges, the sector has demonstrated remarkable resilience and adaptability. Recovery trends show increasing traveller confidence, driven by innovations in travel technology, sustainable tourism practices, and the easing of travel restrictions worldwide. International tourism receipts are expected to regain momentum as destinations prioritize health and safety, contributing to a gradual but steady growth trajectory.

FUTURE OUT LOOK OF THE TOURISM INDUSTRY 2025/26

Looking ahead to 2025/26, the tourism industry is poised for a robust recovery and expansion. Emerging trends such as eco-tourism, personalized travel experiences, and digital transformation are set to reshape the market landscape. The growing demand for experiential travel, coupled with advancements in AI and data analytics, will enable businesses to better anticipate and meet consumer preferences. Moreover, increased global connectivity and rising disposable incomes in emerging markets are expected to drive higher travel volumes. However, the industry must remain vigilant against potential challenges, including geopolitical uncertainties and climate change impacts.

SRI LANKA TOURISM INDUSTRY

Sri Lanka's tourism sector has demonstrated resilience and potential for growth despite recent adversities, including the pandemic and socio-political challenges. The country's rich cultural heritage, natural beauty, and diverse offerings continue to attract international visitors. The government's strategic initiatives to enhance infrastructure, improve connectivity, and promote sustainable tourism are paving the way for a positive turnaround. The anticipated easing of travel restrictions, coupled with targeted marketing campaigns, is expected to revive tourist arrivals and boost the sector's contribution to the national economy in the coming years.

Looking ahead, Sri Lanka's tourism industry is well-positioned to be a key driver of economic recovery. The government has outlined ambitious plans to attract over 2.5 million tourists annually by 2026, supported by targeted policy reforms, ease of doing business in the hospitality sector, and improvements in service quality and capacity building.

Nevertheless, challenges such as global economic uncertainty, inflationary pressures, and the need for political and regulatory stability remain. Continuous investment in marketing, human capital, infrastructure, and crisis resilience will be critical to fully unlocking the country's tourism potential.

As stakeholders in this vital industry, we at Palm Garden Hotels PLC remain committed to supporting Sri Lanka's tourism growth journey through sustainable practices, service excellence, and strategic expansion.

FINANCIAL PERFORMANCE - PALM GARDEN HOTELS PLC

During the year under review, Palm Garden Hotels PLC recognized a fair value gain of Rs. 1.8 billion on its investment properties, reflecting the appreciation in asset values and improved market conditions. In the previous financial year, the Company successfully carried out a Rights Issue aimed at reducing its debt burden. The proceeds from this capital infusion were primarily utilized to

settle a substantial portion of the Company's borrowings. As a result, finance costs declined significantly during the year, contributing positively to the Company's bottom line and overall financial health.

PALM GROUP

The financial year under review marked a notable turnaround for Palm Garden Hotels PLC, reflecting the Group's strategic focus and operational resilience. The Group reported a consolidated net revenue of Rs. 9 billion, a significant increase from Rs. 6.9 billion recorded in the previous year. This growth underscores the gradual recovery in the hospitality sector and the Group's ability to adapt to dynamic market conditions.

Earnings Before Interest and Taxes (EBIT) improved substantially, with the Group posting a positive EBIT of Rs. 199.1 million, in contrast to the negative EBIT of Rs. 223.7 million reported in the preceding year. This turnaround reflects improved cost management, enhanced operational efficiency, and higher occupancy rates across key properties.

In August 2023, Browns Ari Resort (Pvt) Limited—a subsidiary of the Palm Group—officially commenced operations in the picturesque South Ari Atoll of the Maldives. This 100-key, five-star luxury resort operated at full capacity during the 2024/25 financial year. The resort generated substantial revenue and received favourable market feedback, positively impacting the Group's overall financial results.

Looking ahead, the Group's management is committed to leveraging growth opportunities in the leisure and hospitality sectors through both short- and long-term strategies aimed at enhancing the Group's value proposition. To ensure alignment with evolving market dynamics and traveller preferences, ongoing engagement with Foreign Tour Operators (FTOs) and local Destination Management Companies (DMCs) remains a priority. Discussions are underway to finalize key strategic partnerships and commercial contracts that will support future bookings and bolster occupancy levels across our properties.

These efforts reaffirm Palm Garden Hotels PLC's dedication to delivering value to all stakeholders, supported by prudent financial management, innovation in guest experiences, and a long-term vision for sustainable growth.

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
PALM GARDEN HOTELS PLC

22 August 2025

Board of Directors

W D K JAYAWARDENA

Chairman

Mr. Jayawardena was appointed to the Board w.e.f. 12.12.2011

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 Group in New York, recognizing his exceptional leadership and transformative achievements at LOLC Holdings PLC.

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.

MRS. K U AMARASINGHE

Non-Executive Director

Mrs. Amarasinghe was appointed to the Board w.e.f. 24.09.2012

She holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of the subsidiaries of Browns Group of Companies and LOLC Holdings PLC.

Executive Director

- LOLC Holdings PLC

Non-Executive Director

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

D S K AMARASEKERA

Non - Executive Director

Mr. Amarasekera was appointed to the Board w.e.f. 24.12.2012.

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

DR. J M SWAMINATHAN

Non Executive Director

Dr. Swaminathan was appointed to the board w.e.f. 24.09.2012.

He 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.

Board of Directors (Contd.)

R L E C WIJERATNE

Non - Executive Director

Mr. Wijeratne was appointed to the Board w.e.f. 14.06.2024

He 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 Restaurant (Pvt) Ltd and a Director of Sun & Fun Resorts Limited. 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 organization.

Currently serving as the Vice President of Resort Hotels at the Tourist Hotel Association of Sri Lanka (THASL), Mr. Wijeratne'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 Mr. Wijeratne'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 organization's ability to offer idyllic spaces for travellers seeking to discover Sri Lanka in style.

T DHARMARAJAH

Independent Director

Mr. Dharmarajah was appointed to the Board w.e.f. 01.10.2025.

He 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.

J SELVARATNAM

Independent Director

Mr. Selvaratnam was appointed to the Board w.e.f. 01.01.2025

In his career spanning 25 years with Citibank N.A., Sri Lanka was Vice President, Head of the Local Corporate Bank & Public Sector for the Bank's Sri Lankan franchise. His exposure has been in managing client portfolios in corporate, multinational, non–banking financial sector and public sector segments. He was a member of the Bank's Management Committee, Credit Committee etc. The Scope of his responsibilities included heading of businesses in high performance-driven culture, strategic & business planning, corporate governance & compliance and credit & risk management. He possesses widespread experience working with risk management, legal teams, product groups and regulators at all levels within and outside the country. He holds a Post Graduate Diploma in Business Administration from the University of Wales (PrifysgolCymru) and a Diploma in Banking from the Institute of Bankers of Sri Lanka. He engages in business development and consultancies in the Banking, Non-Banking Financial Institutions, Insurance Brokerage and Corporate Sectors.

CURRENT APPOINTMENTS: He currently acts as a consultant to Sampath Bank PLC's Board Credit Committee. His main role is the provision of advisory services on corporate and commercial banking credit risk evaluation and approval, strategy and credit quality expansion. He is also a Non Executive and Non Independent Director of Siyapatha Finance PLC. He is the Chairman of the Board Credit Committee and a member of the BIRMC, Corporate Governance and Related Party Transaction Review committees as well.

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

Operational Review

INTRODUCTION

The financial year 2024/25 was marked by strong operational momentum and strategic clarity as Palm Garden Hotels PLC continued its journey of transformation. Amidst a recovering global travel landscape and renewed optimism in the local tourism sector, our Group demonstrated agility, resilience, and vision in delivering value to shareholders, guests, and communities alike.

OPERATING ENVIRONMENT

Sri Lanka's economic stabilisation progressed steadily through the year, aided by prudent fiscal management, a stabilised currency, and growing international confidence. The tourism sector, a key pillar of economic revival, continued its rebound—reaching over 2 million tourist arrivals by year-end. Pent-up travel demand, regional connectivity improvements, and enhanced destination marketing translated into higher occupancy rates and longer average stays across the country.

Despite global headwinds—including rising interest rates, inflationary pressure on imported goods, and geopolitical tensions affecting source markets—traveller sentiment remained positive. The Group capitalised on these favourable conditions while prudently managing risk across our multi-location hospitality portfolio.

PERFORMANCE OVERVIEW

The Group recorded consolidated revenue of Rs. 9.0 billion, a 30% year-on-year growth, reflecting improved occupancy, higher average daily rates, and the full-year contribution from our Maldivian operations. The Group moved into profitability at the operating level, posting an EBIT of Rs. 199 million, a significant turnaround from the loss of Rs. 224 million in the previous year. This performance was underpinned by disciplined cost controls, strategic pricing, and higher room yield.

Our landmark property in the Maldives, operating under a globally recognised brand, continued to exceed expectations in its debut year, further cementing our regional footprint and diversifying our earnings base.

STRATEGIC PROGRESS

Our strategy remains focused on four core pillars:

1. Sustainable Profitability – We focused on margin optimisation and cash flow discipline across our operating assets. The balance sheet was further strengthened through proactive debt restructuring and the successful deployment of capital raised in the previous year's Rights Issue.

2. Portfolio Diversification – Our integrated presence across Sri Lanka and the Maldives allows us to tap into different traveller segments, seasonality patterns, and macroeconomic environments. Construction work on two additional resorts in the Maldives progressed steadily, with phased openings targeted for FY 2025/26.

3. Digital and Operational Transformation – We invested in guest experience technologies, energy-efficient infrastructure, and dynamic pricing tools to align with the expectations of the modern traveller. Centralised procurement and automation of select back-office processes also contributed to cost savings.

4. Sustainability and People – We deepened our commitment to environmental stewardship through reductions in energy intensity, responsible water use, and waste minimisation programs. Our teams received extensive training in wellness tourism, digital systems, and service excellence, ensuring high guest satisfaction and employee engagement.

RISK AND OUTLOOK

We remain alert to evolving risks in the operating environment. Global macroeconomic uncertainty, climate-related disruptions, and potential public health threats continue to warrant careful scenario planning. Domestically, the Group is closely monitoring regulatory developments and wage dynamics within the hospitality sector.

Looking ahead, we are optimistic. Early booking trends, especially from core source markets such as India, the UK, Germany, and emerging regional hubs, indicate strong demand. Our strategic investments in the Maldives are expected to provide scale and resilience, while our Sri Lankan operations are well-positioned to benefit from increased airline connectivity and destination marketing efforts.

CONCLUSION

Palm Garden Hotels PLC has emerged from a period of challenge with renewed strength, clarity of purpose, and a forward-looking mindset. Our ability to combine sustainable value creation with guest-centric innovation positions us well for long-term growth.

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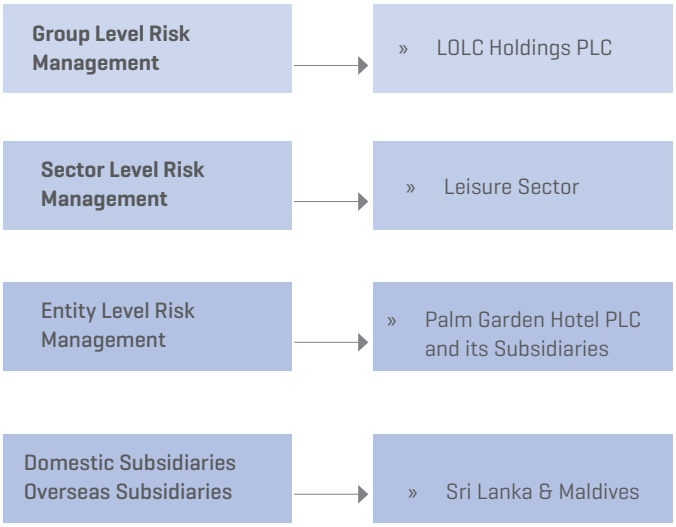
Risk Management

Palm Garden Hotels PLC is a leisure sector company within the LOLC Group, which has investments in various other leisure sector companies /properties, both domestic and foreign. Given the complexities involved in LOLC group level exposures to the leisure sector and operating jurisdictions, the risk management function considers sector level risks, which are viewed at group level. This allows us to better understand the behaviour of similar risks in the leisure sector across different jurisdictions and facilitates the capture of material risks which are unique yet common to the industry and facilitate comparisons across regions.



RISK MANAGEMENT PROCESS

The Enterprise Risk Management (ERM) framework is a process consisting of risk identification, analysis, mitigation, monitoring & reporting at different levels within the leisure sector to identify significant sectorial risks that may materially impact the achievement of set objectives or expected outcomes.

Leisure sector risk management is a synergy between Risk management, Internal audit & IS audit functions operated and managed at group level. The Enterprise risk management unit has its reporting line to the Board of Management via the group Integrated Risk Management Committee (IRMC) and the Audit Committees (BAC) of Palm Garden Hotels PLC and its subsidiaries.

RISK MANAGEMENT PROCESS

The ERM strategy is set at a Group level with accountability and ownership for risks and operational level management at the source of risk, at entity level. The respective entities identify risks of their operations. Risk identification is practiced at three levels: self identification by the risk/process owner, peer identification and identification by the risk unit. Identified risks are assessed and if deemed material appropriate mitigating measures are taken. Periodically, risk data are analysed to understand the sector level risk exposures and reported to the IRMC for their perusal, which advises the relevant mitigation controls to be implemented at the appropriate level, with due consideration to the impact at Group level and entity level.

INTERNAL AUDIT

Internal audit function operates on the same organisational structure as risk and managed under the scope of the LOLC Group internal audit and report to the respective board audit committees. The group internal audit operates on a sector level and executes its audits strategy unique to the sector. This ensures that the audit reviews are in line with sector specific risks and the required level of audit resources and expertise are available. A centralised IS audit team supports all internal audit activities and carries out its own IS audit reviews to obtain a reasonable assurance that IS controls are effective.

ASSURANCE ON INTERNAL CONTROLS & RISK MITIGATION

The aforesaid approach on risk & audit allows us to overview significant audit & risk matters and the reliability of risk mitigation mechanisms and the internal control frameworks across the leisure sector in a cost-effective manner while keeping the reporting lines to respective board audit committees for action ant entity level.

We strongly believe that there is no limit of improvements to any process where risk and audit too are no exceptions. Continuous quality, knowledge and skill improvements are a prerequisite for effective risk and audit functions . ERM staff consisting of Risk Management, Internal Audit & IS Audit are given every opportunity to enhance their skills and knowledge via inhouse and external training and knowledge exchange initiatives between intercompany operational units. These initiatives enhance the quality of work of both the risk and audit functions. In addition we leverage on technology to improve the effectiveness of both risk and audit and data analytic tools are used to enhance the coverage.

Annual Report of the Board of Directors

The Directors take pleasure in presenting their Annual Report for the year under review and trust that the reports and financial statements will enable all stakeholders to obtain a comprehensive overview of the Company's position.

DIRECTORS

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

W D K Jayawardena	Chairman
Mrs. K U Amarasinghe	Non-Executive Director
Dr. J M Swaminathan	Non-Executive Director
D S K Amarasekera	Non Executive Director
R L E C Wijeratne	Non-Executive Director
T Dharmarajah	Independent Director (AWEF 01.10.2024)
J Selvaratnam	Independent Director (AWEF 01.01.2025)

The profiles of the Directors are given on pages 7 to 8.

DIRECTORS' INTEREST IN SHARES

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

The shareholdings of the Directors during the financial year were as follows:

	As at 31.03.2025	As at 31.03.2024
W. D. K. Jayawardena	-	-
Dr. J. M. Swaminathan	-	-
Mrs. K. U. Amarasinghe	-	-
D. S. K. Amarasekera	-	-
R. L. E. C. Wijeratne	-	-
T Dharmarajah	-	-
J Selvaratnam	-	-

INTEREST REGISTER

In compliance with the requirements of the Companies Act No. 7 of 2007, an Interest Register was maintained by the Company during the accounting period ended 31 March 2025.

DIRECTORS' INTEREST IN CONTRACTS

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 and Chairman amongst the other members of the Board. Other directorships held by the Directors in Sri Lanka are disclosed on page 21 Directors of subsidiaries and associate companies are given on page 89.

RETIREMENT & RE-ELECTION OF DIRECTORS

In terms of Article 86 of the Articles of Association of the Company Mr. D S K Amarasekera retires by rotation and offers himself for re- election. The Directors recommend that he be re-elected.

In terms of Article 93 of the Articles of Association of the Company Mr. T Dharmarajah retires and offers himself for re-election. The Directors recommend that he be re-elected.

In terms of Article 93 of the Articles of Association of the Company Mr. J Selvaratnam retires and offers himself for re- election. The Directors recommend that he be re-elected.

Dr. J M Swaminathan, who is over the age of 70 will retire in terms of Section 210 of the Companies Act No. 7 of 2007. 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 Directors recommend his re-election.

BOARD SUB COMMITTEES

The following sub-committees are in place as of report date :-

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

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 Composition and attendance of the Board and Committees are found at the bottom of this report.

The respective reports of these Committees can be found on pages 22 to 26

Directors	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination & Governance Committee	Board Meeting Attendance 2024/2025			
						30.05.2024	14.08.2024	13.11.2024	13.02.2025
W. D. K. Jayawardena	✓*	✓	-	✓	✓	✓	✓	✓	✓
Mrs. K. U. Amarasinghe	✓	-	✓	-	-	-	✓	✓	✓
D. S. K. Amarasekera	✓	-	-	-	-	✓(online)	✓	✓(online)	✓
Dr. J. M. Swaminathan	✓	-	-	-	-	✓	✓	✓	-
R. L. E. C. Wijeratne	✓	-	-	-	-	✓	✓	✓	✓
T Dharmarajah (AWEF-01.10.2024)	✓	✓**	✓**	✓	✓			✓	✓(online)
J Selvaratnam (AWEF-01.01.2025)	✓	✓	✓	✓	✓**				✓

* Chairman
** Committee Chairman

CORPORATE GOVERNANCE

The Board is committed to the principles of good governance, and accordingly the Board meets regularly to review both performance and compliance. During the year under review, the Directors had complied with the best practices of corporate governance including the Corporate Governance requirements of the Colombo Stock Exchange. The Corporate Governance Report is on pages 14 to 20.

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

The Directors hereby declare that;

- as stated above in "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 with the exception that ;

- the Company was transferred to the Second Board of the Colombo Stock Exchange on 11th June 2024 due to non-compliance of the public float.

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.

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 36 to 97.

STATED CAPITAL

The stated Capital of the Company as at 31st March 2025 was Rs. 20,175,560,770/- consisting of 475,937,000 Ordinary shares.

STATUTORY PAYMENTS

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further, all management fees and payments to related parties for the year under review have been reflected in the accounts.

EMPLOYEE RELATIONS

There are currently no full time employees, as there are no operations. Support services are provided by the centralized support services of the LOLC Group.

PROPERTY

Property plant and equipment are reflected at fair value, where it is different from fair value, adequate disclosures are made. Details of the Company's properties are found on pages 62 to 65

FINANCIAL STATEMENTS

The financial statements together with the notes thereon are given on pages 36 to 97

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted when preparing these financial statements and any changes thereof if applicable are given on pages 41 to 56.

GOING CONCERN

The Audit Committee and the Board of Directors have reviewed the interim financials, the year-end financials and the Company's future plans and believe that the Company is in a position to continue to function in the foreseeable future. Accordingly, the Financial Statements are prepared on the basis that the Company is a going concern.

RESPONSIBILITY STATEMENTS

The Chairman's and Head of Finance's responsibility statements appear on page 29. The Directors' responsibility statement appears on page 28.

TRANSACTIONS WITH RELATED PARTIES

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

Details of related party transactions are disclosed in 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.

AUDITORS

The Auditors, M/s Deloitte Partners retire and offer themselves for re- appointment. The Board recommends their re-appointment for the year 2025/2026 subject to shareholder approval, at a fee to be decided upon by the Board.

During the year under review, the Auditors were paid Rs. 580,800 as audit fees.

As far as the Directors are aware, the Auditors do not have any other relationship with the Company or any of its subsidiaries nor do they have any interest in contracts with the Company or any of its subsidiaries.

AUDITOR'S REPORT

The Auditor's report appears on pages 30 to 35

ACKNOWLEDGMENT OF THE CONTENT

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 Jayewardenapura Mawatha, Rajagiriya.

The notice of the meeting is included in this Annual Report.

W D K Jayawardena
Chairman
22 August 2025
Colombo

Mr. R L E C Wijeratne
Director

Corporate Governance

The Board of Directors endorse the principles of good corporate governance. While there were no operations during the year under review, the Board met regularly to review compliance with regulatory and statutory requirements.

BOARD OF DIRECTORS

The Board comprises the following Directors :

W D K Jayawardena
Chairman

D S K Amarasekera
Non-Executive Director

Dr. J M Swaminathan
Non-Executive Director

Mrs. K U Amarasinghe
Non-Executive Director

R L E C Wijeratne
Non-Executive Director
(Appointed w.e.f. 1st June 2024)

T Dharmarajah
Independent Director
(Appointed w.e.f. 1st October 2024)

J Selvaratnam
Independent Director
(Appointed w.e.f. 1st January 2025)

Their profiles can be found on pages 6 to 7

BOARD INDEPENDENCE

The Board has determined that M/s T Dharmarajah and J Selvaratnam can appropriately be classified Independent Directors as of report date. This determination is based on their professionalism, conduct, expertise and experience which are of great value in decision making.

