

SERENDIB HOTELS PLC

ANNUAL REPORT | 2024/25



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ANNUAL REPORT
2024/25

Our Vision and Mission



OUR VISION

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



OUR MISSION

Our Guests

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

Our Customers

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

Our People

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

Our Community

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

Our Shareholders

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

OUR VISION OUR MISSION

Overview

OUR PHILOSOPHY

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

OUR VALUES



We Think Boldly

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

We Lead Change

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

We Thrive On Creativity

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

We Evolve With Our Customers

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

We Personalise Experiences

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

We Keep Learning

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

About Browns Hotels and Resorts



HOTELS & RESORTS

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

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

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

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

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

Financial Highlights - Group

		2025	2024
Revenue	Rs.000's	3,404,962	2,869,507
Profit before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs.000's	846,824	393,737
Profit before Tax	Rs.000's	596,842	660,528
Profit after Tax	Rs.000's	592,446	559,733
Profit Attributable to Equity Holders of the Parent	Rs.000's	523,777	425,406
Earnings per Share	Rs.	1.17	0.95
Cash Earnings per Share	Rs.	0.55	0.68
Interest Cover	Times	4.20	3.96
Return on Equity (ROE)	%	0.08	0.11
Return on Capital Employed (ROCE)	%	0.06	0.11

Statement of Financial Position Highlights and Ratios

Total Assets	Rs.000's	11,544,254	9,411,704
Total Debt	Rs.000's	154,264	706,491
Total Shareholders' Funds	Rs.000's	7,885,718	5,855,241
No. of Shares in Issue		446,103,176	446,103,176
Net Assets per Share	Rs.	17.68	10.11
Debt / Total Equity	%	2	11
Debt / Total Assets	%	2	9

Market/ Shareholder Information

Market Price of Share as at 31st March - Voting	Rs.	18.50	14.00
Market Price of Share as at 31st March - Non Voting	Rs.	11.70	8.70
Market Capitalisation - Voting	Rs.000's	954,216	612,756
Price Earnings Ratio	Times	15.81	14.74
Dividends per Share	Rs.	Nil	Nil
Dividends pay out	%	Nil	Nil

Rs. 13 Mn

Net Interest Cost

Rs. 597 Mn

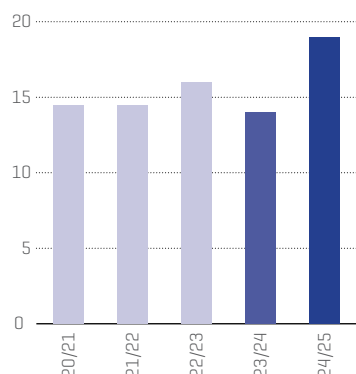
Profit Before Tax

Rs. 7,886 Mn

Net Assets

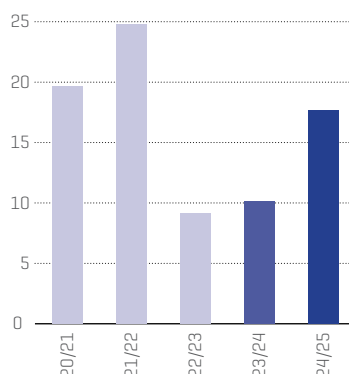
Market price Per Share

Rs.



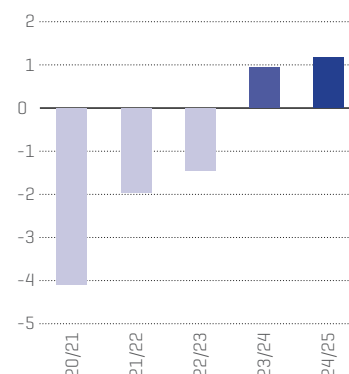
Net Assets Per Share

Rs.



Earning Per Share

Rs.



LEADERSHIP

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“LEADING HOSPITALITY WITH PURPOSE AND PASSION”

Dear Stakeholders,

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

THE GLOBAL TOURISM INDUSTRY IN 2024/25

The global tourism sector witnessed a dynamic phase during 2024/25, marked by a robust rebound fuelled by pent-up travel demand and easing pandemic-related restrictions. Travellers demonstrated a strong appetite for both leisure and business travel, driving a surge in international arrivals across key markets. Innovations in travel technology and sustainability practices gained momentum, reshaping how destinations and service providers engage with visitors.

Nonetheless, the industry faced ongoing challenges such as fluctuating fuel prices, geopolitical uncertainties, and evolving traveller expectations. Despite these hurdles, the global tourism landscape displayed resilience and adaptability, underscoring the sector's critical role in economic recovery and job creation worldwide.

FUTURE OUTLOOK OF THE TOURISM INDUSTRY 2025/26

Looking ahead to 2025/26, the tourism industry is poised to experience measured growth amid a complex global environment. Emerging trends point to a greater emphasis on responsible tourism, with consumers increasingly seeking authentic and environmentally conscious travel experiences. Digital transformation will continue to drive personalised guest experiences and operational efficiencies.

However, industry stakeholders must remain vigilant to risks such as climate change

impacts, labour market constraints, and regulatory shifts. Strategic investments in infrastructure, talent development, and sustainable practices will be vital to capitalise on the opportunities ahead and ensure long-term sector viability.

SRI LANKA TOURISM INDUSTRY

Sri Lanka's tourism sector is on an encouraging trajectory after overcoming recent challenges. The island's rich cultural heritage, biodiversity, and warm hospitality continue to captivate visitors, contributing to steady growth in tourist arrivals throughout 2024/25.

Government initiatives aimed at enhancing connectivity, easing visa processes, and promoting diverse tourism products have played a pivotal role in revitalising the industry. As the sector recovers, efforts to balance growth with sustainable resource management will be essential to preserve Sri Lanka's unique appeal and foster inclusive development.

Sri Lanka is actively driving tourism growth through targeted strategic efforts. With a strong emphasis on upgrading infrastructure, ensuring high safety standards, and championing sustainable tourism, the country is positioning itself as a premier travel destination. Investments in environmentally conscious resorts and the promotion of lesser-known locales are creating unique and authentic experiences for visitors seeking something beyond the traditional.

COMPANY & GROUP FINANCIAL PERFORMANCE

The year under review marked a period of steady financial growth and operational improvement for the Company. Net Revenue reached Rs. 859.4 million, reflecting a commendable increase from Rs. 746.3 million in the previous year. This performance demonstrates the continued recovery of the hospitality sector and the Company's ability to adapt to changing market dynamics. Operational profitability also saw a notable improvement, with the Company recording

a positive EBIT of Rs. 172.7 million, an encouraging rise from Rs. 114.8 million reported in the 2023/24 fiscal year. This growth reflects enhanced cost discipline, stronger revenue generation, and the impact of targeted strategic measures implemented across the portfolio.

The Consolidated Financial Statements capture the financial performance of Serendib Hotels PLC and its subsidiaries, including Hotel Sigiriya PLC, Dolphin Hotels PLC, Frontier Capital Lanka (Pvt) Limited, and Serendib Leisure Management (Pvt) Limited. During the financial year, the Group delivered a strong performance, achieving a net revenue of Rs. 3.4 billion compared to the Rs. 2.9 billion recorded in the previous year. This growth reflects the Group's continued recovery and resilience, driven by improved occupancy levels, enhanced operational efficiency, and a rebound in tourist arrivals.

In a significant turnaround, the Group reported a positive Earnings Before Interest and Taxes (EBIT) of Rs. 609.9 million, a improvement from the EBIT of Rs. 602.5 million in the prior year. This underscores the effectiveness of strategic initiatives implemented across the portfolio, including cost rationalisation, service enhancements, and targeted marketing efforts aimed at both domestic and international markets.

STRATEGIC PLANNING FOR SUSTAINED GROWTH

In response to the continuously evolving dynamics of the global tourism industry, the Company has formulated a robust and adaptable strategic framework to ensure sustained growth and long-term resilience. This comprehensive plan integrates both short-term tactical initiatives and long-term strategic objectives, carefully aligned with market trends, consumer behaviour shifts, and macroeconomic indicators.