In accordance with the requirements of the Listing Rules of the Colombo Stock Exchange, The above Directors have submitted their declarations relating to independence.

The Directors' profiles, shareholding and other information relating to the Board are given in the Directors' Report on pages 11 to 13.

BOARD SUB COMMITTEES

In compliance with the Listing Rules of the Colombo Stock Exchange, the Board has appointed four Board sub committees the Audit Committee, the Remuneration Committee, the Related Party Transactions Review Committee and the Nominations & Governance Committee. These Committees meet regularly, providing a forum for detailed review of relevant issues. Relevant senior management officers are also invited to.

AUDITORS

The Auditors M/s. Deloitte Partners retire and offer themselves for reappointment. The Board recommends their reappointment for the year 2025/2026 at a fee to be decided upon by the board.

COMPLIANCE WITH REGULATIONS

During the year under review, the Company was compliant with the Corporate Governance requirements of the Colombo Stock Exchange ("CSE") SEC and the Companies Act No. 7 of 2007.

ATTENDANCE AT MEETINGS

The Board met 04 times during the year with all meetings presided over by the Chairman according to a calendar circulated last year for the preceding year.

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	Applicability of Corporate Governance Rules	
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, 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 Controls 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 Whistle blowing l) Policy on Anti-Bribery and Corruption	**Complied with** Summarized versions of all policies are now hosted on the Corporate Website https://www.brownshotels.com/investor-relations
	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 required Committees are already in place and are functioning effectively:
9.3.2.	Listed Entities 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 Company Chairman Whilst Mr. T Dharmarajah and Mr. J Selvaratnam Independent Directors chair Committees.

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.	The 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 The Company 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 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 Chairman 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	Agree to comply, should the need arise.
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.3	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 Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entities shall, at a minimum, consist of five (05) Directors	**Complied with** The Board comprised of 07 Directors as of 31 March 2025

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
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 7 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 website
9.10.2.	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	**Complied with.** All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.11	Nomination and Governance Committee	
9.11 & 9.11.4	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; 1) The members of the Nominations and Governance Committee shall; » 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. » not comprise of Executive Directors of the Listed Entity. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report	**Complied with** A Nominations and Governance Committee is in place. As of 31 March 2025 the Committee comprised 3 Non- Executive Directors of whom 2 are independent. Please refer committee report on pages 24 to 25.
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 23
9.12.6.	The Committee shall comprise; (1) A minimum of 3 Directors out of which a minimum of 2 shall be independent (2) Not consist of Executive Directors (3) Chairperson to be an Independent Director.	**Complied with** As at 31 March 2025 the Committee comprised 3 Non- Executive Directors of whom 2 are independent. Please refer committee report on page 23
9.13	Audit Committee	
9.13.1 & 9.13.2	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	**Complied with** An Audit Committee is already in place. The Audit Committee has oversight of the Risk function, in addition. Risk reports are tabled at Committee Meetings by the Enterprise Risk Management Team quarterly The Audit Committee has a written Terms of Reference clearly defining it's scope , authority and duties, duly approved by the Board.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.13.3	**Composition** 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.	**Complied with** As of 31 March 2025, the Committee comprised 3 Non-Executive Directors of whom 2 are independent.
	(b) not comprise of Executive Directors » The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.	**Complied with** The Committee met 04 times during the financial year ended 31 March 2025.
	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	**Complied with**
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	**Complied with**
	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation	**Complied with** The CEO-BHRL and Head of Finance attend the Audit Committee meeting by invitation.
	The Chairperson of the AC shall be a Member of a recognized 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**
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee	**Complied with** Please refer the committee report on Page 26
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	**Composition** The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee	As of 31 March 2025 the Committee comprised 2 Independent Directors & one Non- Executive Director, Please refer committee report on page 22

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.14.4	**General Requirements** (i) The Related Party Transactions Review Committee shall meet at least once a calendar quarter.	**Complied with** The Committee met 4 times during the year under review, held quarterly.
	(ii) Minutes of meetings are properly documented and communicated to the Board of Directors.	**Complied with** Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter
	(iii) Members of the RPTRC to ensure they have or have access to adequate knowledge, expertise and advice.	**Complied with**
	(iv) 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.	**Complied with** No such occurrence to report during the financial year 2025.
	(v) Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.	**Complied with** Directors of the RPTRC are aware of their obligations
9.14.6	**Shareholder Approval** The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations	During the year under review there were no such transactions which required shareholder approval
9.16	Additional disclosures	Please refer Report of the Board of Directors on 11 to 13 for the disclosures.

DIRECTORS' DISCLOSURES IN TERMS OF RULE NO. 9.10.4.(e)

Name of the Director	Number of Board Seats held in Listed Companies in Sri Lanka	Designation
Mr. W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLCc	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
Mrs. K U Amarasinghe	Palm Garden Hotels PLC	Non - Executive Director
	Eden Hotel Lanka PLC	Non - Executive Director
	Brown & Company PLC	Non - Executive Director
	Browns Investments PLC	Non - Executive Director
	Serendib Hotels PLC	Non - Executive Director
	Hotel Sigiriya PLC	Non - Executive Director
	LOLC General Insurance 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
	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
	Dolphin Hotels PLC	Non - Executive Director
	Hotel Sigiriya PLC	Non - Executive Director
	Sierra Cable PLC	Non - Executive Director
	Hapugastenne Planatations PLC	Non - Executive Director
	Udapusellawa Plantations PLC	Non - Executive Director
	Tea Smallholder Factories PLC	Non - Executive Director
R L E C Wijeratne	Dolphin hotels PLC	Non – Executive Director
	Palm Garden Hotels PLC	Non – Executive Director
J Selvaratnam	Siyapatha Finance PLC	Non - Executive Director
	Palm Garden Hotels PLC	Independent Director
	Eden Hotel Lanka PLC	Independent Director
T Dharmarajah	Eden Hotel Lanka PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
	Udupussellawa Plantations PLC	Independent Director
	Hapugastenne Plantation PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
	Renuka City Hotels PLC	Senior Independent Director

Report of the Related Party Review Committee

The Related Party Transactions Review (RPTR) Committee is appointed by the Board of Directors of the Company and reports directly to the Board. On behalf of the board, the Committee ensures that all Related Party Transactions of the Company are consistent with all regulations including the Listing Rules of the Colombo Stock Exchange.

COMPOSITION

The Related Party Transactions Review ("RPTR") Committee comprises the following Directors as at 31st March 2025:

T Dharmarajah
Non-Executive Independent Director
(Committee Chairman)

J Selvaratnam
Non-Executive Independent Director

W D K Jayawardena
Non-Executive Director

Dr. J M Swaminathan
Committee Chairman
(resigned w.e.f. 01.10.2024)

D S K Amarasekera
(resigned w.e.f. 01.01.2025)

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah	2/2
J Selvaratnam	1/1
W D K Jayawardena	4/4
Dr. J M Swaminathan	2/2
Kamantha Amarasekara	3/4

ACTIVITIES OF THE COMMITTEE

The Committee at its regular meetings reviewed all recurrent and non-recurrent related party transactions and sought confirmation that such transactions had been carried out within the accepted regulatory framework. The CFO (LOLC Group) and the AGM - Finance are invited to attend meetings. This enables the Committee to obtain further clarification if felt necessary. Apart from details of the transaction, a report submitted by the AGM-Finance also details any connected statutory or regulatory requirement and a confirmation that all requirements have been met.

Procedures and processes are in place to gather information about which parties should be considered related, and to ensure that any transaction with such parties is identified and reported on.

Minutes of the Committee meetings are tabled at the next Board Meeting, which enables the entire Board to note the transactions, the discussion and the decisions. In accordance with the requirements of the Colombo Stock Exchange, public disclosures are made by the Company on related party transactions, if necessary.

POLICIES AND PROCEDURES ADOPTED

The Committee has established a Related Party Transaction Policy consistent with the Company's business model to ensure that all related party transactions are carried out in compliance with the provisions of the aforementioned regulations

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

On behalf of the Committee;

T Dharmarajah
Chairman

Report of the Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors of the Company and reports directly to the Board.

COMPOSITION

The Remuneration Committee comprises the following Directors :

T Dharmarajah
ndependent Director / Committee Chairman

J Selvaratnam
Independent Director

Mrs. K U Amarasinghe
Non Executive Director

The Composition of the Remuneration Committee satisfies the criteria as specified in the standards of Corporate Governance for listed companies.

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 director's 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 aggregate remuneration paid to the Non-Executive Directors during the period under review was Rs. 540,000/. It is also noteworthy that the Board does not have any Executive Directors.

The Committee met once during the financial year on 13 February 2025 at which all committee members were present.

On Behalf of the Committee;

T Dharmarajah
Chairman - Remuneration Committee

Report of The Nominations and Governance Committee

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

COMPOSITION

J Selvaratnam
Committee Chairman/ Non-Executive Independent Director

T Dharmarajah
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 two directors i.e. Mr. T Dharmarajah and Mr. J Selvaratnam 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 93)	J Selvaratnam (Article 93)
Date of first appointment as a Director	07.06.2010	21.01.2011	01.10.2024	01.01.2025
Date of last re-election as a Director at an AGM	2022	2024	-	-
Board Committees Served on during the year under review	Audit RPTRC	Audit RPTRC Remuneration	Audit RPTRC Remuneration NGC	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	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	-	-	-	-

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 Controls

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 Whistle blowing

l) Policy on Anti-Bribery and Corruption

INDEPENDENT DIRECTORS

The Committee is of the opinion that M/s T Dharmarajah and J Selvaratnam 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 Selvaratnam 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

J Selvaratnam

Chairman
Nomination & Governance Committee

Report of the Audit Committee

COMPOSITION

The Audit Committee comprises 03 Non- Executive Directors of whom 02 are independent. The Committee composition is as follows :

T Dharmarajah
Independent Director
(Committee Chairman)

J Selvaratnam
Independent Director

W D K Jayawardena
Non Executive Director

Dr. J M Swaminathan
(Committee Chairman)
(Resigned w.e.f. 01.10.2024)

D S K Amarasekera
(Resigned w.e.f 01.01.2024)

During the financial year, the Committee reviewed the quarterly and year-end financial statements of the Company and recommended same for board approval. During these discussions, the Committee satisfied itself that the Company's systems enabled information to be accurately recorded and reported in a manner that is timely and in compliance with all relevant regulatory and statutory requirements. The AGM Finance is invited to attend these meetings, together with the DGM-Risk and the CEO-Browns Hotels & Resorts Ltd.

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 also reviewed the reports submitted by the Internal Auditors on internal controls and risk management. In addition it also reviewed reports related to procedures and practices and any accidental or deliberate deviations thereto. Discussion of these reviews facilitated a review of the relevant controls and the risk mitigation methods needed. By involving the Management in the discussions, the Committee sought to ensure that risk mitigation and operational efficiencies were balanced.

The Committee reviewed the effectiveness of the audit process, for both internal and external audit. It made determinations on the independence of the auditors, taking into consideration their length of service and the fees charged.

The Audit Committee had proposed that M/s Deloitte Partners be re- appointed auditors for the ensuing year at a fee to be determined by the Board and accordingly the Board of Directors had approved this recommendation subject to obtaining shareholder approval at the Annual General Meeting.

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	2/2
J Selvaratnam	1/1
W. D. K. Jayawardena	4/4
J M Swaminathan	2/2
D S K Amarasekera	3/4

T Dharmarajah
Chairman - Audit Committee

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Directors' Responsibility for Financial Reporting

The Directors confirm that the Company's Financial Statements for the year ended 31 March 2025 are prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange, the and the Companies Act No.07 of 2007. They believe that the Financial Statements present a true and fair view of the state of the affairs of the Company as at the end of the financial year.

The Directors also accept responsibility for the integrity and accuracy of the Financial Statements presented and confirm that appropriate accounting policies have been selected and applied consistently and reasonable and prudent judgment has been exercised so as to accurately report transactions.

The Directors have taken reasonable steps to safeguard the assets of the Company, to prevent, deter and detect fraud, and to ensure the integrity, accuracy and safeguarding of operational and financial records.

The Directors confirm that to the best of their knowledge, all statutory payments due in respect of the Company and its subsidiaries as at the Reporting date have been paid for, or where relevant, provided for.

The External Auditors, M/s Deloitte Partners were provided with the opportunity to make appropriate inspections of financial records, minutes and other documents to enable them to form an opinion of the Financial Statements. The Report of the Auditors is set out on pages 30 to 35.

W D K Jayawardena
Chairman.
22 August 2025

Chairman's and Head of Finance's Responsibility Statement

The Financial Statements are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.07 of 2007 and any other applicable statues to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements were audited by M/s Deloitte Partners Chartered Accountants, the Company's External Auditors. The audit committee of your company meets periodically with the External auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing and financial reporting issues. To ensure complete independence, the external auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

W D K Jayawardena
Chairman

Jeewantha Perera
Head of Finance
22 August 2025

Deloitte.

Independent auditor's report

Deloitte Partners
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TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2025, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Report on the audit of financial statements
The Company

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investments in subsidiaries *Refer to notes 3.2.1 and 15 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.* The carrying value of the Company's investments in subsidiaries as at 31 March 2025 amounted to Rs. 16,267 Mn. Where indications of impairment exist, the carrying value of investment is assessed for impairment by determining the recoverable value of the investments and where applicable an impairment provision is recognised. During the year ended 31 March 2025, the Company has not recognised any additional provision for impairment of investments in subsidiaries.	Our audit procedures included the following: Obtaining an understanding of the process by which management evaluates the recoverability of investments in subsidiaries; Evaluating the design and implementation of the controls over management's assessment in determining whether there are any indicators that the carrying amounts of investments in subsidiaries may not be recoverable; Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; Checking the appropriateness of the selection of the impairment testing technique;

C S 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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TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD)

Report on the audit of financial statements (Contd)
The Company (Contd)

Key audit matter	How our audit addressed the key audit matter
We focused on this matter because the: » Carrying value of the investments in subsidiaries in the statement of financial position is significant; and » Determination of recoverable value for impairment assessment involves significant management judgment and estimates such as future expected level of operations and related forecast of cash flows, market conditions, discount rates, growth rate etc.	Challenging and testing the reasonableness of the key assumptions used by the management in the calculations which included discount rates, long-term growth rate, forecasted gross margins etc. by performing the below procedures: » Comparing the forecasted information to management approved budgets and business plans; » Assessing the long-term growth rate by comparing it to the economic forecasts publicly available; » Assessing the reliability of management's projections, by comparing actual results for 2024/ 2025 to the forecasts prepared for 2024/ 2025 in the previous year; » Testing the reasonableness of the calculation of the discount rate by assessing the cost of capital for the companies and comparable organisations, as well as considering territory-specific factors; » Testing the mathematical accuracy of the discounted cash flow model; and » Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate. Evaluating the adequacy of the disclosures made in the financial statements of the Company with respect to the impairment provision recognized.

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD)

Report on the audit of the financial statements (Contd)
The Company (Contd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property *Refer to notes 3.10 and 12 of the consolidated financial statements for disclosures of related accounting policies judgments, estimates and balances.* As at 31 March 2025, the carrying value of the land, classified as investment property of the Company amounted to Rs. 6,163 Mn. The Company determines the fair value of its investment property in accordance with the Company's valuation policy. This policy requires all investment properties to be valued by an independent valuation expert, at least, annually. During the year ended 31 March 2025, the Company recognised a gain of Rs. 1,837 Mn on change in fair value of the investment property. The fair value of the investment property is dependent on the valuation methodology adopted by the valuation expert and the inputs into the valuation model. Factors such as prevailing market conditions, the nature, condition and location of the property, recent comparable property sales transactions and the expected future income from the property directly impact the fair value. We focused on this matter because the: » Investment property balance in the statement of financial position is significant; » Quantum of fair value gain reported in the financial statements; and » Inherently subjective nature of investment property valuation due to the use of assumptions, estimates and judgments in the valuation methodology.	Our audit procedures included the following key procedures: » Evaluating the design and implementation of controls over the process used to determine the fair value of investment property; » Through inquiries with management, and by inspecting the underlying supporting documents obtaining an understanding of the specific characteristics of the investment property including, amongst other things, changes, if any, in the use of the investment property; » Meeting with management's independent valuer, who performed the investment property valuation, to assess the appropriateness of the methodologies adopted and the reasonableness of assumptions and estimates used in the valuations; » Assessing the independence, qualifications, experience, and objectivity of management's valuation expert: » Testing the completeness and accuracy of the information provided to the valuer by the management; » Comparing a sample of the recent transactions used by the valuation expert to ascertain the valuation of the Company's property with other publicly available sales transactions and sales listings for similar properties in proximity; » Inspecting the final valuation reports and agreeing the fair values, including the fair value gains recognized to the accounting records and to the financial statements; » Engaging our internal valuer to confirm the assumptions and methodology used by the management's valuation expert; » Obtaining evidence over the ownership and the existence of the investment property recorded at the statement of financial position date; and » Reviewing the adequacy and appropriateness of management's disclosures in the financial statements in relation to investment property.

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD)

Report on the audit of the financial statements (Contd)
The Group

Key audit matter	How our audit addressed the key audit matter
Revaluation of freehold land, buildings, reclaimed land and right-of-use assets relating to leasehold land *Refer to notes 3.9, 3.11.1, 11 and 13. of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates, and balances.* As at 31 March 2025, the carrying value freehold land, buildings and reclaimed land classified as property, plant and equipment of the group amounted to Rs. 14,047 Mn, Rs. 24,893 Mn and Rs. 24,048 Mn respectively. The right-of-use assets relating to leasehold land as at 31st March 2025 amounted to Rs. 8,550 Mn. The revaluation gain recognised by the Group from revaluation of land, buildings, reclaimed land and right-of-use assets relating to leasehold land for the year then ended amounted to Rs. 4,518 Mn, Rs. 3,330 Mn, Rs. 3,090 Mn and 2,737 Mn respectively. The Group had chosen the revaluation model as its accounting policy for measurement after recognition of its freehold land, buildings, reclaimed land and right-of-use assets relating to leasehold land which are accordingly measured at fair value with sufficient regularity, to ensure that the carrying amounts do not materially differ from that which would be determined using fair values at the reporting date. The Group engaged independent valuation experts to measure the value of these properties. Freehold land, reclaimed land and right-of-use assets relating to leasehold land were valued at their fair value at reporting date using market approach and buildings were valued using the replacement cost at the reporting date. The fair value of these properties are depend on the valuation methodology adopted and input into the valuation models. Factors such as current market conditions, the unique characteristics, location, and condition of each property, as well as recent comparable market transactions, directly impact the fair values. We focused on this matter because the: » Relative size and significance of the freehold land, buildings, reclaimed land and right-of-use assets relating to leasehold land balances in the consolidated statement of financial position; » Quantum of revaluation gains recognized by the Group, that directly impact the consolidated statements of profit or loss and other comprehensive income and; » Inherently subjective nature of property valuations due to use of estimates and judgment in the valuation methodology.	Our audit approach mainly included substantive audit procedures as follows: » Obtaining the latest independent property market rates for freehold land, buildings, reclaimed land and leasehold land to understand the prevailing market for comparable properties in similar conditions and locations; » Comparing historical valuations in relation to freehold land, buildings, reclaimed land and leasehold land against current year valuations, to assess whether the movements appear to be in line with overall movement in the market; » Meeting with management's external valuation experts, who performed the property valuations for the Group, to discuss the appropriateness of the methodologies adopted and reasonability of assumptions used in the valuations; » Assessing the qualifications and experience of the valuation experts of the Group; » Verifying the completeness and accuracy of the information provided to the valuation experts of the Group; » Comparing samples of recent transactions of freehold land and reclaimed land listed by the valuation experts with other similar sales transaction information available in the market and sales listings; » Comparing estimated price per perch of freehold land, reclaimed land and leasehold land and cost per square foot of building to a reasonable range determined based on benchmark market data. Where the prices/costs fell outside of the anticipated ranges, discussing with the management the reasons to support the variances; » Inspecting the final valuation reports and agreeing the fair values to the Group's accounting records and financial statements; » Checking the adequacy and appropriateness of management's disclosures in the financial statements.

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Independent auditor's report

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD)

Report on the audit of the financial statements (Contd)

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of The Financial Statements

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

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

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

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

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Independent auditor's report

TO THE SHAREHOLDERS OF PALM GARDEN HOTELS PLC (CONTD)

Report on the audit of the financial statements (Contd)

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4414.

Deloitte Partners

CHARTERED ACCOUNTANTS
COLOMBO
22 August 2025

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

For the year ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	4	9,037,154,145	6,965,417,889	-	-
Direct costs		(2,844,163,267)	(1,986,804,256)	-	-
Change in fair value of investment property	12	5,000,000	10,000,000	1,837,000,000	667,000,000
Other income	5	778,615,502	507,386,679	2,219,183	3,519,835
Profit before operating expenses		6,976,606,380	5,496,000,312	1,839,219,183	670,519,835
Operating expenses					
Personnel costs	6	(1,625,311,851)	(1,303,890,582)	(22,785)	(32,365)
Depreciation and amortization	7	(1,802,836,507)	(1,575,403,851)	-	-
Other administrative expenses		(2,673,070,504)	(2,288,493,867)	(8,599,129)	(20,065,326)
Advertising and Promotional expenses		(676,289,845)	(551,990,282)	-	-
Results from operating activities		199,097,613	(223,778,270)	1,830,597,269	650,422,144
Interest expense	8	(6,439,513,960)	(9,059,552,690)	(349,095,345)	(1,250,696,005)
Interest income	8	1,331,373,552	521,713,702	989,830,488	61,180,717
Profit/ (Loss) before income tax expense		(4,909,042,795)	(8,761,617,258)	2,471,332,412	(539,093,144)
Income tax (expense)/ reversal	9	511,613,025	(362,466,277)	(547,200,300)	(204,000,000)
Profit/ (Loss) for the year		(4,397,429,770)	(9,124,083,535)	1,924,132,112	(743,093,144)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation gain (net of tax)	11/9.4	11,151,213,280	667,000,000	-	-
Actuarial gains / (losses) on defined benefit obligations (net of tax)	25/9.4	3,100,166	(4,695,126)	-	-
Fair value gains / (losses) that arose during the year (net of tax)	17/9.4	(2,202,356)	2,447,510	(80,250)	-
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		(268,202,345)	(1,615,437,980)	-	-
Other comprehensive income / (loss) for the year, (net of tax)		10,883,908,746	(950,685,596)	(80,250)	-
Total comprehensive income / (loss) for the year		6,486,478,976	(10,074,769,131)	1,924,051,862	(743,093,144)
Profit / (loss) attributable to:					
Equity holders of the Company		(3,453,509,055)	(6,901,308,135)	1,924,132,112	(743,093,144)
Non controlling interests		(943,920,715)	(2,222,775,400)	-	-
		(4,397,429,770)	(9,124,083,535)	1,924,132,112	(743,093,144)
Total comprehensive income attributable to:					
Equity holders of the Company		2,747,839,690	(7,120,928,321)	1,924,051,862	(743,093,144)
Non controlling interests		3,738,639,286	(2,953,840,810)	-	-
		6,486,478,976	(10,074,769,131)	1,924,051,862	(743,093,144)
Earnings / (Loss) per share	10	(7.26)	(30.98)	4.04	(3.34)

The notes annexed on pages 41 through 97 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31 March 2025

As at 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Assets					
Non-Current Assets					
Property, plant and equipment	11	73,314,340,633	63,398,433,258	-	-
Investment property	12	85,000,000	80,000,000	6,163,000,000	4,326,000,000
Right of use asset	13	8,549,675,517	6,988,449,910	-	-
Intangible assets	14	68,787,939	54,145,265	-	-
Investment in subsidiaries	15	-	-	16,267,464,100	9,911,464,100
Trading assets - fair value through profit or loss	16	5,720,550	4,139,390	607,210	435,630
Investment securities	17	161,239,293	176,667,846	234,952	315,202
Total Non - Current Assets		82,184,763,932	70,701,835,669	22,431,306,262	14,238,214,932
Current Assets					
Inventories	18	276,642,518	269,143,169	-	-
Trade and other receivables	19	6,136,279,178	9,694,782,270	916,464,083	5,016,879,989
Current tax receivables	20	718,679,114	223,771,753	11,488,480	5,753,983
Cash and cash equivalents	21.1	2,097,494,386	3,621,537,148	4,697,755	782,662,906
Total Current Assets		9,229,095,196	13,809,234,340	932,650,318	5,805,296,878
Total Assets		91,413,859,128	84,511,070,009	23,363,956,580	20,043,511,810
Equity and Liabilities					
Stated capital	22	20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770
Reserves	23	22,304,073,916	16,102,591,890	1,769,423,115	1,769,503,365
Accumulated losses		(23,040,262,915)	(19,226,157,654)	(2,497,204,755)	(4,421,336,867)
Equity attributable to equity holders		19,439,371,771	17,051,995,006	19,447,779,130	17,523,727,268
Non controlling interests		18,114,509,411	13,883,354,888	-	-
Total equity		37,553,881,182	30,935,349,894	19,447,779,130	17,523,727,268
Liabilities					
Non - Current Liabilities					
Interest bearing borrowings	24	12,871,529,958	14,506,438,778	-	-
Defined benefit obligations	25	104,115,634	100,862,393	-	-
Deferred tax liabilities	26	7,692,818,900	5,728,464,968	983,238,300	436,038,000
Total Non - Current Liabilities		20,668,464,492	20,335,766,139	983,238,300	436,038,000
Current Liabilities					
Trade and other payables	27	26,178,690,909	26,895,734,922	2,932,295,874	2,083,103,266
Loans and borrowings	24	5,782,192,744	5,643,997,241	-	-
Current tax payables	28	1,139,547,661	539,436,555	643,276	643,276
Bank overdrafts	21.2	91,082,140	160,785,258	-	-
Total Current Liabilities		33,191,513,454	33,239,953,976	2,932,939,150	2,083,746,542
Total Liabilities and Equity		91,413,859,128	84,511,070,009	23,363,956,580	20,043,511,810

The notes annexed on pages 41 through 97 form an integral part of these financial statements.
Figures in brackets indicate deductions.
These financial statements have been prepared and presented 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 the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

Mr. W D K. Jayawardena
Chairman
22 August 2025
Colombo

Mrs. K U Amarasinghe
Director

Statement of Changes in Equity

For the Year ended 31 March 2025

Group	Equity attributable to the shareholders of the company							
	Stated Capital	Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Capital Reserve	Accumulated Losses	Non Controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2023	2,436,090,770	10,648,585,158	(2,283,932)	6,103,926,419	(429,025,594)	(12,936,764,497)	12,607,566,321	18,428,094,646
Total comprehensive income/ (loss) for the year								
Loss for the year	-	-	-	-	-	(6,901,308,135)	(2,222,775,400)	(9,124,083,535)
Other comprehensive income								
Fair value gains that arose during the year	-	-	612,636	-	-	-	1,834,874	2,447,510
Revaluation gain	-	667,000,000	-	-	-	-	-	667,000,000
Actuarial losses on defined benefit obligations (net of tax)	-	-	-	-	-	(1,010,025)	(3,685,101)	(4,695,126)
Foreign currency translation differences of foreign operations	-	-	-	(886,222,797)	-	-	(729,215,183)	(1,615,437,980)
Total comprehensive income for the year	-	667,000,000	612,636	(886,222,797)	-	(6,902,318,160)	(2,953,840,810)	(10,074,769,131)
Other movements in equity								
Shares issued	17,739,470,000	-	-	-	-	-	-	17,739,470,000
Investment in subsidiaries by NCI	-	-	-	-	-	-	4,842,554,380	4,842,554,380
Changes in ownership that do not resulted in change in control	-	-	-	-	-	612,925,003	(612,925,003)	-
Total other movements in equity	17,739,470,000	-	-	-	-	612,925,003	4,229,629,377	22,582,024,380
Balance as at 31 March 2024	20,175,560,770	11,315,585,158	(1,671,296)	5,217,703,622	(429,025,594)	(19,226,157,654)	13,883,354,888	30,935,349,894
Balance as at 01 April 2024	20,175,560,770	11,315,585,158	(1,671,296)	5,217,703,622	(429,025,594)	(19,226,157,654)	13,883,354,888	30,935,349,894
Total comprehensive income/ (loss) for the year								
Loss for the year	-	-	-	-	-	(3,453,509,055)	(943,920,715)	(4,397,429,770)
Other comprehensive income								
Fair value Loss that arose during the year	-	-	(612,292)	-	-	-	(1,590,064)	(2,202,356)
Revaluation gain (Net of Tax)	-	6,340,853,036	-	-	-	-	4,810,360,244	11,151,213,280
Actuarial gains/(losses) on defined benefit obligations (net of tax)	-	-	-	-	-	(133,282)	3,233,448	3,100,166
Foreign currency translation differences of foreign operations	-	-	-	(138,758,718)	-	-	(129,443,627)	(268,202,345)
Total comprehensive income for the year	-	6,340,853,036	(612,292)	(138,758,718)	-	(3,453,642,337)	3,738,639,286	6,486,478,976
Other movements in equity								
Further issue of shares	-	-	-	-	-	-	132,052,312	132,052,312
Changes in ownership that do not resulted in change in control	-	-	-	-	-	(360,462,924)	360,462,924	-
Total other movements in equity	-	-	-	-	-	(360,462,924)	492,515,236	132,052,312
Balance as at 31 March 2025	20,175,560,770	17,656,438,194	(2,283,588)	5,078,944,904	(429,025,594)	(23,040,262,915)	18,114,509,411	37,533,881,182

The notes annexed on pages 41 through 97 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity

For the Year ended 31 March 2025

COMPANY	Equity attributable to the shareholders of the company					
	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Capital Reserve Rs.	Accumulated Losses Rs.	Total Equity Rs.
Balance as at 1 April 2023	2,436,090,770	1,930,775,680	(250,006)	(161,022,309)	(3,678,243,723)	527,350,412
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(743,093,144)	(743,093,144)
Total comprehensive income for the year	-	-	-	-	(743,093,144)	(743,093,144)
Other movements in equity						
Issue of shares	17,739,470,000	-	-	-	-	17,739,470,000
Balance as at 31 March 2024	20,175,560,770	1,930,775,680	(250,006)	(161,022,309)	(4,421,336,867)	17,523,727,268
Balance as at 1 April 2024	20,175,560,770	1,930,775,680	(250,006)	(161,022,309)	(4,421,336,867)	17,523,727,268
Total comprehensive income for the year						
Profit/(Loss) for the year	-	-	(80,250)	-	1,924,132,112	1,924,051,862
Total comprehensive income for the year	-	-	(80,250)	-	1,924,132,112	1,924,051,862
Balance as at 31 March 2025	20,175,560,770	1,930,775,680	(330,256)	(161,022,309)	(2,497,204,755)	19,447,779,130

The notes annexed on pages 41 through 97 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Statement of Cash Flows

For the Year ended 31 March 2025

For the Year Ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax expense		(4,909,042,794)	(8,761,617,258)	2,471,332,412	(539,093,144)
Adjustment for:					
Gain on disposal of property, plant and equipment	5	(29,388)	(13,358,672)	-	-
Depreciation and amortization	7	1,802,836,566	1,575,403,851	-	-
Provision for retirement benefit obligations	25	22,477,708	21,169,288	-	-
Finance expense	8	6,439,513,960	9,059,552,690	349,095,345	1,250,696,005
Interest income	8	(1,331,373,552)	(521,713,702)	(989,830,488)	(61,180,717)
Dividend Income	5	(17,359)	(13,254)	(17,359)	(13,254)
Change in fair value of investment properties	12	(5,000,000)	(10,000,000)	(1,837,000,000)	(667,000,000)
Impairment of trade receivable		90,334,370	74,411,171	-	-
Gain/(loss) on fair valuation of other FVTPL instruments	5	(1,581,160)	800,289	(171,580)	(251,468)
Written-off		-	7,613,258	-	7,613,258
Operating profit/(loss) before working capital changes		2,108,118,350	1,432,247,662	(6,591,670)	(9,229,320)
Working capital changes					
(Increase)/decrease in trade and other receivables		2,973,261,362	(6,810,264,413)	4,094,681,410	(5,014,213,027)
(Increase)/decrease in inventories		(7,499,349)	(140,970,125)	-	-
Increase/(decrease) in trade and other payables		(5,346,077,532)	(6,569,659,251)	500,097,262	(5,553,832,893)
Cash generated from /(used in) operations		(272,197,169)	(12,088,646,127)	4,588,187,002	(10,577,275,265)
Finance cost paid		(93,440,047)	(31,790,803)	-	-
Income tax paid		(75,114,747)			
Retirement benefit obligations paid	25.1	(14,795,659)	(17,090,234)	-	-
Net cash generated from/(used in) operating activities		(455,547,622)	(12,137,527,164)	4,588,187,002	(10,577,275,265)
CASH FLOWS FROM INVESTING ACTIVITIES					
Issue of shares -Right issue		-	17,739,470,000	-	17,739,470,000
Issue of shares by subsidiaries to non controlling interests		132,052,312	4,842,554,380	-	-
Investment in subsidiaries		-	-	(6,356,000,000)	(5,717,445,620)
Acquisition of property, plant and equipment	11	(1,184,139,113)	(3,900,516,510)	-	(13,000,000)
Acquisition of intangible assets	14	(14,887,664)	(8,027,572)	-	-
Proceeds from the disposal of property, plant and equipment		9,799,309	3,250,353	-	-
Interest income received		1,331,373,552	61,180,717	989,830,488	61,180,717
Dividend income received		17,359	13,254	17,359	13,254
Net cash generated from/(used in) investing activities		274,215,755	18,737,924,622	(5,366,152,153)	12,070,218,351
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Repayments of interest bearing loans and borrowings		(1,349,468,160)	(939,017,637)	-	(725,250,000)
Lease rentals paid during the year		(53,651,009)	(47,477,204)	-	-
Fund transfers from ultimate parent		130,111,392	(4,801,527,191)	-	-
Net cash generated from/ (used in) financing activities		(1,273,007,777)	(5,788,022,032)	-	(725,250,000)
Net increase/(decrease) in cash and cash equivalents		(1,454,339,644)	812,375,426	(777,965,151)	767,693,086
Cash and cash equivalents at the beginning of the year		3,460,751,890	2,648,376,464	782,662,906	14,969,820
Cash and cash equivalents at the end of the year		2,006,412,246	3,460,751,890	4,697,755	782,662,906
Analysis of cash and cash equivalents at the end of the year					
Cash in hand and favourable bank balances	21.1	2,097,494,386	3,621,537,148	4,697,755	782,662,906
Unfavourable bank balances	21.2	(91,082,140)	(160,785,258)	-	-
		2,006,412,246	3,460,751,890	4,697,755	782,662,906

The notes annexed on pages 41 through 97 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

Year ended 31 March 2025

1. REPORTING ENTITY

1.1 General

Palm Garden Hotels PLC ('the Company') is a public quoted company incorporated on 05th April 1973 and domiciled in Sri Lanka. The address of the Company's registered office and principal place of business is No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya.

The financial statements as at, and for the year ended 31 March 2025 comprise the separate financial statements of the Company and consolidated financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Ordinary shares of the Company are listed on the Second Board of the Colombo Stock Exchange (CSE).

1.2 Principal activities and nature of operations

The principal activity of the Company is investment and investment management and there were no significant changes in the nature of the operations of the Company during the financial year under review.

As at 31st March 2025, the Company had following subsidiaries.

Company Name	Nature of Operation	Holding (%)	Principal Place of Business
Eden Hotel Lanka PLC	Hoteliering	52.61%	Kaluwamodara, Aluthgama
Dickwella Resorts (Pvt) Ltd	Hoteliering	99.99%	Batheegama, Dickwella
Riverina Resorts (Pvt) Ltd	Hoteliering	100.00%	Moragalle, Beruwala
Sun and Fun Resorts Ltd	Hoteliering	51.00%	Pasikuda
Green Paradise (Pvt) Ltd	Hoteliering	100.00%	Kubukkadanwala, Dambulla
Serendib Hotels PLC	Hoteliering	58.23%	Kaluwamodara, Aluthgama
Dolphin Hotels PLC	Hoteliering	69.23%	Waikkal
Hotel Sigiriya PLC	Hoteliering	64.33%	Sigiriya
Serendib Leisure Management Ltd	Hotel Management	100%	Colombo
Sanctuary Resorts Lanka (Pvt) Ltd	Non-Operating	100%	Colombo
Frontier Capital Lanka (Pvt) Ltd	Hoteliering	100.00%	Mirissa Matara
Bodufaru Beach Resorts (Pvt) Ltd	Hoteliering	76.23%	Republic of Maldives
Browns Ari Resort (Pvt) Ltd	Hoteliering	90.00%	Republic of Maldives
Browns Raa Resort (Pvt) Ltd	Hoteliering	99.00%	Republic of Maldives
Browns Kaafu N Resort (Pvt) Ltd	Hoteliering	99.00%	Republic of Maldives

1.3 PARENT AND ENTITY AND ULTIMATE PARENT ENTITY

In the opinion of the Board of Directors, the Group's immediate parent company is Browns Hotels and Resorts Limited and ultimate parent undertaking and controlling party as at the date of financial position is LOLC Holdings PLC, a Company incorporated and domiciled in Sri Lanka

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets, certain classes of property, plant and equipment, investment property measured at fair value.

2.3 Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company" and "Director's Responsibility for Financial Reporting".

These financial statements include the following components;

- A statement of financial position providing the information on the financial position of the Group and the Company as at the year end.
- A statement of profit or loss providing the information on the financial performance of the Group and the Company for the year under review.
- A statement of comprehensive income providing the information of the other comprehensive income and total comprehensive income of the Group and the Company.
- A statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.

» A statement of cash flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of entities to utilize those cash flows, and

» Notes to the financial statements comprising accounting policies and other explanatory information.

2.4 Approval of financial statements by the Board of Directors

The consolidated financial statements of the Group and the separate financial statements of the Company for the year ended 31 March 2025 were approved and authorized for issue by the Board of Directors on 22 August 2025 The Board of Directors has the power to amend and reissue the financial statements.

2.5 Functional currency and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupee (Rs.), which is Company's functional and Group's presentation currency.

Functional currency of all the Group companies is Sri Lankan Rupees, other than the following companies whose functional currency is given below.

Company Name	Country of Incorporation	Functional Currency
Bodufaru Beach Resorts (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)
Browns Ari Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)
Browns Raa Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)
Browns Kaafu N Resort (Pvt) Ltd	Republic of Maldives	United States Dollars (USD)

See note 3.4 for the accounting policy relating to foreign currency translation.

2.6 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.7 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 as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of profit or loss, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies.

2.9 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they 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.

2.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

Is 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 and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current

2.11 Use of accounting estimates and judgements

The preparation of the financial statements of the Group and Company in conformity with SLFRSs/LKAS's requires management to make judgments, estimates and assumptions that affect the application

of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.

Critical accounting estimate/judgement	Note
Determination of fair value of investment properties	12
Revaluation of lands and buildings	11
Goodwill on acquisition	14
Retirement benefit obligations	25
Deferred tax assets/ liabilities	26
Fair value of financial instrument	32
Useful lives of property, plant and equipment	3.12.5
Useful lives of intangible assets	14
Right of Use Assets	13

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1.1 New and amended standards adopted by the Group

I. Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance

The group/company has adopted the amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

II. Amendments to LKAS 1 Classification of Liabilities as Current or Non-current

The group/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.

III. Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The group/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.

IV. Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

The group/company has adopted the amendments to SLFRS 16 for the first time in the current year.

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

3.1.2 New standards and interpretations not yet adopted

The following standards and interpretations had been issued by CA Sri Lanka, but not mandatory for annual reporting periods ending 31 March 2025. Further, the group has not early adopted these new standards and/or amendments.

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

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

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

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

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

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

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

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.

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

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

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

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

iii. SLFRS 18 Presentation and Disclosures in Financial Statements.

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

SLFRS 18 introduces new requirements to:

» present specified categories and defined subtotals in the statement of profit or loss

» provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements

» improve aggregation and disaggregation.

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

iv. SLFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

» it does not have public accountability, and

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

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

3.2 Principles of consolidation and equity accounting

3.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group Refer to Note 3.2.3.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, comprehensive income, changes in equity and financial position respectively.

3.2.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

» fair values of the assets transferred;

» liabilities incurred to the former owners of the acquired business;

» equity interests issued by the Group;

» fair value of any asset or liability resulting from a contingent consideration arrangement; and

» fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

» consideration transferred,

» amount of any non-controlling interest in the acquired entity, and

» acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquire previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. The management has assessed and concluded that there are no separately identifiable segments that require disclosure in accordance with SLFRS 8 Operating Segments.

3.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/ other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

3.4.1 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange, differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Revenue and Income

Group revenue represents sales to customers outside the Group and excluding taxes.

3.5.1 Revenue

SLFRS 15 established a comprehensive framework for determining whether how much and when revenue recognized. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognise when a customer obtains control of the goods or services - Determining the timing of the transfer of control - at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

The following specific criteria are used for the purpose of recognition of revenue:

- Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.
- Restaurant revenue includes the revenue recognized on the sale food and beverage. All revenue is accounted for at the time of sale.

- Bar revenue are accounted for at the time of sale.
- Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognized gross after completion of service / treatments.
- Transfers and excursions include the consideration earned from providing excursions to customers. Revenue is recognised for at the time of rendering the service.
- Telephone, laundry, and diving represents the services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.

3.5.2 Other Income

Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is accounted for on accrual basis on a straight-line basis over the term of the leases.

Dividend income is recognized when the right to receive payment is established which generally when the dividend is declared.

Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Gain on disposal of property, plant and equipment and other non-current assets, including investments held by the Group have been accounted for in the statement of profit or loss, after deducting from the net sales proceeds on disposal of the carrying amount of such assets.

3.5.3 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3.6 Government grants and subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Revenue grants are recognized in the profit or loss in the period in which they are receivable.