Key focus areas include expanding into high-potential markets, accelerating digital transformation across customer touchpoints, enhancing operational efficiency, and

Chairman's Review

strengthening risk management protocols. These strategies are designed not only to capitalise on the resurgence of travel demand but also to future-proof the business against volatility and external disruptions.

By adopting a data-driven approach and fostering cross-functional collaboration, the Company is well-positioned to navigate industry uncertainties, unlock new revenue streams, and deliver consistent value to stakeholders as the market continues to recover and evolve.

APPRECIATION

On behalf of the Board of Directors, I wish to extend my heartfelt gratitude to all stakeholders, our valued guests, loyal shareholders, dedicated employees, and business partners for their unwavering support and trust during the year.

A special note of appreciation is due to our management and staff, whose resilience, professionalism, and passion have been the backbone of our continued progress. As we move forward, I am confident that our collective commitment to excellence will enable us to seize new opportunities and navigate future challenges with determination.

We remain steadfast in our vision to deliver exceptional guest experiences while contributing meaningfully to the growth of the Sri Lankan tourism sector.



W.D.K. Jayawardena
Chairman

SERENDIB HOTELS PLC
15 August 2025

“DELIVERING EXPERIENTIAL HOSPITALITY THROUGH PERFORMANCE EXCELLENCE”

Dear Stakeholders,

It is my pleasure to present the Annual Report and Financial Statements of Serendib Hotels PLC for the year ended 31st March 2025. This year has been marked by renewed momentum, global recognition, and a strengthened commitment to sustainable hospitality across our portfolio.

GLOBAL TOURISM INDUSTRY – 2025

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

SRI LANKA TOURISM INDUSTRY – 2025

Sri Lanka made a confident return to the global tourism spotlight in 2024, welcoming over two million international visitors—the highest recorded since 2018. The country

earned multiple accolades, including “Most Desirable Island in the World” at the 2024 Wanderlust Reader Travel Awards, ninth place on BBC Travel’s “25 Best Places to Travel in 2025,” and “Most Family-Friendly Destination for 2025” by Condé Nast Traveller.

Europe remained the leading source region for inbound arrivals, accounting for a 38% increase in visitor numbers in 2024 compared to 2023. With improved air connectivity, focused destination marketing, and growing interest in wellness, culture, and responsible travel, Sri Lanka is on track to reclaim its position as South Asia’s most experiential destination. The government’s renewed commitment to infrastructure development, combined with innovative marketing strategies and improved connectivity, is facilitating greater access and convenience for visitors. As global travellers increasingly prioritise safety, wellness, and meaningful engagement, Sri Lanka is uniquely positioned to meet these demands while fostering community empowerment and environmental stewardship. Our company remains dedicated to supporting this renaissance by delivering exceptional hospitality services that highlight the best of what Sri Lanka has to offer, contributing to the nation’s tourism growth and long-term sustainability.

DESTINATION HIGHLIGHTS

The properties under Serendib Hotels PLC are situated in some of Sri Lanka’s most sought-after destinations, each offering distinct experiences that celebrate the island’s cultural richness, biodiversity, and natural beauty.

In Negombo, Club Hotel Dolphin serves as a vibrant gateway to the charismatic coastal town of Negombo—recently ranked 16th on The New York Times’ “52 Places to Go in 2024.” With its labyrinth of canals, scenic lagoon, and diverse cultural fabric, Negombo continues to attract international stopovers and local families seeking a relaxed seaside retreat just minutes from the airport.

Further down the coast, Thaalaa Bentota immerses travellers in the essence of tropical Sri Lanka—where design, landscape, and local culture converge. The resort was originally designed by legendary architect Geoffrey Bawa, reflecting his signature

tropical modernist style that harmonises with its beachfront setting. With easy access to Bevis Bawa’s Brief Garden, the iconic Madu River boat safari, turtle hatcheries, and the famed Ambalangoda mask museums, Thaalaa Bentota serves as a gateway to coastal art, heritage, and nature. In 2024, Bentota Beach was named one of TripAdvisor’s Best Beaches in Asia, reinforcing its status as a top-tier destination for sun and sea.