3.7 Expenses recognition

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

For the presentation of the statement of profit or loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Group's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the statement of profit or loss.

Repairs and renewals are charged to the statement of profit or loss in the year in which the expenditure is incurred.

3.8 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.8.1 Companies enjoying tax holidays

Group companies enjoying a tax exemption period shall only recognize deferred tax in their financial statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred tax shall not be considered nor provided for assets/ liabilities for which tax impacts and reversals take place within the tax exemption period. If there will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognizing deferred tax.

3.8.2 Withholding tax on dividends

Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognized at the same time as the liability to pay the related dividend is recognized.

3.8.3 Sales Taxes (Value Added Tax and Turnover Tax)

Revenues, expenses and assets are recognized net of the amount of sales tax except for the following;

» Sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

» Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

3.9 Property, plant and equipment

3.9.1 Freehold property, plant and equipment

i) Basis of recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

ii) Basis of measurement

Items of property, plant and equipment other than freehold land and building, are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalized borrowing costs.

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

iii) Cost model

The Group applies the cost model to all property, plant and equipment except freehold land and buildings which are recorded at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

iv) Revaluation model

The Group revalue its freehold land, buildings,motor vehicles and right of use assets which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of land, buildings, motor vehicles and right of use assets, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognized in profit or loss. A decrease in value is recognized

in profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

v) Subsequent costs

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

vi) Depreciation

Depreciation is based on the cost/revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted if appropriate. The estimated useful lives for the current year are listed below.

Property, plant & equipment	No. of years
Building	Over a maximum period of 50 years
Reclaimed island	50 years
Plant and machinery	8-13 years
Motor vehicles	4-5 Years
Furniture and Fittings	5-10 Years
Office Equipment	4-5 Years
Computer equipment	5-8 Years
Swimming pool	10 years
Cutlery, crockery and glassware	5 Years
Linen	3 Years
Marine Vessel	10 Years
Sewage system	20 Years
Improvements to Land	20 Years
Road & Bridge	50 Years

vii) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.9.2 Capital work-in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of capital assets.

3.10 Investment properties

3.10.1 Basis of recognition

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

3.10.2 Basis of measurement

i) Fair value model

Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for as per LKAS 16 - Property, Plant and Equipment.

ii) De-recognition

Investment properties are de-recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

iii) Subsequent transfers to/from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

iv) Determining Fair Value

External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

3.11 Leases

The Group leases various land for its business activities. Rental contracts are typically made for fixed terms. Under SLFRS 16, the Group recognizes right-of-use assets and lease liabilities for leases of properties and present as separate line items in the Statement of Financial Position.

3.11.1 Right-of-use Assets

i) Initial Recognition

The Group recognizes right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognized at cost.

The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognized at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

ii) Subsequent Measurement

Right-of-use assets in the consolidated financial statements are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities except in following;

The Group apply fair value model to right-of-use assets that meet the definition of investment property in LKAS 40.

If right-of-use assets relate to a class of property, plant and equipment to which the group applies the revaluation model in LKAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The Group has voluntarily changed the accounting policy on Right-Of-Use Assets relating to Lands which meets the definition of a property, plant and equipment from cost model to revaluation model with effect from 1st October 2020, by carrying out a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the lands being valued. This was done to provide more reliable and more relevant information by reflecting the Fair Market Value of Right-Of-Use Assets. These assets are presented under Right of Use Assets in the Statement of Financial Position.

3.11.2 Lease Liabilities

i) Initial Recognition

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

ii) Subsequent Measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Incremental Borrowing Rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

In the absence of specific guidance in SLFRS 16, the Group determines the incremental borrowing rate by referring to the "Application Guidance Notes on SLFRS 16 – Leases" issued by CA Sri Lanka. As per the guideline, Group determines Incremental Borrowing Rate by incorporating following key elements.

- Risk free rate (Basis rate for economic factors)
- Financial Factors (Lessee specific factors)
- Asset Factor

iv) Timing of the lease payments

We assumed that the rent payments will occur at the end of the month/quarter (paid in arrears). Therefore, discount factors adjusted accordingly.

v) Short term leases and leases of low value assets

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

3.12 Intangible assets

3.12.1 Goodwill

Goodwill is measured as described in note 3.2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

3.12.2 Software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

3.12.3 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied by these assets. All other expenditure is expensed when incurred.

3.12.4 De-recognition

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

3.12.5 Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	8 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.13 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher

of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.14 Investments and other financial assets and liabilities

3.14.1 Investments and other financial assets

(i) Classification

Group classifies its financial assets in the following measurement categories:

» Those to be measured subsequently at fair value (either through OCI or through profit or loss), and

» Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

» **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

» **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

» **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

EQUITY INSTRUMENTS

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.14.2 Non-derivative financial liabilities

i) Other financial Liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

All other financial liabilities are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

ii) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired..

3.14.3 Offsetting of financial instruments

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

3.15 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion of selling expenses.

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

Spares and Consumables	Weighted Average Cost Basis
Food and Beverages	Weighted Average Cost Basis

3.16 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

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

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of before 31st March 2025 or 01st April 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets 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, and a failure to make contractual payments according an agreed repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after

the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

3.22 Employee Obligations

3.22.1 Defined contribution plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognized as an employee benefit expense to profit or loss in the periods during which services are rendered by employees.

i) Employee provident fund and employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

ii) Employees pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

3.22.2 Defined benefit Obligations

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

The calculation is performed every year by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

The Group recognizes all actuarial gains and losses arising from the defined benefit plan in Statement of Comprehensive Income and all other expenses related to defined benefit plans are recognized in profit loss. The retirement benefit obligation is not externally funded.

The defined benefit obligations comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

3.22.3 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.23 Stated capital and equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.25 Related party transactions

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". Disclosure has been made in respect of the related party transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.25.1 Transactions with key management personnel

According to LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

3.26 Earnings per share

3.26.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

3.26.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.27 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

3.27.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3.27.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value assets and liabilities include:

i) Property, plant and equipment acquired in business combinations

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair value of items of plant, equipment fixtures and fittings are based on market prices for similar items when available and depreciated replacement cost when appropriate.

ii) Property, plant and equipment owned by the Group

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this 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.

iii) Investment property

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building owned by the Group based on market values, this 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.

iv) Equity securities

The fair value of the equity securities is determined by reference to their quoted share price at the reporting date if quoted; or if unquoted either using discounted cash flow analysis using expected future cash flows and a market related discounted rate, or based on the adjusted net assets of the investee company.

4 REVENUE

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Total revenue excluding services charges and taxes	4.1	9,037,154,145	6,965,417,889	-	-
		9,037,154,145	6,965,417,889	-	-

4.1 Composition of total revenue

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Accommodation Revenue	4,352,524,462	3,902,974,721	-	-
Food & Beverage Revenue	3,476,841,712	2,274,373,048	-	-
Other Revenue	1,207,787,971	788,070,120	-	-
	9,037,154,145	6,965,417,889	-	-

4.2 TIMING OF REVENUE RECOGNITION

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At a point in time	9,037,154,145	6,965,417,889	-	-
Over time	-	-	-	-
	9,037,154,145	6,965,417,889	-	-

5 OTHER INCOME

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Shop rental income		20,293,599	15,743,858	-	-
Dividend income		17,359	13,254	17,359	13,254
Loss on disposal of property, plant and equipment		29,388	13,358,672	-	-
Foreign exchange loss		(6,540,333)	(16,543,017)	-	-
Foreign currency encashment		1,850,827	2,388,192	-	-
Rental income from investment properties		-	-	1,815,000	1,815,000
Other operational income	5.1.	761,383,502	491,625,431	215,244	1,440,113
Gain on fair valuation of other FVTPL instruments		1,581,160	800,289	171,580	251,468
		778,615,502	507,386,679	2,219,183	3,519,835

5.1 Other Operational Income of the Group mainly includes the Guest Transport Income derived from Browns Ari Resort (Pvt) Limited, located at Maldives, a subsidiary of Palm Garden Hotel PLC. The corresponding cost incurred to generate the particular Other Operational Income included in Operating Expenses.

6 PERSONNEL COSTS

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Salaries, wages and other benefits		1,524,401,155	1,213,717,161	22,785	32,365
Contribution to EPF		65,546,170	56,644,637	-	-
Contribution to ETF		12,886,818	12,359,496	-	-
Retirement benefit obligation	25.2	22,477,708	21,169,288	-	-
		1,625,311,851	1,303,890,582	22,785	32,365

7 RESULTS FROM OPERATING ACTIVITIES

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Results from operating activities are stated after charging all expenses including following:					
Depreciation and amortization	7.1	1,802,836,567	1,575,403,851	-	-
Auditors' fees and expenses	7.2	13,756,283	11,723,225	580,800	475,200
Legal expenses		5,211,172	4,361,538	800,783	1,126,182
Secretarial fees		9,315,652	7,530,227	1,428,000	1,428,000
Professional fees		-	11,503,637	286,142	1,805,696
Advertising related expenses		27,343,115	3,728,260	-	-
Donations		5,093,791	2,942,249	-	-
Directors Fee		8,370,000	-	540,000	-

7.1 Depreciation and amortization

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Depreciation of property, plant and equipment	11.1	1,610,734,527	1,359,701,426	-	-
Amortisation of right of use asset	13.2	184,004,288	210,195,620	-	-
Amortization of intangible assets	14.2	8,097,752	5,506,805	-	-
		1,802,836,567	1,575,403,851	-	-

7.2 Auditors' fees and expenses

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Remuneration for				
Audit related services	13,473,273	11,723,225	580,800	475,200
Non-audit related services	283,010	-	-	-
	13,756,283	11,723,225	580,800	475,200

8 NET FINANCE COSTS

For the year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest income on;				
Overdraft and other short-term borrowings	4,002,124,312	6,449,653,997	349,095,345	1,250,696,005
Long term borrowings	1,395,575,105	1,516,565,769	-	-
Interest on lease obligations	1,041,814,543	1,093,332,924	-	-
	6,439,513,960	9,059,552,690	349,095,345	1,250,696,005
Less: Interest income from deposits and loans	(1,331,373,552)	(521,713,702)	(989,830,488)	(61,180,717)
	5,108,140,408	8,537,838,988	(640,735,143)	1,189,515,288

9 INCOME TAX EXPENSE

The business profit of Sun and Fun Resorts Ltd is exempted from income tax under BOI agreement dated October 27, 2011 for a period of 15 years from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, which year is earlier. The business profits and income of other hotels as well as other sources of income are liable at the standard rate of 30% as per the first schedule of the Inland Revenue Act No.24 of 2017 and amendment thereto.

The Company incorporated in the Republic of Maldives is liable for corporate tax in Maldives at a rate of 15% as per Business Profit Tax Act of Republic of Maldives.

9.1 Major components of income tax expense are as follows:

For the year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current tax expense	9.3	121,850,138	64,172,839	-	-
Deferred tax expense/(reversal)	26.3	(633,463,162)	298,293,438	547,200,300	204,000,000
Income tax expense reported in the statement of profit or loss		(511,613,024)	362,466,277	547,200,300	204,000,000

9.2 Numerical Reconciliation of accounting profits to income tax expense

For the year ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit/ (Loss) before income tax expenses	(4,909,042,794)	(8,761,617,258)	2,471,332,412	(539,093,144)
(+) Disallowable expenses	4,119,222,790	5,176,429,218	-	9,679,590
(-)Allowable expenses	(1,646,829,765)	(1,884,582,076)	-	-
(-) Non business income	(110,780,936)	(950,695,572)	(1,837,188,939)	(730,261,584)
(+)Tax losses incurred	4,177,768,167	6,506,633,645	357,502,015	1,259,675,137
(-)Tax losses utilized	(1,224,740,679)	(601,483,777)	(991,645,488)	(62,995,717)
Taxable income	405,596,783	(515,315,821)	-	(62,995,718)
Income tax				
@ 30%	121,679,035	64,172,839	-	-
Tax expense on current year profits	121,679,035	64,172,839	-	-

9 INCOME TAX EXPENSE (CONTD.)

9.3 Current tax expense

For the year ended 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tax expense on current year profits	9.2	121,679,035	64,172,839	-	-
Under/(over) provision in respect of previous years		171,103	-	-	-
		121,850,138	64,172,839	-	-

9.4 Income tax recognized in other comprehensive income

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Deferred tax on revaluation gain	(2,636,351,850)	-	-	-
Deferred tax on fair value gains	-	(20,123)	-	-
Tax on defined benefit obligations actuarial gain/(loss)	(1,328,643)	2,012,196	-	-
	(2,637,680,493)	1,992,073	-	-

9.5 Tax losses carried forward

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Losses brought forward	23,517,149,322	17,041,331,650	4,967,273,266	3,770,593,846
Adjustments for brought forward tax losses	(787,296,373)	570,667,804	(9,678,447)	-
Losses incurred	4,177,768,167	6,506,633,645	357,502,015	1,259,675,137
Losses utilized	(1,245,472,805)	(601,483,777)	(991,645,488)	(62,995,717)
Losses carried forward	25,662,148,311	23,517,149,322	4,323,451,346	4,967,273,266

10 EARNINGS / (LOSS) PER SHARE

10.1 Basic Earnings / (Loss) per share

The calculation of basic earnings /(loss) per share is based on loss for the year attributable to the ordinary shareholders and the weighted average number of ordinary shares being outstanding during the year and calculated as follows;

	Group		Company	
	2025	2024	2025	2024
Amounts Used as the Numerator:	Rs.	Rs.	Rs.	Rs.
Profit/(Loss) Attributable to Ordinary Shareholders	(3,453,509,055)	(6,901,308,135)	1,924,132,112	(743,093,144)

	Group		Company	
	2025	2024	2025	2024
Amounts Used as the Numerator:	Rs.	Rs.	Rs.	Rs.
Weighted Average Number of Ordinary Shares in Issue				
Applicable to Basic Earnings Per Share	475,937,000	222,779,934	475,937,000	222,779,934
Earnings / (Loss) Per Share - Basic	(7.26)	(30.98)	4.04	(3.34)
Earnings / (Loss) Per Share - Diluted	(7.26)	(30.98)	4.04	(3.34)

There were no potentially dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, diluted loss per share is equal to basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENTS

11.1 PROPERTY, PLANT AND EQUIPMENT - GROUP

As at 31 March	Land and Improvements to Land	Reclaimed Land	Buildings	Motor Vehicles	Furniture & Fittings	Computers	Plant & Machinery	Cutlery, Crockery & Glassware	Linen & Furnishing	Swimming Pool	Marine Vessel	Roads & Bridges	Capital Work-in-Progress (CWIP)	Total
Cost / Valuation														
Balance as at 01 April 2023	8,883,013,185	25,774,704,877	11,952,947,591	43,642,088	1,225,676,471	172,472,835	1,810,822,801	102,195,616	153,226,153	256,258,950	130,387,506	-	16,965,866,326	67,471,214,399
Additions	13,000,000	-	11,324,837,173	24,058,491	751,682,375	211,595,019	1,229,651,206	155,380,865	88,812,117	156,080,020	-	-	(10,054,580,756)	3,900,516,510
Revaluation	667,000,000	-	-	-	-	-	-	-	-	-	-	-	-	667,000,000
Disposals	-	-	-	(8,651,204)	(31,676,529)	-	(6,395,300)	(2,845,646)	(100,200)	-	(581,196)	-	-	(50,250,075)
Effect of movement in exchange rate	-	(2,055,608,744)	(589,983,233)	(1,330,019)	(35,750,313)	(11,063,445)	(52,102,535)	(5,703,144)	(2,688,091)	(8,239,160)	-		(312,779,198)	(3,075,247,882)
Balance as at 31 March 2024	9,563,013,185	23,719,096,133	22,687,801,531	57,719,356	1,909,932,004	373,004,409	2,981,976,172	249,027,691	239,249,979	404,099,810	129,806,310	-	6,598,506,372	68,913,232,952
Balance as at 01 April 2024	9,563,013,185	23,719,096,133	22,687,801,531	57,719,356	1,909,932,004	373,004,409	2,981,976,172	249,027,691	239,249,979	404,099,810	129,806,310	-	6,598,506,372	68,913,232,952
Additions	-	-	115,877,954	54,533,833	57,359,575	12,938,992	172,441,992	49,388,380	41,240,432	435,000	18,722,348	-	661,202,607	1,184,141,113
Revaluation	4,518,402,000	864,843,992	2,299,196,686	4,511,344	-	-	-	-	-	32,641,799	-	-	-	7,719,595,821
Disposals	-	-	-	(64,732)	-	-	(9,705,189)	-	-	-	-	-	-	(9,769,921)
Transfers	(18,348,843)	-	32,612,730	-	58,509	(58,509)	(109,714,235)	-	-	(28,500,000)	84,162,224	18,348,843	(125,624,947)	(147,064,228)
Effect of movement in exchange rate	-	(385,413,161)	(174,937,487)	(586,360)	(10,301,101)	(3,183,226)	(14,235,521)	(1,643,333)	(774,560)	(2,374,074)	-	-	(7,001,421)	(600,450,244)
Balance as at 31 March 2025	14,063,066,342	24,198,526,964	24,960,551,414	116,113,441	1,957,048,986	382,701,666	3,020,763,219	296,772,738	279,715,851	406,302,535	232,690,882	18,348,843	7,127,082,611	77,059,685,494
Accumulated depreciation and impairment losses														
Balance as at 01 April 2023	21,400,785	1,436,074,642	223,755,815	21,276,066	965,255,128	140,728,224	1,300,300,952	68,922,303	98,315,441	16,833,110	60,529,799	-	-	4,353,392,265
Charge for the year	2,242,783	559,729,839	391,030,353	13,602,301	99,349,292	31,917,085	178,072,857	30,517,577	25,899,789	21,744,420	12,789,510	-	-	1,366,895,806
Depreciation on disposals	-	-	-	(1,117,222)	(29,683,388)	-	(6,395,300)	(2,845,646)	(100,200)	-	-	-	-	(40,141,756)
Effect of movement in exchange rate	-	(144,078,237)	(7,091,424)	(170,715)	(2,086,090)	(1,319,804)	(9,141,654)	(664,894)	(313,393)	(480,410)	-	-	-	(165,346,621)
Balance as at 31 March 2024	23,643,568	1,851,726,244	607,694,744	33,590,430	1,032,834,942	171,325,505	1,462,836,855	95,929,340	123,801,637	38,097,120	73,319,309	-	-	5,514,799,694
Balance as at 01 April 2024	23,643,568	1,851,726,244	607,694,744	33,590,430	1,032,834,942	171,325,505	1,462,836,855	95,929,340	123,801,637	38,097,120	73,319,309	-	-	5,514,799,694
Charge for the year	1,468,965	545,764,555	491,773,671	7,265,966	134,850,227	42,987,773	233,523,495	56,655,209	37,907,942	28,682,429	19,532,860	1,223,511	-	1,601,596,604
Revaluation	-	(2,225,653,490)	(1,030,330,084)	(26,126,822)	-	-	-	-	-	(43,548,075)	-		-	(3,325,658,471)
Transfers	(9,273,732)	-	-	-	-	-	(77,690,266)	-	-	-	59,813,920	9,273,732	-	(17,876,346)
Effect of movement in exchange rate	-	(20,946,805)	(1,738,811)	(79,499)	(932,611)	(581,814)	(2,584,658)	(297,384)	(140,168)	(214,870)	-		-	(27,516,620)
Balance as at 31 March 2025	15,838,801	150,890,504	67,359,520	14,650,075	1,166,752,558	213,731,464	1,616,085,427	152,287,166	161,569,410	23,016,603	152,666,089	10,497,243	-	3,745,344,861
Carrying amount														
As at 31 March 2024	9,539,369,617	21,867,369,889	22,080,106,787	24,128,926	877,097,062	201,678,904	1,519,139,317	153,098,351	115,448,342	366,002,690	56,487,001	-	6,598,506,372	63,398,433,258
As at 31 March 2025	14,047,227,541	24,047,636,460	24,893,191,893	101,463,366	790,296,428	168,970,202	1,404,677,792	144,485,572	118,146,440	383,285,932	80,024,794	7,851,600	7,127,082,611	73,314,340,633

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. 2,428,373,553 as at 31st March 2025. (2023/24 - Rs.1,696,733,811).

11.2 The capitalized borrowing costs related to the construction of property, plant and equipment during the year 2023/24 - Rs. 258,155,665 calculated using a capitalisation rates between 9% and 11%.

11.3 The capitalized depreciation costs related to the construction of property, plant & equipment during the year is Rs. 9,137,924 (2023/24 - Rs. 7,194,380).

11.4 Capital work-in-progress represent the amount of expenditure recognised under property plant and equipment during the construction in Kaluwamodara, Aluthgama Sri Lanka and Bodufarufinolhu Island, Bodufinolhu in South Ari Atoll Island, Plots of Lagoons in Male Atoll in Republic of Maldives.

11.5 The Group engaged Mr. W M Chandrasena, as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its land, buildings and reclaimed lands.

11.6 The Group has 313 Buildings as at 31 March 2025. (2023/24 - 120 Buildings).

11.7 Details of the group's land and buildings are indicated below;

Property	Land extent	Building extent	Revalued amount	Revalued date
Main land - Aluthgama	17A-3R-38.69P	-	6,163,000,000	31.03.2025
Eden Hotel Lanka PLC				
Hotel land - Aluthgama	5A-0R-30P	-	2,075,000,000	31.03.2025
Staff quarters land- Aluthgama	0A-0R-40P	-	60,000,000	31.03.2025
Staff quarters land- Moragalla	0A-3R-10P	-	130,000,000	31.03.2025
Bare land - Aluthgama	0A-0R-20P	-	30,000,000	31.03.2025
Dickwella Resorts (Pvt) Ltd				
Hotel land- Dickwella	6A-2R-3.93P	-	2,296,000,000	31.03.2025
Beach front land- Dickwella	1A-3R-29.25P	-	309,000,000	31.03.2025
Green Paradise (Pvt) Ltd				
Hotel land- Dambulla	11A-0R-13.27P	-	620,000,000	31.03.2025
Serendib Hotels PLC				
Hotel land - Bentota	0A-0R-20P	-	14,000,000	31.03.2025
Dolphin Hotels PLC				
Hotel land - Waikkal	15A-3R-27P	-	1,528,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd				
Lantern Botique land - Mirissa	0A-1R-30.80P	-	212,000,000	31.03.2025
Ubuntu 1 Beach Villa land - Mirissa	0A-1R-34P	-	222,000,000	31.03.2025
Ubuntu 2 Beach Villa land - Mirissa	0A-1R-38.40P	-	235,000,000	31.03.2025
Ubuntu 1 Beach Villa bare land - Mirissa	0A-1R-5.24P	-	136,000,000	31.03.2025
			14,030,000,000	
Hotel Building & Swimming Pool				
Eden Hotel Lanka PLC	-	251,615 sqft	4,084,000,000	31.03.2025
Dickwella Resorts (Pvt) Ltd	-	100,648 sqft	1,336,000,000	31.03.2025
Green Paradise (Pvt) Ltd	-	115,216 sqft	1,896,000,000	31.03.2025

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

Property	Land extent	Building extent	Revalued amount	Revalued date
Sun & Fun Resorts Ltd	-	121,655 sqft	1,817,000,000	31.03.2025
Serendib Hotels PLC	-	72,532 sqft	1,037,000,000	31.03.2025
Dolphin Hotels PLC	-	235,824 sqft	2,423,000,000	31.03.2025
Hotel Sigiriya PLC	-	70,177 sqft	669,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Lantern Botique	-	11,149 sqft	186,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 1 Beach Villa	-	10,403 sqft	180,000,000	31.03.2025
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 2 Beach Villa	-	10,403 sqft	180,000,000	31.03.2025
			13,808,000,000	

Property	Land extent	Building extent	Revalued amount (USD)	Revalued date
Browns Ari Resort (Pvt) Ltd		189,901 sqft	38,317,000	31.03.2025
			38,317,000	

11.8 Details of the group's reclaimed land are indicated below;

Property	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd				
Kaafu islands (3) located at North Male Atoll	73A-3R-16P	USD	50,830,000	31.03.2025
Browns Ari Resort (Pvt) Ltd				
Bodufinolu island in South Ari Atoll	21A-1R-1.47P	USD	25,810,500	31.03.2025
Browns Raa Resort (Pvt) Ltd				
Bodufarufinolhu island in Raa Atoll	12A-3R-35.20P	USD	5,016,000	31.03.2025

11.9 Details of the group's reclaimed land are indicated below;

Property	Cost	Acc. depreciation	Net book value
Land	250,278,277	-	250,278,277
Buildings	17,508,855,375	1,866,674,931	15,642,180,444
	17,759,133,652	1,866,674,931	15,892,458,721

11 PROPERTY, PLANT AND EQUIPMENTS (CONTD.)

11.10 The fair value measurement of land, reclaimed land and building of the Group is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Land of Palm Garden Hotels PLC	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch Rs. 1.85 MN - Rs. 2.50 MN	Positively correlated
Land of Eden Hotel Lanka PLC		Estimated price per perch Rs. 1.0 MN - Rs. 2.50 MN	Positively correlated
Land of Dickwella Resorts (Pvt) Ltd		Estimated price per perch Rs. 1.0 MN - Rs. 2.20 MN	Positively correlated
Land of Green Paradise (Pvt) Ltd		Estimated price per perch Rs. 350,000	Positively correlated
Land of Serendib Hotels PLC		Estimated price per perch Rs. 700,000	Positively correlated
Land of Dolphin Hotels PLC		Estimated price per perch Rs. 600,000	Positively correlated
Land of Frontier Capital Lanka (Pvt) Ltd		Estimated price per perch Rs. 3.00 MN	Positively correlated
Reclaimed Land Bodufaru Beach Resort (Pvt) Ltd	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 4,302	Positively correlated
Reclaimed Land Browns Ari Resort (Pvt) Ltd		Estimated price per perch USD. 7,588	Positively correlated
Reclaimed Land Browns Raa Resort (Pvt) Ltd		Estimated price per perch USD. 2,417	Positively correlated
Buildings of Eden Hotel Lanka PLC	Depreciated replacement cost - Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.	Estimated price per square foot Rs. 1,000 - Rs.27,000	Positively correlated
Buildings of Dickwella Resorts (Pvt) Ltd		Estimated price per square foot Rs. 1,000 - Rs.27,000	Positively correlated
Buildings of Green Paradise (Pvt) Ltd		Estimated price per square foot Rs. 2,000 - Rs.30,000	Positively correlated
Buildings of Sun & Fun Resorts Ltd		Estimated price per square foot Rs. 1,600 - Rs.24,000	Positively correlated
Buildings of Serendib Hotels PLC		Estimated price per square foot Rs. 3,500 - Rs.21,000	Positively correlated
Buildings of Dolphin Hotels PLC		Estimated price per square foot Rs. 3,000 - Rs.18,000	Positively correlated
Buildings of Hotel Sigiriya PLC		Estimated price per square foot Rs. 500 - Rs.18,000	Positively correlated
Buildings of Frontier Capital Lanka (Pvt) Ltd		Estimated price per square foot Rs. 6,000 - Rs.25,000	Positively correlated

12 INVESTMENT PROPERTY

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01 April	80,000,000	70,000,000	4,326,000,000	3,646,000,000
Additions	-	-	-	13,000,000
Change in fair value during the year	5,000,000	10,000,000	1,837,000,000	667,000,000
Balance as at 31 March	85,000,000	80,000,000	6,163,000,000	4,326,000,000

During the financial year 2016/17 property of the Company valued at Rs. 2,585,286,000 was transferred from property, plant and equipment to investment property, since this is leased out to Riverina Resorts (Pvt) Ltd, for a non-cancellable period of 26 years.

An analysis of the rentals to be received on such operating leases are as follows - Company

For the year ended 31 March	2025 Rs.
Receivable within one year	1,815,000
Receivable within 1-5 years	10,381,800
Receivable after 5 years	33,687,257
Total	45,884,057

12.1 Details of the Companies's investment property valuation

Property	Land extent	Revalued amount	Revalued date
Land at Aluthgama	17A-3R-38.69P	6,163,000,000	31.03.2025

12.2 Details of the Group's investment property portfolio

Property	Land extent	Revalued amount	Revalued date
Land at Wattala	0A-1R-25.66P	85,000,000	31.03.2025

12.3 Relevant income and expenditure relating to investment property

For the year ended 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Rent income earned	-	-	1,815,000	1,815,000

12.4 Valuation of investment property - Company

The fair value measurement of investment property of the Company is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

The Company engaged Mr. W M Chandrasena,as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its investment property.

12 INVESTMENT PROPERTY (CONTD.)

12.4 Valuation of investment property - Company (CONTD.)

Details of the Companies's investment property valuation;

Property	Method of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Land of Palm Garden Hotels PLC	Sales comparison approach	Estimated price per perch Rs. 1.85 MN - Rs. 2.50 MN	Positively correlated

12.5 Valuation of investment property - Group

The fair value measurement of land and building of the Group is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

The Group engaged Mr. W.M Chandrasena,as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its investment property.

Details of the Companies's investment property valuation;

Property	Method of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Wattala Land	Sales comparison approach	Estimated price per perch Rs. 1.0 MN - Rs. 1.5 MN	Positively correlated

13 RIGHT OF USE ASSET

As at 31 March	Group 2025 Rs.	2024 Rs.
Cost / Valuation		
Balance as at 01 April	7,833,401,843	7,729,493,159
Additions	24,865,965	-
Revaluation	1,816,826,428	-
Reversal on early termination	(49,752,436)	-
Adjustment on changes in the estimation	(939,801,225)	715,055,789
Effect of movement in exchange rate	(85,156,162)	(611,147,105)
Balance as at 31 March	8,600,384,414	7,833,401,843
Accumulated amortization		
Balance as at 01 April	844,951,933	691,926,601
Charge to income statement	184,004,288	210,195,620
Reversal on early termination	(49,752,435)	-
Revaluation	(920,477,459)	-
Effect of movement in exchange rate	(8,017,430)	(57,170,288)
Balance as at 31 March	50,708,897	844,951,933
Carrying amount as at 31 March	8,549,675,517	6,988,449,910

13 RIGHT OF USE ASSET (CONTD)

13.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Group 2025 Rs.	2024 Rs.
Less than one year	1,377,380,750	1,262,984,161
Between one and five years	5,444,384,250	7,047,319,149
More than five years	29,220,579,693	28,298,356,019
	36,042,344,693	36,608,659,329

13.2 Amount recognised in income statement

As at 31 March	Group 2025 Rs.	2024 Rs.
As per SLFRS 16 – Leases		
Interest on lease liabilities	1,041,814,543	1,093,332,924
Recognised in interest expenses	1,041,814,543	1,093,332,924
Amortization – right-of-use assets	184,004,288	210,195,620
Recognised in other expenses	184,004,288	210,195,620

13.3 Head lease rights of Browns Ari Resort Private Limited situated in Bodufinolhu Island, Alifu Dhaalu Atoll, Republic of Maldives has been kept as mortgage against the credit facility (USD 10Mn) obtained from People's Bank.

13.4 Details of the group's right of use assets are indicated below;

Property	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd				
Kaafu islands (3) located at North Male Atoll	73A-3R-16P	USD	11,696,900	31.03.2025
Browns Ari Resort (Pvt) Ltd				
Bodufinolu island in South Ari Atoll	21A-1R-1.47P	USD	8,026,205	31.03.2025
Browns Raa Resort (Pvt) Ltd				
Bodufarufinolhu island in Raa Atoll	12A-2R-35.2P	USD	5,400,000	31.03.2025
Green Paradise (Pvt) Ltd				
Hotel land- Dambulla	4A-0R-1.04P	Rs.	57,000,000	31.03.2025
Sun & Fun Resorts Ltd				
Hotel land- Pasikudah	7A-1R-27.43P	Rs.	437,000,000	31.03.2025
Serendib Hotels PLC				
Hotel land - Bentota	3A-1R-23P	Rs.	491,200,000	31.03.2025
Hotel Sigiriya PLC				
Hotel land - Sigiriya	9A-2R-39.2P	Rs.	140,000,000	31.03.2025

13 RIGHT OF USE ASSET (CONTD.)

13.5 The Group engaged Mr. W M Chandrasena, as independent valuation expert who holds a recognised and relevant professional qualification and who has recent experience in the location to determine the fair value of its right-of-use assets.

13.6 The fair value measurement of right-of-use assets of the Group is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Right-of-use assets of Bodufaru Beach Resort (Pvt)Ltd	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been leased recently, applying appropriate units of comparison, and making adjustments to the leased price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD. 987	Positively correlated
Right-of-use assets of Browns Ari Resort (Pvt) Ltd		Estimated price per perch USD. 2,360	Positively correlated
Right-of-use assets of Browns Raa Resort (Pvt) Ltd		Estimated price per perch USD. 2,602	Positively correlated
Right-of-use assets of Green Paradise (Pvt) Ltd		Estimated price per perch Rs. 200,000	Positively correlated
Right-of-use assets of Sun & Fun Resorts Ltd		Estimated price per perch Rs. 1,000,000	Positively correlated
Right-of-use assets of Serendib Hotels PLC		Estimated price per perch Rs. 2,500,000	Positively correlated
Right-of-use assets of Hotel Sigiriya PLC		Estimated price per perch Rs. 250,000 - Rs. 400,000	Positively correlated

14 INTANGIBLE ASSETS

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Goodwill	14.1	25,115,580	25,115,580	-	-
Other intangible assets	14.2	43,672,359	29,029,685	-	-
		68,787,939	54,145,265	-	-

14.1 Goodwill on acquisition

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.
Balance as at 01 April	14.1.1	116,873,973	116,873,973
Allowance for impairment	14.1.2	(91,758,393)	(91,758,393)
Balance as at 31 March		25,115,580	25,115,580

14.1.1 Goodwill is attributable to the acquisitions of following subsidiaries

As at 31 March	Group 2025 Rs.	Group 2024 Rs.
Eden Hotel Lanka PLC	20,929,958	20,929,958
Dickwella Resorts (Pvt) Ltd	31,276,860	31,276,860
Green Paradise (Pvt) Ltd	4,185,622	4,185,622
Sun & Fun Resorts Ltd	60,481,533	60,481,533
	116,873,973	116,873,973

14 INTANGIBLE ASSETS (CONTD.)

14.1.2 Allowance for impairment

As at 31 March	Group 2025 Rs.	Group 2024 Rs.
Dickwella Resorts (Pvt) Ltd	(31,276,860)	(31,276,860)
Sun & Fun Resorts Ltd	(60,481,533)	(60,481,533)
	(91,758,393)	(91,758,393)

The recoverable amounts of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering five year periods. The key assumptions used are given below;

Business growth rate – Based on the long term average growth rate of each cash generating unit and the industry. (2% -10%)
Inflation rate – Based on current inflation rate.
Discount rate – Risk free rate adjusted by the addition of an appropriate risk premium. (2024/25 - 10.47% & 2023/24 15.52%)

14.2 OTHER INTANGIBLE ASSETS

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Computer Software				
Cost/Valuation				
Balance as at 01 April	51,272,792	43,245,220	3,576,183	3,576,183
Additions	14,887,664	8,027,572	-	-
Disposals	(5,585,261)	-	-	-
Transfers	12,749,225	-	-	-
Balance as at 31 March	73,324,420	51,272,792	3,576,183	3,576,183
Accumulated amortization				
Balance as at 01 April	22,243,107	16,736,302	3,576,183	3,576,183
Charge for the year	8,097,752	5,506,805	-	-
Disposals	(5,585,261)	-	-	-
Transfers	4,896,463			
Balance as at 31 March	29,652,061	22,243,107	3,576,183	3,576,183
Carrying amount	43,672,359	29,029,685	-	-

15 INVESTMENTS IN SUBSIDIARIES

15.1 Company

As at 31 March	Company 2025 % Holding	Company 2025 Rs.	Company 2024 % Holding	Company 2024 Rs.
Eden Hotel Lanka PLC	52.61%	8,806,489,100	52.61%	8,806,489,100
Riverina Resorts (Pvt) Ltd	100.00%	6,706,500,000	100.00%	350,500,000
Bodufaru Beach Resort (Pvt) Ltd	44.38%	435,075,000	44.38%	435,075,000
Browns Ari Resort (Pvt) Ltd	49.88%	319,400,000	49.88%	319,400,000
		16,267,464,100		9,911,464,100

15 INVESTMENTS IN SUBSIDIARIES (CONTD.)

15.2 Group Holdings in Subsidiaries

As at 31 March		2025		2024	
	Principal Activities	No of Shares	Control Holding	No of Shares	Control Holding
Eden Hotel Lanka PLC	Hotelier	833,308,792	52.61%	833,308,792	52.61%
Riverina Resorts (Pvt) Ltd	Pre-operational	670,650,000	100.00%	35,050,000	100.00%
Dickwella Resorts (Pvt) Ltd	Hotelier	481,314	99.99%	481,314	99.99%
Bodufaru Beach Resort (Pvt) Ltd	Pre-operational	180,700	76.63%	180,700	76.63%
Green Paradise (Pvt) Ltd	Hotelier	5,000,009	100.00%	5,000,009	100.00%
Sun & Fun Resorts Ltd	Hotelier	57,233,463	51.00%	57,233,463	51.00%
Browns Ari Resort (Pvt) Ltd	Hotelier	40,099	90.00%	40,099	100.00%
Browns Kaafu N Resort (Pvt) Ltd	Pre-operational	99	99.00%	99	99.00%
Browns Raa Resort (Pvt) Ltd	Pre-operational	99	99.00%	99	99.00%
Serendib Hotels PLC	Hotelier	446,103,176	58.23%	259,773,140	58.23%
Dolphin Hotels PLC	Hotelier	63,242,954	69.33%	43,849,317	69.33%
Hotel Sigiriya PLC	Hotelier	17,577,000	64.29%	11,300,770	64.29%
Serendib Leisure Management Ltd	Hotelier	6,050,000	100.00%	6,050,000	100.00%
Sanctuary Resorts Lanka (Pvt) Ltd	Hotelier	2	100.00%	2	100.00%
Frontier Capital Lanka (Pvt) Ltd	Hotelier	3,216,295	100.00%	3,216,295	100.00%

15.3 Riverina Resorts (Pvt) Ltd

Riverina Resorts (Pvt) Ltd, concluded its Rights Issue in the month of March 2025, raising Rs. 6,356,000,000 additional capital, issuing 635,600,000 new shares at Rs. 10 per share. Palm Garden Hotels PLC has subscribed 635,600,000 new shares.

15.4 Eden Hotel Lanka PLC

Eden Hotels Lanka PLC concluded its Rights Issue in the month of November 2023, raising Rs. 10,560,000,000 additional capital, issuing 1,056,000,000 new shares at Rs. 10 per share. Palm Garden Hotels PLC has subscribed additional 571,744,562 shares.

15.5 Acquisition of Dickwella Resort (Pvt) Ltd

In November 2013, Eden Hotel Lanka PLC (ERS), one of the subsidiaries of Palm Garden Hotels PLC acquired 99.99% of the voting rights of DRS whose principal activity is operating as a hotelier. The acquisition has been accounted for using the acquisition method.

15.6 Investment in Bodufaru Beach Resort (Pvt) Ltd

Bodufaru Beach Resort (Pvt) Ltd is a limited liability company incorporated in the Republic of Maldives to develop a resort hotel. As a result of the investment made by Palm Garden Hotels PLC, Eden Hotel Lanka PLC and Dickwella Resorts (Pvt) Ltd, Bodufaru Beach Resort (Pvt) Ltd treated as a subsidiary of Palm Garden Hotels PLC.

15.7 Acquisition of Green Paradise (Pvt) Ltd and Sun and Fun Resorts Ltd

In April 2018, Eden Hotel Lanka PLC, a subsidiary of Palm Garden Hotels PLC acquired 100% stake in Green Paradise (Pvt) Ltd and 51% stake in Sun and Fun Resorts Ltd both of whose principle activity is operating as hoteliers. The acquisition has been accounted for using the acquisition method. The purchase consideration on these acquisitions were effected through the current account, due to Browns Investment PLC.

15.8 Acquisition of Serendib Hotels PLC

In December 2020, Eden Hotel Lanka PLC, a subsidiary of the Palm Garden Hotels PLC acquired 56.84% voting shares and 53.48% non voting shares in Serendib Hotels PLC whose principal activity is operating as hotelier. With this acquisition Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Ltd, Sanctuary Resorts Lanka (Pvt) Ltd, Frontier Capital Lanka (Pvt) Ltd became subsidiaries of Palm Garden Hotels PLC. The acquisition has been accounted for using acquisition method. The group recognised gain on bargain purchase which is amounting to Rs. 204,505,308 as a result of the acquisition of Serendib Hotels PLC.

15 INVESTMENTS IN SUBSIDIARIES (CONTD.)

15.9 The following table summarises the information relating to each of the Group's subsidiaries that has material NCI

As at 31 March	Eden Hotel Lanka PLC	Dickwella Resorts (Pvt) Ltd	Bodufaru Beach Resort (Pvt) Ltd	Green Paradise (Pvt) Ltd	Sun & Fun Resorts Ltd	Serendib Hotels PLC	Dolphin Hotels PLC	Hotel Sigiriya PLC	Total
Control Holding percentage	52.61%	52.61%	46.34%	52.61%	26.83%	30.63%	21.24%	19.70%	
NCI percentage	47.39%	47.39%	53.66%	47.39%	73.17%	69.37%	78.76%	80.30%	
Total Assets	15,225,075,261	5,281,969,609	23,725,012,916	2,819,070,062	2,478,584,745	4,170,203,687	5,974,191,267	1,628,673,084	
Total Liabilities	3,722,882,007	5,199,421,080	8,858,912,254	1,071,154,781	3,278,803,296	1,333,544,366	1,540,360,885	485,866,607	
Equity	11,502,193,254	82,548,529	14,866,100,662	1,747,915,281	(800,218,551)	2,836,659,321	4,433,830,382	1,142,806,477	
Carrying amount of NCI	(2,364,328,868)	164,545,624	8,629,405,098	246,328,646	(845,318,439)	654,728,389	2,950,375,825	629,723,830	10,065,460,105
Revenue	1,324,302,885	651,610,501	-	371,188,583	427,625,006	859,399,397	1,446,897,071	624,872,367	
Profit/(loss) after tax	239,247,890	(401,466,884)	(806,280,320)	131,345,963	(283,108,618)	204,179,288	167,433,383	48,492,660	
Other comprehensive income	867,952,600	761,676,573	2,337,369,513	312,530,053	533,446,013	301,175,567	862,804,772	167,078,331	
Total comprehensive income	1,107,200,490	360,209,689	1,531,089,193	443,876,017	250,337,394	505,354,855	1,030,238,155	215,570,991	
Profit/(loss) after tax allocated to NCI	113,384,651	(190,263,674)	(432,614,621)	62,247,639	(207,150,523)	141,630,139	131,870,051	38,941,656	(2,357,801,295)
Other comprehensive income allocated to NCI	411,341,153	360,974,689	1,254,129,861	148,114,623	390,322,348	208,912,168	679,542,553	134,170,965	(979,080,269)
Total comprehensive income allocated to NCI	524,725,804	170,711,014	821,515,240	210,362,262	183,171,825	350,542,307	811,412,604	173,112,621	(3,336,881,564)

16 TRADING ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Equity securities	5,720,550	4,139,390	607,210	435,630
	5,720,550	4,139,390	607,210	435,630

16.1 Details of the equity trading portfolio

As at 31 March	Group 2025 No. of Shares	Group 2025 Cost Rs.	Group 2025 Fair Value Rs.	Group 2024 No. of Shares	Group 2024 Cost Rs.	Group 2024 Fair Value Rs.
Hapugastenna Plantation PLC	100	1,000	4,490	100	1,000	3,290
DFCC Bank PLC	4,530	-	486,540	4,530	-	344,280
Sierra Cables PLC	7,400	22,200	116,180	7,400	22,200	88,060
Vallibal Finance PLC	11,300	248,600	4,890,640	11,300	248,600	3,525,600
Raigam Wayamba Salterns PLC	26,200	65,500	222,700	26,200	65,500	178,160
		337,300	5,720,550		337,300	4,139,390

As at 31 March	Company 2025 No. of Shares	Company 2025 Cost Rs.	Company 2025 Fair Value Rs.	Company 2024 No. of Shares	Company 2024 Cost Rs.	Company 2024 Fair Value Rs.
Hapugastenna Plantation PLC	100	1,000	4,490	100	1,000	3,290
DFCC Bank PLC	4,530	-	486,540	4,530	-	344,280
Sierra Cables PLC	7,400	22,200	116,180	7,400	22,200	88,060
		23,200	607,210		23,200	435,630

17 INVESTMENT SECURITIES

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025	Company 2024 Rs.
Financial assets measured at fair value through other comprehensive income	17.1	128,641,101	130,833,463	234,952	315,202
Financial assets at amortized cost	17.2	32,598,192	45,834,383	-	-
		161,239,293	176,667,846	234,952	315,202

17 INVESTMENT SECURITIES (CONTD.)

17.1 Designated FVOCI investment securities

As at 31 March	Group 2025			Company 2024		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value. Rs.
Rainforest Ecolodge (Pvt) Ltd	1,284,001	8,840,010	6,418,684	1,284,001	8,840,010	8,611,046
Jada Resort & Spa (Pvt) Ltd	24,449,480	244,494,800	122,222,417	24,449,480	244,494,800	122,222,417
		253,334,810	128,641,101		253,334,810	130,833,463

As at 31 March	Company 2025			Group 2024		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Rainforest Ecolodge (Pvt) Ltd	47,000	470,000	234,952	47,000	470,000	315,202
		470,000	234,952		470,000	315,202

17.2 Financial assets at amortized cost

As at 31 March	Group 2025			Group 2024		
	No. of Shares	Cost Rs.	Fair Value. Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Investments in debentures	100,000	17,960,000	32,598,192	100,000	17,960,000	45,834,383
		17,960,000	32,598,192		17,960,000	45,834,383

18 INVENTORIES

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Consumables, maintenance and spares	71,598,103	64,087,587	-	-
Food and beverages	178,734,924	179,087,941	-	-
Others	26,309,491	25,967,641	-	-
	276,642,518	269,143,169	-	-

19 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade receivables	19.1	1,689,563,379	1,501,341,146	-	-
Amounts due from related parties	19.2	3,763,694,181	7,690,690,081	912,199,393	5,016,088,941
Prepayments and other advances		683,021,618	502,751,043	4,264,690	791,048
		6,136,279,178	9,694,782,270	916,464,083	5,016,879,989

19 TRADE AND OTHER RECEIVABLES (CONTD.)

19.1 Trade receivables

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Trade receivables	1,779,897,749	1,575,752,317	-	-
Less: Impairment for trade receivable	(90,334,370)	(74,411,171)	-	-
	1,689,563,379	1,501,341,146	-	-

19.2 Amounts due from related parties

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tropical Villas (Pvt) Ltd	13,806,778	13,729,738	13,723,858	13,723,858
Browns Leisure (Pvt) Ltd	5,609,113	17,830,367	-	-
Millenium Development Ltd	12,237,986	10,751,243	-	-
Riverina Resorts (Pvt) Ltd	-	-	5,994,220	4,152,500
Sansun Boutique Hotels Ltd	587,466,068	174,184,616	-	-
Taprobane Plantations (Pvt) Ltd	702,265	402,265	-	
Dickwella Resorts (Pvt) Ltd	-	-	6,305	6,597
LOLC Holdings PLC	15,686,332	-	-	-
East Coast Land Holdings (Pvt) Ltd	3,483,685	483,685	-	-
NPH Investments Ltd *	1,883,250,323	1,797,034,387	-	-
Browns Investments PLC *	1,115,970,998	5,656,415,003	906,057,739	5,011,897,194
Samudra Beach Resorts (Pvt) Ltd	15,918,895	15,810,416	108,479	-
Excel World Restaurant (Pvt) Ltd	28,576,934	17,739,569	-	-
B Commodities ME(FZE)	15,825,752	-	-	-
Sun Yield Bio Ingredients (Pvt) Ltd	25,000,000	-	-	-
Three Tips Ella (Pvt) Ltd	53,850,260	-	-	-
Less: Impairment on amount due from related parties				
Tropical Villas (Pvt) Ltd	(13,691,208)	(13,691,208)	(13,691,208)	(13,691,208)
	3,763,694,181	7,690,690,081	912,199,393	5,016,088,941

* These advances are unsecured and receivable on demand

20 CURRENT TAX RECEIVABLES

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Value Added Tax	690,169,215	-	-	-
Withholding Tax	23,041,545	11,224,615	7,528,596	1,794,099
Income Tax	5,456,782	14,103,971	3,959,884	3,959,884
Economic Service Charge	-	1,023,216	-	-
Other tax recoverables	11,572	197,419,951	-	-
	718,679,114	223,771,753	11,488,480	5,753,983

21 CASH AND CASH EQUIVALENTS

21.1 Cash in hand and favourable bank balances

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cash in hand	47,327,248	65,083,685	135,150	135,150
Cash at banks	2,050,167,138	2,878,771,047	4,562,605	104,845,340
Short term deposits	-	677,682,416	-	677,682,416
	2,097,494,386	3,621,537,148	4,697,755	782,662,906

21.2 Unfavourable bank balances

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Bank overdrafts	(91,082,140)	(160,785,258)	-	-
Net cash and cash equivalents	2,006,412,246	3,460,751,890	4,697,755	782,662,906
	2,006,412,246	3,460,751,890	4,697,755	782,662,906

22 STATED CAPITAL

As at 31 March	No. Shares	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Issued and fully paid	475, 937, 000	20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770
		20,175,560,770	20,175,560,770	20,175,560,770	20,175,560,770

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All shares are ranked equally with regard to the Company's residual assets.

23 RESERVES

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Revaluation reserve	23.1	17,656,438,194	11,315,585,158	1,930,775,680	1,930,775,680
Fair value reserve	23.2	(2,283,588)	(1,671,296)	(330,256)	(250,006)
Foreign currency translation reserve	23.3	5,078,944,904	5,217,703,622	-	-
Capital reserve	23.4	(429,025,594)	(429,025,594)	(161,022,309)	(161,022,309)
		22,304,073,916	16,102,591,890	1,769,423,115	1,769,503,365

23 RESERVES (CONTD.)

23.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of property, plant and equipment and Right of use assets Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

23.2 Fair value reserve

Fair value reserve represents the cumulative net changes in fair value of through profit or loss and fair value of through other comprehensive income investments until such investments are derecognised or impaired.

23.3 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

23.4 Capital reserve

Capital reserve wholly consists of the amalgamation reserve arising on amalgamation of Riverina Hotels PLC with Palm Garden Hotels PLC.

24 LOANS AND BORROWINGS

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Lease liabilities	24.1	11,424,241,828	11,517,130,942	-	-
Long term borrowings	24.2	2,672,327,952	4,336,581,401	-	-
Short term borrowings		4,557,152,923	4,296,723,676	-	-
		18,653,722,703	20,150,436,019	-	-

24.1 Lease liabilities

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01 April	11,517,130,942	10,689,159,037	-	-
Obtained during the period	24,865,963	-	-	-
Adjustment on the lease term and consideration	(922,774,838)	715,055,789	-	-
Amortized interest	1,041,814,543	1,095,299,255	-	-
Lease rentals paid during the year	(53,651,009)	(47,477,204)	-	-
Effect of movement in exchange rate	(183,143,773)	(934,905,935)	-	-
Balance as at 31 March	11,424,241,828	11,517,130,942	-	-

24 LOANS AND BORROWINGS (CONTD.)

24.1 Lease liabilities (contd.)

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Repayable within one year				
Gross lease rentals payable	1,392,410,357	1,304,003,020	-	-
Less: Unamortized finance cost	(1,053,226,815)	1,089,070,879	-	-
Net lease liability	339,183,542	214,932,141	-	-
Repayable after one year before five years				
Gross lease rentals payable	5,541,444,861	7,171,668,629	-	-
Less: Unamortized finance cost	(4,077,372,684)	(3,787,811,389)	-	-
Net lease liability	1,464,072,177	3,383,857,239	-	-
Repayable after five years				
Gross lease rentals payable	29,276,887,347	28,517,272,028	-	-
Less: Unamortized finance cost	(19,655,901,237)	(20,598,930,466)	-	-
Net lease liability	9,620,986,110	7,918,341,562	-	-

24.2 Long Term Borrowings

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01 April	4,336,581,401	5,662,643,055	-	-
Repaid during the year	(1,609,897,407)	(939,017,637)	-	-
Effect of movement in exchange rate	(54,356,042)	(387,044,017)	-	-
Balance as at 31 March	2,672,327,952	4,336,581,401	-	-
Analysis of long term borrowings				
Repayable within one year	885,856,280	1,132,341,424	-	-
Repayable after one year	1,786,471,672	3,204,239,977	-	-
	2,672,327,952	4,336,581,401	-	-
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	1,212,995,984	2,417,905,414	-	-
Repayable after 3 years	573,475,688	786,334,563	-	-
	1,786,471,672	3,204,239,977	-	-

24 LOANS AND BORROWINGS (CONTD.)

24.3 Analysis of loans and borrowings

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Current	5,782,192,744	5,643,997,241	-	-
Non current	12,871,529,958	14,506,438,778	-	-
	18,653,722,702	20,150,436,019	-	-

24.4 Details of the Group's loans are as follows;

Lender	Relationship	Interest Rate	Carrying Amount 2025	Carrying Amount 2024
Browns Investments PLC	Intermediate Parent	AWPLR + 7.5%	1,171,675,845	-
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Immediate Parent	AWPLR + 7.5%	245,581,390	-
Sampath Bank PLC	Not Applicable	24%	-	59,905,405
People's Bank	Not Applicable	10%	1,387,369,497	2,740,517,681
LOLC Holdings PLC	Ultimate Parent	AWPLR + 7.5%	648,065,141	785,232,452
B Commodities ME (FZE)	Subsidiary of Ultimate Parent	AWPLR + 7.5%	566,234,820	881,914,310
HSBC Sri Lanka	Not Applicable	SONIA + 3.4%	-	291,855,381
HSBC Sri Lanka	Not Applicable	EURIBOR+ 3.6%	-	281,821,565
LOLC Global (Pvt) Ltd	Subsidiary of Ultimate Parent	AWPLR + 7.5%	1,895,663,610	1,755,147,405
Bank of Maldives	Not Applicable	AWPLR + 10%	1,314,890,571	1,836,910,878
			7,229,480,874	8,633,305,077

25 DEFINED BENEFIT OBLIGATIONS

25.1 Movement in the present value of the defined benefit obligations

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01 April		100,862,393	91,963,009	-	-
Benefits paid during the year		(14,795,659)	(17,090,234)	-	-
Expenditure recognized in profit or loss		22,477,708	21,169,288	-	-
Actuarial gains/(losses) recognized in other comprehensive income	25.2	(4,428,808)	6,707,320	-	-
Transfers during the year		-	(1,886,990)	-	-
Balance as at 31 March		104,115,634	100,862,393	-	-

25 DEFINED BENEFIT OBLIGATIONS (CONTD.)

25.2 Expense recognized in profit or loss

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Current service costs	9,365,598	8,331,146	-	-
Interest costs	13,112,110	12,838,142	-	-
	22,477,708	21,169,288	-	-

ACTUARIAL ASSUMPTIONS

Gratuity liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd, as at 31 March 2025. The projected unit credit method has been used for the valuation. The principal assumptions used are as follows.

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Discount rate	12.0%	13.0%	-	-
Salary increment rate	10.0%	11.0%	-	-
Staff turnover factor	20.0%	20.0%	-	-
Retirement age	60 Years	60 Years	-	-

It is also assumed that the Group will continue in business as a going concern and the liability is not externally funded.

25.3 Sensitivity of the actuarial assumptions

Sensitivity analysis on discount rate and salary increment rate to statement of financial position and statement of profit or loss and other comprehensive income.

	Rate change	Financial Position - Liability	Statement of profit or loss and OCI - Charge for the period	Financial Position - Liability	Statement of profit or loss and OCI - Charge for the period
Discount rate	+1	(3,901,706)	3,901,706	-	-
	-1	4,200,909	(4,200,909)	-	-
Future salary increases	+1	4,694,941	(4,694,941)	-	-
	-1	(4,427,767)	4,427,767	-	-

25 DEFINED BENEFIT OBLIGATIONS (CONTD.)

25.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	18,509,629	20,062,681	-	-
Between 1 and 2 years	26,882,203	26,068,140	-	-
Between 2 and 5 years	32,670,284	27,133,772	-	-
Between 5 and 10 years	20,324,990	22,109,915	-	-
Beyond 10 years	5,728,528	5,487,885	-	-
Total expected payments	104,115,634	100,862,393	-	-

The Group's weighted average duration of defined benefit obligation is 4.1 years. (2023/24 - 4.3 years)

26 DEFERRED TAX ASSETS AND LIABILITIES

26.1 Recognised deferred tax liabilities

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Deferred tax liabilities are attributable to the origination of following temporary differences:				
Property, plant and equipment	6,612,975,778	6,144,750,048	-	-
Investment property	1,884,368,000	1,495,827,999	3,277,460,000	1,440,460,000
Revaluation of buildings	16,422,501,939	11,431,013,276	-	-
Revaluation of reclaimed lands	23,901,416,140	17,695,471,984	-	-
Unutilized tax losses	(14,365,956,828)	(14,160,911,345)	-	-
Unrealized loss on exchange	2,077	2,077	-	-
Defined benefit obligations	(104,887,914)	100,862,393	-	-
General provisions	(47,141,557)	(31,779,347)	-	-
Net lease liability	(82,934,052)	(109,441,680)	-	-
Others	(332,993,440)	(532,593,678)	-	-
Net taxable temporary difference	33,887,350,143	21,822,577,557	3,277,460,000	1,440,460,000
Total recognized deferred tax liabilities	7,692,818,900	5,728,464,968	983,238,300	436,038,000

26 DEFERRED TAX ASSETS AND LIABILITIES (CONTD.)

26.2 Movement in Recognised Deferred Tax Liabilities

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Balance as at 01 April		5,728,464,968	5,628,326,947	436,038,000	232,038,000
Recognised in statement of profit or loss	26.3	(633,463,162)	298,293,438	547,200,300	204,000,000
Effect of movement in exchange rate		(39,863,399)	(196,163,344)	-	-
Recognised in other comprehensive income		2,637,680,493	(1,992,073)	-	-
Balance as at 31 March		7,692,818,900	5,728,464,968	983,238,300	436,038,000

26.3 Deferred tax expense

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Recognised in statement of profit or loss				
Originations / (Reversals) of temporary differences	(633,463,162)	298,293,438	(547,200,300)	(204,000,000)
	(633,463,162)	298,293,438	(547,200,300)	(204,000,000)

27 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Trade payables		1,056,407,313	1,291,847,549	-	-
Amounts due to related parties	27.1	23,367,850,722	24,287,367,156	2,931,071,089	2,081,913,604
Retention payable		14,956,787	140,536,762	-	-
Unclaimed dividends		9,300,969	9,300,977	-	-
Advances received		328,106,087	121,309,641	-	-
Accrued expenses and other payable		1,402,069,031	1,045,372,836	1,224,785	1,189,662
		26,178,690,909	26,895,734,922	2,932,295,874	2,083,103,266

27 TRADE AND OTHER PAYABLES (CONTD.)

27.1 Amounts due to related parties

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
LOLC Holdings PLC	11,480,798,578	13,938,514,725	2,520,927,723	1,707,966,041
Browns Hotels and Resorts Ltd	806,305,562	734,303,195	-	-
Eden Hotel Lanka PLC	-	-	30,574,151	30,728,243
Tropical Villas (Pvt) Ltd	1,496,730	1,091,730	-	-
Browns Investments PLC	4,511,493,999	4,310,038,362	138,927,750	138,927,750
LOLC Technology Services Ltd	13,174,021	22,520,527	-	-
LOLC Motors Ltd	369,469	253,007	-	-
LOLC Finance PLC	4,196	5,636,150	-	-
LOLC Corporate Services (Pvt) Ltd	591,000	2,176,250	119,000	119,000
Brown & Company PLC	-	23,725,746	-	-
Browns Engineering & Construction (Pvt) Ltd	6,479,468,334	5,249,107,464	240,522,465	204,172,570
Millenium Development Ltd	44,516	-	-	-
Browns Leisure (Pvt) Ltd	7,823,082	-	-	-
Sunsun Boutique Hotels Ltd	66,200,000	-	-	-
B Commodities ME(FZE)	81,235	-	-	-
	23,367,850,722	24,287,367,156	2,931,071,089	2,081,913,604

28 CURRENT TAX PAYABLES

As at 31 March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Income tax Payable	96,438,271	60,094,443	-	-
Value Added Tax Payable	589,434,982	313,061,920	459,180	459,180
Nation Building Tax Payable	2,533,677	7,912,474	184,096	184,096
Other taxes Payable	451,140,731	158,367,718	-	-
	1,139,547,661	539,436,555	643,276	643,276

29 COMMITMENTS AND CONTINGENCIES

There are no material capital commitments and contingent liabilities that require adjustment to or disclosure in the financial statements.

30 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no other material events occurring after the reporting date that requires adjustment to or disclosure in the Financial Statements.

31 RELATED PARTY DISCLOSURES

31.1 Transactions with key management personnel

The Group and Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures), the details of which are reported below.

TERMS AND CONDITIONS OF TRANSACTIONS WITH RELATED PARTIES

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiary companies have been disclosed in the Note 31.3.
Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at commercially agreed terms basis. Outstanding current account balances at year end are unsecured and settlement occurs in cash.

RECURRENT AND NON-RECURRENT RELATED PARTY TRANSACTIONS

Non- recurrent related party transactions which 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 2023/24 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.

All the transactions which are disclosed under note 32.2 with Related Parties which are recurrent, and which is necessary for day-today operations of the company and subsidiaries, in the opinion of the Related Party Transactions Review Committee, terms for all these transactions are not favourable to the Related Party than those generally available to the public.

Except the above, there were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 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.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

According to Sri Lanka Accounting Standard LKAS 24 – 'Related Party Disclosures', Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors, Director/Chief Executive Officer, Key Employees of the Company holding directorships in subsidiary companies have been classified as Key Management Personnel (KMP) of the Group.

KEY MANAGEMENT PERSONNEL COMPENSATION

There are no short term employment benefits, long-term employment benefits, post -employment benefits or termination benefits paid to the Key Management Personnel during the year.

31 RELATED PARTY DISCLOSURES (CONTD.)

31.2 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures". The Pricing applicable to such transactions are based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

As at 31 March			Group		Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2025 Rs.	2024 Rs.	2025 %	2024 %
LOLC Holdings PLC	Ultimate Parent	Fund Transfers In	499,000,000	10,832,000,000	< 50%	> 100%
		Fund Transfers Out	-	15,633,527,191		
		Expenses shared	1,327,412	918,729		
		Interest on C/A	312,634,269	987,748,773		
Browns Hotels and Resorts Ltd	Immediate Parent	Fund transfers out	-	1,393,917	0%	< 1%
Eden Hotel Lanka PLC	Subsidiary	Interest on loans	-	23,851,541	< 0%	< 100%
		Expenses shared	154,092	61,849		
		Fund transfers out	-	17,379,824		
		Fund transfers in	-	12,744,032		
Dickwella Resorts (Pvt) Ltd	Subsidiary	Expenses shared	255,966	90,086	< 1%	< 1 %
		Fund transfers in	256,258	97,749		
Riverina Resorts (Pvt) Ltd	Subsidiary	Expenses shared	26,720	307,790	> 1%	> 1 %
		Lease rental income	1,815,000	1,815,000		
		Fund transfers in	-	307,790		
Serendib Leisure Management Ltd	Subsidiary	Expenses shared	299,378	292,976	< 1%	< 1 %
		Fund transfer In	299,378	253,593		
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	1,428,000	1,428,000	< 1%	< 1 %
		Fund transfers out	1,428,000	2,380,000		
Browns Investment PLC	Intermediate Parent	Fund Transfers In	5,000,000,000	-	> 100%	> 100%
		Fund Transfers Out	-	5,000,000,000		
		Interest on C/A	894,160,545	-		
		Interest Income	-	127,030,556		

31 RELATED PARTY DISCLOSURES (CONTD.)

31.2 Transactions with Related Parties

As at 31 March			Group		Aggregate Value of Related Party Transaction as a % of Net Revenue	
Company	Relationship	Nature of Transactions	2025 Rs.	2024 Rs.	2025 %	2024 %
Millennium Development Ltd	Subsidiary of Intermediate Parent	Expenses shared	2,080	-	< 1%	-
		Fund transfer In	2,080	-		
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Intermediate Parent	Interest on loans	36,349,895	204,172,570	< 5 %	> 100 %
Samudra Beach Resort (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	108,479	-	< 1%	-
Green Paradise (Pvt) Ltd	Subsidiary	Expenses shared	10,267	-	< 1%	-
		Fund Transfers In	10,267	-		
Sun & Fun Resort (Pvt) Ltd	Subsidiary	Expenses shared	15,732	-	< 1%	-
		Fund Transfers In	15,732	-		
Browns Leisure (Pvt) Ltd	Subsidiary of Intermediate Parent	Expenses shared	6,934	-	< 1 %	-
		Fund Transfers In	6,934	-		
Hotel Sigiriya PLC	Subsidiary	Expenses shared	10,730	-	< 1 %	-
		Fund Transfers In	10,730	-		
Frontier Capital Lanka (Pvt) Ltd	Subsidiary	Expenses shared	1,950	-	< 1 %	-
		Fund Transfers In	1,950	-		
Serendib Hotel PLC	Subsidiary	Expenses shared	2,000	-	< 1 %	-
		Fund Transfers In	2,000	-		
Sansun Boutique Resort (Pvt) Ltd	Subsidiary of Immediate Parent	Expenses shared	24,185	-	< 1 %	-
		Fund Transfers In	24,185	-		
LOLC Holdings PLC	Ultimate Parent	Fund transfers in	1,673,734,269	4,419,523,946	> 100%	> 100%
		Fund transfers out	7,798,914,873	2,106,258,923		
		Expenses shared	91,762,171	74,496,957		
		Interest on C/A	3,560,015,954	3,384,116,651		

31 RELATED PARTY DISCLOSURES (CONTD.)

31.2 Transactions with Related Parties (CONTD.)

As at 31 March Company	Relationship	Nature of Transactions	Group		Aggregate Value of Related Party Transaction as a % of Net Revenue	
			2025 Rs.	2024 Rs.	2025 %	2024 %
Browns Hotels and Resorts Ltd	Immediate Parent	Fund transfers in	4,500,000	45,449,974	< 30%	<100%
		Fund transfers out	227,849,243	45,364,390		
		Expenses shared	179,043,682	80,883,409		
		Interest on C/A	116,307,928	176,971,598		
Browns Investment PLC	Intermediate Parent	Fund transfers in	5,000,000,000	6,000,000	> 100%	> 100%
		Fund transfers out	4,886,009	-		
		Interest on C/A	-	2,178,633,706		
		Expenses shared	2,660,900	8,873,701		
		Interest income	255,875,251	-		
LOLC Finance PLC	Subsidiary of Ultimate Parent	Expenses shared	18,734,508	281,693	< 5%	< 5%
		Fund transfers out	24,366,462	2,998,632		
LOLC Technology Services Ltd	Subsidiary of Ultimate Parent	Expenses shared	12,856,637	9,901,047	< 5%	> 5%
		Fund transfers out	22,203,142	1,208,523		
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	6,860,000	5,360,000	< 1%	> 5%
		Fund transfers out	8,445,250	2,249,000		
Excel Restaurant (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	5,837,365	-	< 1%	> 1%
		Fund transfers out	5,000,000	167,973		
		Fund transfer in		95,112		
Tropical Villas (Pvt) Ltd	Subsidiary of Immediate Parent	Expenses shared	527,960	268,880	< 1%	> 1%
		Fund transfers out	200,000	-		
LOLC Motors Ltd	Subsidiary of Ultimate Parent	Expenses shared	116,462	140,129	< 1%	> 1%
		Fund transfers out	-	-		
Brown & Company PLC	Intermediate Parent	Fund transfers out	23,725,746	3,000,000	> 1%	>1%
East Coast Land Holdings Ltd	Subsidiary of Ultimate Parent	Fund transfers out	3,000,000	483,685	<1%	< 1%

31 RELATED PARTY DISCLOSURES (CONTD.)

31.2 Transactions with Related Parties (CONTD.)

As at 31 March Company	Relationship	Nature of Transactions	Group 2025 Rs.	Group 2024 Rs.	Aggregate Value of Related Party Transaction as a % of Net Revenue 2025 %	Aggregate Value of Related Party Transaction as a % of Net Revenue 2024 %
NPH Investments Ltd	Subsidiary of Immediate Parent	Expenses shared	88,005,139	-	> 100%	-
		Interest on C/A	13,392,075	-		
		Fund transfers in	15,181,278			
Browns Engineering and Construction (Pvt) Ltd	Subsidiary of Ultimate Parent	Interest on loans	40,264,839	193,957,980	> 100%	> 100%
		Supply of service	-	687,389,540		
		Expenses shared	1,398,696,526			
		Transfer to loan	208,600,495	-		
Millennium Development Ltd	Subsidiary of Ultimate Parent	Expenses shared	1,442,227	-	< 1%	> 1%
		Fund transfers out	-	1,800,000		
Samudra Beach Resorts (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	108,479	602,952	< 1%	> 1%
Browns Leisure (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers in	1,680,742	5,458,828	> 5%	< 3%
		Fund transfer out	60,121,664			
		Expense shared	38,396,587			
Sansun Boutique (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers in	58,203	-	< 20%	< 5%
		Fund transfers out	126,800,204	-		
		Expenses shared	166,396,464	-		
		Interest on C/A	53,942,985	-		
Taprobane Plantations (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	300,000	-	< 1%	-
B Commodities ME FZE	Subsidiary of Ultimate Parent	Expenses shared	15,744,517	-	< 5 %	-
Sun Yield Bio Ingredients (Pvt) Ltd	Subsidiary of Ultimate Parent	Asset Transfer	25,000,000	-	< 5 %	-
Three Tips Ella (Pvt) Ltd	Subsidiary of Ultimate Parent	Expenses shared	53,850,260	-	< 5 %	-

* Closing balances of above related parties has been disclosed in Note 19.2 (Page 75) and Note 27.1 (Page 83).

31 RELATED PARTY DISCLOSURES (CONTD.)

31.3 Group Companies/Directors

Company Name/Relationship	Directors
LOLC Holdings PLC (Ultimate Parent)	I C Nanayakkara, W D K Jayawardena, Mrs. K U Amarasinghe, M D D Pieris (Retired w.e.f. 12.03.2025), R A Fernando(Resigned w.e.f.31.03.2025), F K C P N Dias, K Sundararaj (a.w.e.f. 01.01.2025), K Sivanesan (a.w.e.f. 12.03.2025), G S Kalidasa (a.w.e.f. 16.06.2025)
Brown & Company PLC (Intermediate Parent)	I C Nanayakkara, H P J De Silva (Retired w.e.f. 01.01.2025), W D K Jayawardena, Mrs. K U Amarasinghe, T Bandaranayake (Retired w.e.f. 01.01.2025), D Abeyrathne, T.Sanakan, K Sundararaj (a.w.e.f. 01.01.2025), C Wijesinha (a.w.e.f. 01.01.2025)
Browns Investment PLC (Intermediate Parent)	I C Nanayakkara, D S K Amarasekera, S Furkhan (Retired w.e.f. 01.01.2025), Mrs. K U Amarasinghe, W D K Jayawardena, Dr. J M Swaminathan (Retired w.e.f. 01.01.2025), K Sivanesan (a.w.e.f. 01.01.2025), C Wijesinha (a.w.e.f. 01.01.2025)
Browns Hotels and Resorts Ltd (Intermediate Parent)	Mrs. V G S S Kotakadeniya (r.w.e.f.11.06.2025),J B W Kelegama, D S K Amarasekera
Eden Hotel Lanak PLC (Subsidiary)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, Dr. J M Swaminathan , S Furkhan, J Selvaratnan, M T A Furkhan,
Dickwella Resorts (Pvt) Ltd (Subsidiary)	J B W Kelegama, P D G Jayasena
Tropical Villas (Pvt) Ltd (Subsidiary of intermediate parent)	D S K Amarasekera, J B W Kelegama, P D G Jayasena
Riverina Resorts (Pvt) Ltd (Subsidiary of immediate parent)	Mrs. K U Amarasinghe (r.w.e.f. 20.03.2024), D S K Amarasekera, R L E C Wijeratne (a.w.e.f. 20.03.2024)
Green Paradise (Pvt) Ltd (Subsidiary)	D S K Amarasekera, Mrs. K U Amarasinghe, R L E C Wijerathna, P D G Jayasena
Sun & Fun Resorts Ltd (Subsidiary)	V K Vemuru, D S K Amarasekera, T Selviah, R L E C Wijerathna, P D G Jayasena
Bodufaru Beach Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, K A K P Gunawardena, M Niham
Browns Ari Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, M Niham, S Mohmed, P Uluwaduge
Browns Raa Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, M Niham, P Uluwaduge
Browns Kaafu N Resort (Pvt) Ltd (Subsidiary)	D S K Amarasekera, O A Razzak
Serendib Hotels PLC (Subsidiary)	E J D Rajakariar, W A T M Wijesinghe, S A Chojnacki, W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, T Dharmarajah (a.w.e.f. 01.10.2024)
Dolphin Hotels PLC (Subsidiary)	W D K Jayawardena, D S K Amarasekera, , Dr. J M Swaminathan, S Furkhan, R L E C Wijeratne, T Dharmarajah (a.w.e.f. 01.10.2024)
Hotel Sigiriya PLC (Subsidiary)	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, S Furkhan, T Dharmarajah (a.w.e.f. 01.10.2024)
Frontier Capital Lanka (Pvt) Limited(Subsidiary)	D S K Amarasekera, , Dr. J M Swaminathan
Serendib Leisure Management (Pvt) Limited (Subsidiary)	Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, E J D Rajakarriar,
Santuary Lanka Resorts (Pvt) Limited (Subsidiary)	D S K Amarasekera, , Dr. J M Swaminathan

32 VALUATION OF FINANCIAL INSTRUMENTS

32.1 Fair Value Hierarchy

Group As at 31 March 2025	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	5,720,550	-	-	5,720,550
Investment securities	17	-	-	128,641,101	128,641,101
		5,720,550	-	128,641,101	134,361,651

Group As at 31 March 2024	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	4,139,390		-	4,139,390
Investment securities	17	-	-	130,833,463	130,833,463
		4,139,390		130,833,463	134,972,853

Company As at 31 March 2025	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	607,210	-	-	607,210
Investment securities	17	-	-	234,952	234,952
		607,210	-	234,952	842,162

Company As at 31 March 2024	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets					
Trading assets - Fair Value Through Profit or Loss	16	435,630		-	435,630
Investment securities	17	-	-	315,202	315,202
		435,630	-	315,202	750,832

32 VALUATION OF FINANCIAL INSTRUMENTS (CONTD.)

32.2 Financial instruments not measured at fair value

As at 31 March	Note	Group 2025 Carrying Amount	Group 2024 Carrying Amount	Company 2025 Carrying Amount	Company 2024 Carrying Amount
Financial assets					
Trade receivables	19.1	1,689,563,379	1,501,341,146	-	-
Amounts due from related parties	19.2	3,763,694,180	7,690,690,081	912,199,393	5,016,088,941
Cash and cash equivalents	21.1	2,097,494,386	3,621,537,148	4,697,755	104,845,340
		7,550,751,945	12,813,568,375	916,897,148	5,120,934,281
Financial liabilities					
Trade payables	27	1,056,407,313	1,291,847,549	-	-
Amounts due to related parties	27.1	23,367,850,722	24,287,367,156	2,931,071,089	2,081,913,604
Retention payable	27	14,956,787	140,536,762	-	-
Interest bearing borrowings and loans	24	18,653,722,704	20,150,436,019	-	-
Bank overdrafts	21.2	91,082,140	160,785,258	-	-
		43,184,019,667	46,030,972,744	2,931,071,089	2,081,913,604

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group's financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values using other valuation techniques that are commonly used by market participants.

Asset	Valuation techniques	Significant observable and unobservable inputs	Sensitivity of the fair value to the inputs
Investment securities	Net asset basis	Carrying value of the assets and liabilities adjusted for market participants assumptions.	Variability of inputs are insignificant to have an impact on fair value.

33 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

33.1 Maturity analysis of financial assets-Group

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	2,097,494,386	2,097,494,386	2,097,494,386	-	-	-	-
Other financial assets								
Trading assets - Fair Value Through Profit or Loss	16	5,720,550	5,720,550	-	-	-	5,720,550	-
Investment securities	17	161,239,293	161,239,293	-	-	-	161,239,293	-
Trade and other receivable								
Financial assets	19	5,453,257,560	5,453,257,560	-	1,689,563,379	3,763,694,181	-	-
		7,717,711,789	7,717,711,789	2,097,494,386	1,689,563,379	3,763,694,181	166,959,843	-

As at 31 March 2024	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	3,621,537,148	3,621,537,148	3,621,537,148	-	-	-	-
Other financial assets								
Trading assets - Fair Value Through Profit or Loss	16	4,139,390	4,139,390	-	-	-	4,139,390	-
Investment securities	17	176,667,846	176,667,846	-	-	-	176,667,846	-
Trade and other receivable								
Financial assets	19	9,192,037,227	9,192,037,227	-	1,501,341,146	7,690,690,081	-	-
		12,994,381,611	12,994,381,611	3,621,537,148	1,501,341,146	7,690,690,081	180,807,236	-

33.2 Maturity analysis of financial liabilities-Group

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Bank overdrafts	21.2	91,082,140	91,082,140	91,082,140	-	-	-	-
Loans and borrowings								
Operating lease obligations	24.1	11,424,241,829	11,424,241,829	-	-	1,392,410,357	5,541,444,861	4,490,386,611
Borrowings	24.2	2,672,327,952	2,672,327,952	3,611,113	32,657,975	479,554,104	2,938,995,864	(782,491,104)
Financial liabilities	27	24,439,214,823	24,439,214,823	174,130,457	98,016,765	24,167,067,597	-	-
		38,626,866,743	38,626,866,743	268,823,710	130,674,740	26,039,032,062	8,480,440,725	3,707,895,507

33 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

33.2 Maturity analysis of financial assets-Group

As at 31 March 2024	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Bank overdrafts	21.2	160,785,258	160,785,258	160,785,258	-	-	-	-
Loans and borrowings								
Operating lease obligations	24.1	11,517,130,942	11,517,130,942	-	-	1,304,003,020	7,171,668,629	3,041,459,293
Borrowings	24.2	4,336,581,401	4,336,581,401	3,611,113	32,657,975	479,554,104	2,938,995,864	881,762,345
Financial liabilities	27	25,719,751,467	25,719,751,467	174,130,457	98,016,765	25,447,604,244	-	-
		41,734,249,068	41,734,249,068	338,526,828	130,674,740	27,231,161,369	10,110,664,493	3,923,221,638

33.3 Maturity analysis of financial assets-Company

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	4,697,755	4,697,755	4,697,755	-	-	-	-
Other financial assets								
Trading assets - Fair Value Through Profit or Loss	16	607,210	607,210	-	-	-	607,210	-
Investment securities	17	234,952	234,952	-	-	-	234,952	-
Trade and other receivable								
Financial Assets	19	912,199,393	912,199,393	-	-	912,199,393	-	-
		917,739,310	917,739,310	4,697,755	-	912,199,393	842,162	-

As at 31 March 2024	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Assets								
Cash and cash equivalents	21.1	782,662,906	782,662,906	782,662,906	-	-	-	-
Other financial assets								
Trading assets - Fair Value Through Profit or Loss	16	435,630	435,630	-	-	-	435,630	-
Investment securities	17	315,202	315,202	-	-	-	315,202	-
Trade and other receivable								
Financial Assets	19	5,016,088,941	5,016,088,941	-	-	5,016,088,941	-	-
		5,799,502,679	5,799,502,679	782,662,906	-	5,016,088,941	750,832	-

33 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

33.4 Maturity analysis of financial liabilities-Company

As at 31 March 2025	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Loans and borrowings								
Financial liabilities	27	2,931,071,089	2,931,071,089	-	-	2,931,071,089	-	-
		2,931,071,089	2,931,071,089	-	-	2,931,071,089	-	-

As at 31 March 2024	Note	Carrying amount Rs.	Gross cash inflow Rs.	Less than 1 month Rs.	1-3 months Rs.	4 - 12 months Rs.	13 - 60 months Rs.	More than 60 month Rs.
Liabilities								
Loans and borrowings								
Financial liabilities	27	2,081,913,604	2,081,913,604	-	-	2,081,913,604	-	-
		2,081,913,604	2,081,913,604	-	-	2,081,913,604	-	-

34. FINANCIAL RISK MANAGEMENT – GROUP/ COMPANY

The Group has exposure to the following risks from financial statements:

1) Credit risk

2) Liquidity risk

3) Market risk

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

Risk management framework.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the audit committee, which is responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the board of directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Company Audit Committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit Committee.

01) Credit risk

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

The Group's/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.

34. FINANCIAL RISK MANAGEMENT – GROUP/ COMPANY (CONTD.)

As at 31 March	Group 2025 Rs	Group 2024 Rs	Company 2025 Rs	Company 2024 Rs
Trade Receivables	1,779,897,749	1,575,752,317	-	-
Less				
Impairment of trade receivables	(90,334,370)	(74,411,171)	-	-
	1,689,563,379	1,501,341,146	-	-
Cash and cash equivalents	2,097,494,386	3,621,537,148	-	-

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

As at 31 March	Group 2025 Rs	Group 2024 Rs	Company 2025 Rs	Company 2024 Rs
0-60 days	756,894,232	630,300,926	-	-
61-180 days	536,965,412	551,513,312	-	-
181-365 days	356,985,324	315,150,463	-	-
Over 365 days	129,052,781	78,787,616	-	-
Gross Trade Receivables	1,779,897,749	1,575,752,317	-	-
Impairment	(90,334,370)	(74,411,171)	-	-
Net Trade Receivables	1,689,563,379	1,501,341,146	-	-

MANAGEMENT OF CREDIT RISK

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

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.

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

The following steps also taken to reduce the credit risk.

1) Outstanding credits are followed up on a daily basis.

2) Steps taken to obtain advances from travel agents and tour operators wherever possible.

3) Opting for legal action for customers defaulting settlements.

Regular audits of hotel and Company credit processes are undertaken by ERM. The Group treasury division overlooks cash and cash equivalent on regular basis to manage the credit risk.

IMPAIRMENT

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

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

Bank of Ceylon	AA- (lka)
Nations Trust Bank PLC	A (lka)
Cargills Bank PLC	A (lka)
Sampath Bank PLC	AA- (lka)
Citi Bank N. A	AAA (lka)
Seylan Bank PLC	A+ (lka)
National Development Bank PLC	A (lka)
Hatton National Bank PLC	AA- (lka)

34. FINANCIAL RISK MANAGEMENT – GROUP/ COMPANY (CONTD.)

2) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

MANAGEMENT OF LIQUIDITY RISK

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Company/Group continuously prepares and monitors rolling cash flow forecasts to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

As at the reporting date, the company has a higher liability in relation to the external. This is mainly due to the long-term loan obtained from Seylan bank and intercompany borrowings, financing the increase in investments into leisure sector locally and Maldives. Apart from that, short term loans obtained to meet the working capital requirements.

As at 31 March	Group		Company	
	2025	2024	2025	2024
	Rs	Rs	Rs	Rs
Non current portion of interest bearing borrowings	12,871,529,959	14,506,438,778	-	-
Trade Payables	1,056,407,313	1,291,847,549	-	-
Current portion of interest beating borrowings	5,782,192,744	5,643,997,241	-	-
Bank overdrafts	91,082,140	160,785,258	-	-
	19,801,212,156	21,603,068,826	-	-

3.) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group being involved in hoteliering operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US dollar, UK pound and Euro. More than 90% of room contracts are entered into in foreign currencies and invoiced in SLR using the conversion rates established by the industry. Purchases such as import of capital goods for hotel operations are also transacted in foreign currency. The Company very closely works with group treasury division and obtains their advice to reduce impact on foreign currency exposure.

In order to reduce the Foreign exchange risk, the Group implements the following strategies.

1) Negotiation of room rates and enters into agreements in strong currencies.
2) Matching inflows and outflows of the same currency to the extent that is permitted by prevailing laws.
3) Monitors exchange rates on a daily basis and use best rates for foreign currency conversions.

INTEREST RATE RISK

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates. In order to reduce the Interest rate risk, the group 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.

VARIABLE RATE INSTRUMENTS

Related party borrowings are at AWPLR plus a margin of 7.5%. 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.

OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with regard to operational activities, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation

34. FINANCIAL RISK MANAGEMENT – GROUP/ COMPANY (CONTD.)

with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

1) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
2) Requirements for the reconciliation and monitoring of transactions;
3) Compliance with regulatory and other legal requirements;
4) Documentation of controls and procedures;
5) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
6) Requirements for the reporting of operational losses and proposed remedial action;
7) Development of contingency plans;
8) Training and professional development; and
9) Ethical and business standards

CAPITAL MANAGEMENT

The Groups objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the company consists of the following

EQUITY CAPITAL

» Ordinary share capital

Debt

» Long term borrowings
» Short term borrowings
» The Group monitors capital on the basis of the debt to equity ratio. The following factors are also objectively taken into consideration in managing capital of the Group.
» Maintain sufficient capital to meet minimum regulatory requirements (Companies Act).
» Maintain strong equity base as opposed to debt capital Group's future developments, investments and business strategies.
» Group further developments, investment and business strategies.

35. GOING CONCERN ASSESSMENTS

As a result of the Fair Value Gain of Investment Property and due to the reduction in the Net Finance Expense, the Company experienced a remarkable turnaround compared to the previous year and Palm Group also showed a considerable progress in the year under review, which resulted as a result of the impressive financial performances of the related subsidiaries which comes under the Palm Group. The Company reported an EBIT of Rs 1.8Bn, compared to the EBIT of Rs 650Mn reported in the previous period. Palm Group also reported a EBIT of Rs 199Mn for the year under review, compared to the negative EBIT of Rs 223.7Mn reported in the previous period.

Beside all, being the Ultimate parent of Palm Garden Hotel PLC, LOLC Holdings PLC already provided a Financial Support Letter, emphasizing the Ultimate Parent Company's intention to continue to provide adequate financial support either in the form of a contribution, a loan, or another form of support, to ensure business continuity of the above-mentioned company for at least 12 months from the date of signing financial statements.

Based on the above, the Directors have assessed the Company's/ Group's ability to continue as a Going Concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainty that may cast a significant doubt upon the Company's/Group's ability to continue as a Going Concern and they do not intend either to liquate or to cease operations of the Company and subsidiaries of Palm Group. Therefore, the Board of Directors have concluded that the preparation of financial statements on a going concern basis is appropriate.

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Ten Year Financial Review

(Figures in Rs.'000 unless otherwise stated)

Year ended 31 March	2015/2016 Rs.(000)	2016/2017 Rs.(000)	2017/2018 Rs.(000)	2018/2019 Rs.(000)	2019/2020 Rs.(000)	2020/2021 Rs.(000)	2021/2022 Rs.(000)	2022/2023 Rs. (000)	2023/2024 Rs. (000)	2024/2025 Rs. (000)
TRADING RESULTS										
Other Operating income	350	19,296	287,254	1,185	289,710	175,269	188,610	144,878	670,520	1,839,219
Administration Expenses	(2,588)	(13,021)	(4,277)	(6,064)	(5,189)	(11,983)	(5,475)	(7,119)	(20,098)	(8,622)
Earnings Before Interest & Tax	(2,238)	6,275	284,784	(4,879)	284,521	163,285	183,135	137,760	650,442	1,830,597
Finance Income/ (Expenses) - Net	(30,801)	(118,717)	(167,267)	(266,040)	(301,929)	(333,708)	(567,615)	(1,903,318)	(1,189,515)	640,735
Profit /(Loss) before Tax	(33,039)	(112,442)	117,517	(270,919)	(17,407)	(170,423)	(384,480)	(1,765,558)	(539,093)	2,471,332
Tax	(20)	(46)	(26)	-	-	-	(63,046)	(168,992)	(204,000)	(547,200)
Profit /(Loss) after Tax	(33,059)	(112,489)	117,490	(270,919)	(17,407)	(170,423)	(447,526)	(1,934,550)	(743,093)	1,924,132
ASSETS & LIABILITIES										
Non Current Assets	3,619,017	4,182,286	4,700,260	5,031,794	5,371,766	7,748,497	7,697,484	7,840,518	14,238,215	22,431,306
Current Assets	35,432	28,431	25,699	20,722	22,995	19,113	33,062	31,004	5,805,297	932,650
Borrowings	209,131	238,443	509,793	940,294	1,070,149	1,192,416	1,219,523	725,250	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	63,046	232,038	436,038	983,238
Current Liabilities	316,322	985,155	1,382,287	1,967,033	2,272,515	4,740,092	5,205,299	7,112,133	2,083,737	2,932,939
CAPITAL & RESERVES										
Stated Capital	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	20,175,561	20,175,561
Reserves	902,036	789,471	907,581	649,393	686,156	591,426	25,810	(1,908,740)	(2,651,824)	(727,782)
RATIOS & STATISTICS										
Market Share (Rs.)	29.90	24.10	23.50	18.50	18.00	25.70	41.10	64.80	43.90	63.50
Earnings/(Loss) Per Share (Rs.)	(0.76)	(2.60)	2.72	(6.26)	(0.40)	(3.94)	(10.34)	(44.71)	(3.34)	4.04
RATIOS & STATISTICS										
Gearing (%)	0.06	0.07	0.15	0.30	0.34	0.39	0.50	1.38	-	-
Current Ratio	0.11	0.03	0.02	0.01	0.01	0.00	0.01	0.00	2.79	0.32
Net Assets Per Share Company (Rs.)	77.15	74.55	77.28	71.31	72.16	69.97	56.90	12.19	36.82	40.86
Net Assets Per Share Group (Rs.)	90.57	80.55	57.32	44.77	24.21	147.02	235.46	135.78	65.0	40.84

Summarised Quarterly Statistics

Statement of Profit or Loss and Other Comprehensive Income (Rs.'000)

	2024/25			
For the 3 months ended	30 - Jun	30 - Sep	31 - Dec	31- Mar
Other income/ (expenses)	517	476	698	1,837,528
Other operating expenses	(1,775)	(1,642)	(1,887)	(3,429)
Results from operating activities	(1,258)	(1,166)	(1,189)	1,834,099
Net finance expenses	166,210	162,171	170,599	141,866
Profit before income tax expense	164,952	161,005	169,410	1,975,965
Income tax expense	-	-	-	(547,200)
Profit after tax	164,952	161,005	169,410	1,428,765

Statement of Financial Position (Rs.'000)

	2024/25			
As At	30 - Jun	30 - Sep	31 - Dec	31- Mar
Assets	20,295,362	20,541,560	20,800,391	23,363,956
Liabilities	2,606,673	2,691,876	2,781,298	3,916,177
Net assets	17,688,689	17,849,684	18,019,093	19,447,779
Share capital	20,175,561	20,175,561	20,175,561	20,175,561
Reserves	(2,486,872)	(2,325,877)	(2,156,468)	(727,782)
Share capital and reserves	17,688,689	17,849,684	18,019,093	19,447,779

Statements of Value Added

(Figures in Rs.'000 unless otherwise stated)

Year ended 31 March	2015/2016 Rs.(000)	2016/2017 Rs.(000)	2017/2018 Rs.(000)	2018/2019 Rs.(000)	2019/2020 Rs.(000)	2020/2021 Rs.(000)	2021/2022 Rs.(000)	2022/2023 Rs. (000)	2023/2024 Rs. (000)	2024/2025 Rs. (000)
Turnover (Gross)	-	-	-	-	-	-	-	-	-	-
Add: Other income	350	19,296	289,061	1,185	289,710	175,269	188,610	144,878	670,520	1,839,219
Net Finance income	-	-	-	-	-	-	-	-	-	640,735
	350	19,296	289,061	1,185	289,710	175,269	188,610	144,878	670,520	2,479,954
Less: Value of bought out										
Materials and services	(2,479)	(12,766)	(4,277)	(6,064)	(5,155)	(11,966)	(5,458)	(7,077)	(20,098)	(8,622)
Value Added	(2,129)	6,530	284,784	(4,879)	284,555	163,302	183,152	137,801	650,421	2,471,332
Distributed as follows										
To government as taxes	20	46	26	-	-	-	-	-	-	-
To providers of loan capital	30,910	118,972	167,267	266,040	301,963	333,725	567,631	1,903,359	1,189,514	-
To shareholders	-	-	-	-	-	-	-	-	-	-
To business growth	(33,059)	(112,489)	117,490	(270,919)	(17,408)	(170,423)	(384,480)	(1,765,558)	(539,093)	2,471,332
	(2,129)	6,530	284,784	(4,879)	284,555	163,302	183,152	137,801	650,421	2,471,332

The 20 largest shareholders of the Company as at 31 March 2025 were as follows:

NAME	2025		2024	
	No of Shares	%	No of Shares	%
BROWNS HOTELS AND RESORTS LIMITED	470,800,660	98.921	470,800,660	98.921
MR R AMARASINGHE & MR U AMARASINGHE	449,986	0.095	10,000	0.002
MES S SHANGRI-LA-HOTELS	233,750	0.049	233,750	0.049
PEOPLE'S LEASING AND FINANCE PLC/ DR. K A P GUNAWARDHANA	208,630	0.044	-	-
MERCANTILE INVESTMENTS AND FINANCE PLC	200,000	0.042	200,000	0.042
MISS W SRIYANI	110,012	0.023	90,000	0.019
MR L D N NAYANA	100,003	0.021	105,003	0.022
MR K M S M RAZIK & MR K S M RAJUBDEEN, MR S M R MOHAMED	100,000	0.021	100,000	0.021
HATTON NATIONAL BANK PLC/ ANUJA CHAMILA JAYASINGHE	97,542	0.02	26,942	0.006
HATTON NATIONAL BANK PLC-SENFIN GROWTH FUND	92,810	0.02	100,000	0.021
MR M Z H HASHIM & MR N R M HASHIM	85,821	0.018	75,659	0.016
MR R RAJAKARIAR	84,000	0.018	-	-
LIFE INSURANCE CORPORATION (LANKA) LTD	75,869	0.016	-	-
MR U AMARASINGHE & MR R AMARASINGHE	75,000	0.016	115,000	0.024
TUDAWE BROTHERS LIMITED	64,004	0.013	64,004	0.013
ASSETLINE FINANCE LIMITED/BRITISH AMERICAN TECHNOLOGIES PVT LTD	62,860	0.013	62,860	0.013
MR A M DISSANAYAKE	61,495	0.013	61,495	0.013
MR R E RAMBUKWELLE	56,200	0.012	41,919	0.009
BANSEI SECURITIES CAPITAL (PVT) LTD/ J P N P K JAYASEKARA	51,200	0.011	28,905	0.006
MR D S D DE LANEROLLE	50,024	0.011	50,024	0.011
	473,059,866	99.397	472,166,221	99.208
OTHERS	2,877,134	0.603	3,770,779	0.792
TOTAL	475,937,000	100.000	475,937,000	100.000

2) PUBLIC SHAREHOLDING

As at 31 March 2025, 1.079% (2023/2024 – 1.079%) of the issued ordinary shares were held by 2,252 shareholders Ordinary Voting shares of Palm Garden Hotels PLC have been transferred from the Main Board to Diri Savi Board, with effect from 29th January 2018 and with effect from 11th June 2024 transferred to Second board.

3) FLOAT ADJUSTED MARKET CAPITALIZATION

As at 31 March 2025 Float Adjusted market capitalization is Rs. 326,157,590/-

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said Option.

4. DIRECTORS' SHAREHOLDING

	No of Shares	(%)
W D K JAYAWARDENA	Nil	Nil
MS K U AMARASINGHE	Nil	Nil
D S K AMARASEKERA	Nil	Nil
DR J M SWAMINATHAN	Nil	Nil
T Dharmarajah	Nil	Nil
J Selvaratnam	Nil	Nil

5. SHAREHOLDING SUMMARY AS AT 31ST MARCH

Number of shares	2025			2024		
	No. of Shareholders	No. of Shares	Shares %	No. of Shareholders	No. of Shares	Shares %
1 - 1000	1,829	341,664	0.07	1,929	381,401	0.08
1,001 - 10,000	342	1,174,313	0.24	437	1,474,362	0.31
10,001 - 100,000	75	2,317,982	0.48	90	2,505,201	0.53
100,001 - 1,000,000	6	1,302,381	0.27	5	775,376	0.16
Over 1,000,000	1	470,800,660	98.92	1	470,800,660	98.92
	2,253	475,937,000	100.00	2,462	475,937,000	100.00

6. CATEGORIES OF SHAREHOLDERS

Number of shares	2025			2024		
	No. of Shareholders	No. of Shares	Shares %	No. of Shareholders	No. of Shares	Shares %
Local Individuals	2,134	3,512,240	0.73	2,285	3,499,975	0.74
Local Institutions	119	472,424,760	99.27	142	472,382,517	99.25
Foreign Individuals				35	54,508	0.01
Foreign Institutions	-	-	-	-	-	-
	2,253	475,937,000	100.00	2,462	475,937,000	100.00

7. MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	As at 31 March 2025	As at 31 March 2024
Market price per share as at the last trading date	Rs. 63.50	Rs. 43.90
Highest during the year	Rs. 95.00	Rs. 58.80
Lowest during the year	Rs. 37.00	Rs. 37.20
Earnings / (loss) per share	Rs. 4.04	(Rs. 3.34)
Net asset per share	Rs. 40.86	Rs. 36.82

	2024/25	2023/24
Number of Transactions during the year	5,892	4,891
Number of Shares traded during the year	3,944,073	2,332,631
Value of shares traded during the year (Rs.)	Rs.236,876,514.70	Rs. 101, 255,003.20

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE Fifty First (51st) ANNUAL GENERAL MEETING of the Company will be held on Wednesday 24 September 2025 at 10.30 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at the registered office of the Company at No.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 an Independent Mr Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

4. To re-elect as a Director Mr. T Dharmarajah who retires by rotation in terms of Article 93 of the Articles of Association of the Company

5. To re-elect as a Director Mr. J Selvaratnam who retires by rotation in terms of Article 93 of the Articles of Association of the Company

6. To re-appoint M/s Deloitte Partners as External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors.

7. To approve in terms of the Companies (Donations) Act No.26 of 1951, 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
PALM GARDEN HOTELS PLC

LOLC CORPORATE SERVICES (PVT) LTD
Secretaries

27 August 2025
Rajagiriya (in the greater Colombo)

Notice of Annual General Meeting (Contd.)

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. IMPORTANT NOTICE:

(a) **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."

(b) * Annual Report and Financial Statements of the Company are available on the: Corporate Website – https://lolc.com/investor-relations The Colombo Stock Exchange : https://www.cse.lk/pages/companyprofile/company profile.component. html?symbol=PALM.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 011 7248554 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com

Should Members wish to obtain a hard copy of the Annual Report, they may send a written request to the registered office of the Company by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

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

Notes

Form of Proxy

I/We .....

of .....

being a member/members of the above named Company hereby appoint .....

.....of whom failing

Waduthanthri Darshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Ranasinghe Lekamlage Eksath Chamikara Wijeratne	of Colombo or failing him
Thiyagarajah Dharmarajah	of Colombo or failing him
Janakan Selvaratnam	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Fifty first Annual General Meeting of the Company to be held on Wednesday 24th September 2025 at 10.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	For	Against
ORDINARY BUSINESS		
1. 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 as set out in item 2 of the Notice of Meeting.		
2. 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 3 of the Notice of Meeting.		
3. To re-elect as a Director Mr. T Dharmarajah who retires in terms of Article 93 of Articles of Association of the Company.		
4. To re-elect as a Director Mr. J Selvaratnam who retires in terms of Article 93 of Articles of Association of the Company.		
5. To re-appoint M/s Deloitte Partners as the External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors, as set out in item 6 of the Notice of Meeting.		
6. To authorize the Directors to make donations, as set out in item 7 of the Notice of Meeting		

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

.....
Signature of Shareholder

Form of Proxy (Contd.)

NOTE:

1) A proxy need not be a member of the company

INSTRUCTIONS AS TO COMPLETION

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:
   (i) addressed to the 'Company Secretaries and posted or hand delivered to the registered office of the Company at 100/1, Sri Jayawardenapura Mawatha, Rajagiriya;

   or

   (ii) Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "PALM AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

Registration of Shareholder Details for Online Participation

51ST ANNUAL GENERAL MEETING - REGISTRATION OF SHAREHOLDER DETAILS FOR ONLINE PARTICIPATION

To: LOLC Corporate Services (Pvt) Ltd
Secretaries to Palm Garden Hotels PLC
100/1, Sri Jayewardenapura Mawatha,
Rajagiriya

Details of Shareholder		
1. Full Name/s of Shareholder/s		
2. Address		
3. National Identity Card Number/ Company Registration number		
4. CDS Account number		
5. Contact number (mandatory)	Land line (residence/work):	Mobile:
6. Email address (it is mandatory for the shareholder to provide an email address in order to forward the login information for the on-line meeting link)		
In the event a Proxy Holder is appointed by the Shareholder		
7. Name of the Proxy holder		
8. Proxy holder's NIC/PP No.		
9. Proxy holder's contact No. (mandatory)	Land line (residence/work):	Mobile:
10. Proxy holder's email (it is mandatory for the proxy holder to provide an email address in order to forward the login information for the on-line meeting link)		

Important -Only registered shareholders and registered proxy holders will be permitted to log in and participate at the AGM on-line. Duly filled Form should be scanned and emailed to : corporateservices@lolc.com or Sent by facsimile to + 94 112865602 not less than 48 hours before the meeting.

I/My Proxy holder am/is willing to participate at the AGM online: Yes ☐ No ☐

Signature/s & date: ....

Principal Shareholder 1st Joint Holder 2nd Joint Holder

Notes

Stakeholder Feedback Form

Palm Garden 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/Organization : .....

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

- ☐ Shareholder
- ☐ Customer
- ☐ Community
- ☐ Public Authority
- ☐ Employee
- ☐ Student
- ☐ Regulatory Body
- ☐ Journalist
- ☐ Service Provider
- ☐ Supplier
- ☐ Special Interest Group

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.

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Submission

Please return the completed form to:

Investor Relations/ Communications

Palm Garden Hotels PLC , 100/1 Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF COMPANY
PALM GARDEN HOTELS PLC

DATE OF INCORPORATION
5 April 1973

LEGAL FORM
A Public Quoted Company with Limited Liability

COMPANY REGISTRATION NUMBER
No PQ 132

STOCK EXCHANGE LISTING
The Ordinary shares of the Company are listed on the Colombo Stock Exchange

BOARD OF DIRECTORS
W D K Jayawardena
Chairman

T Dharmarajah
Independent Director

J Selvaratnam
Independent Director

Mrs. K U Amarasinghe
Non-Executive Director

D S K Amarasekera
Non-Executive Director

Dr. J M Swaminathan
Non-Executive Director

R L E C Wijeratne
Non-Executive Director

AUDIT COMMITTEE
T Dharmarajah
Committee Chairman

J Selvaratnam
Independent Director

W D K Jayawardena
Non-Executive Director

REMUNERATION COMMITTEE
T Dharmarajah
Committee Chairman

J Selvaratnam
Independent Director

Mrs. K U Amarasinghe
Non-Executive Director

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
J Selvaratnam
Committee Chairman

T Dharmarajah
Independent Director

W D K Jayawardena
Independent Director

NOMINATION & GOVERNANCE COMMITTEE

J Selvaratnam
Committee Chairman

T Dharmarajah
Independent Director

W D K Jayawardena
Non-Executive Director

REGISTERED OFFICE
100/1, Sri Jayawardenapura Mawatha,
Rajagiriya, Sri Lanka

Tel : +94 11 7248248

Fax : +94 11 2865606

COMPANY SECRETARIES
LOLC Corporate Services (Pvt) Ltd

AUDITORS
Deloitte Partners

LAWYERS
Nithya Partners (Attorneys-at-Law)

REGISTRARS
Central Depository Systems (Pvt) Ltd

BANKERS
Nations Trust Bank PLC

SUBSIDIARIES
Serendib Hotels PLC

Dolphin Hotels PLC

Hotel Sigiriya PLC

Dickwella Resorts (Private) Limited

Green Paradise (Private) Limited

Sun & Fun Resorts Limited

Bodufaru Beach Resort (Private) Limited

Sanctuary Resorts (Private) Limited

Frontier Capital (Private) Limited

Serendib Leisure Management Limited

Browns Ari Resort (Private) Limited

Browns Raa Resort (Private) Limited

Browns Kaafu Resorts (Private) Limited

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(REGISTERED OFFICE)

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