In the south, the Reveal Collection in Mirissa places guests at the heart of a tropical playground known for its Instagrammable landmarks—Coconut Tree Hill, Parrot Rock, and golden surfing beaches. With its laid-back luxury, proximity to whale watching, and vibrant coastal energy, Reveal Mirissa offers an experience where nature, comfort, and purpose converge.

Moving inland, Sigiriya—home to Hotel Sigiriya—stands as one of Sri Lanka’s most iconic cultural and archaeological landmarks. Often referred to as the “Lion Rock,” this 5th-century fortress rises dramatically from the jungle canopy, revealing ancient frescoes, the famed Mirror Wall, and sophisticated water gardens carved into stone. In a testament to its welcoming spirit and enduring appeal, Sigiriya was named the Most Welcoming City in the World by Booking.com in 2024, highlighting its unique blend of heritage, natural beauty, and heartfelt hospitality.

OUR MARKET OUTREACH

Over the past year, Serendib Hotels significantly expanded its guest reach through an integrated strategy that combined digital presence, trade engagement, and ground-level activations.

Our digital campaigns were underpinned by a robust mix of SEO, Meta, and Google advertising, designed to drive high-intent traffic to our booking engines while telling authentic, experience-led stories across platforms. User-generated content (UGC) became a core driver of visibility and credibility, with guest experiences organically amplifying our reach across Instagram and TikTok. These efforts not only helped us build top-of-mind awareness but also created meaningful engagement among our core markets.

CEO's Review

Our properties have continued to strengthen their presence across key online travel agencies, with year-on-year improvements in OTA rankings. All Serendib Hotels PLC properties received the Tripadvisor Travelers' Choice Awards and Booking.com Guest Review Awards in 2024. Notably, Club Hotel Dolphin was honored with the HolidayCheck 2025 Award as one of the world's most popular hotels and was named Top Hotel Partner 2025 by Schauinsland Reisen. Additionally, Thaala Bentota and Hotel Sigiriya both secured Agoda Gold Circle Awards, while the Reveal Collection in Mirissa earned recognition through the Kayak Awards.

In 2024, Club Hotel Dolphin celebrated two major industry accolades: South Asia's Leading All-Inclusive Resort at the South Asian Travel Awards and Sri Lanka's Best Four-Star Resort at the Sri Lanka Tourism Awards [SLimitedA].

Participation at international travel trade fairs including WTM London, ITB Berlin, and SATTE Delhi enabled direct engagement with travel agents and DMCs, strengthening long-term partnerships and opening new business pipelines. Locally, above-the-line campaigns were activated during peak travel windows—especially during Avurudu and holiday weekends—driving brand recall and occupancy among domestic travellers, families, and corporates.

FINANCIAL PERFORMANCE

In 2024/25, both the Company and the Group delivered a strong performance, reflecting resilience and renewed momentum in the tourism sector. Revenue rose to Rs. 859.4 million at the Company level and Rs. 3.4 billion for the Group, compared to Rs. 746.3 million and Rs. 2.9 billion in the prior year.

Profitability also strengthened, with the Company reporting EBIT of Rs. 172.7 million and the Group reaching Rs. 609.9 million—clear evidence of effective cost management and the continued recovery of core operations.

The Company and the Group reported a profit before tax of Rs.71.3 Mn and Rs. 596.8 Mn respectively for the year under review.

These results not only reinforce the strength of our financial foundation but also position us to build confidently for the future. Guided by a clear strategy, we will continue to harness industry recovery, enhance guest experiences, and unlock long-term value for all stakeholders.

SUSTAINABILITY INITIATIVES

Serendib Hotels reaffirmed its leadership in sustainability with impactful initiatives that bridged ecological responsibility, education, and community engagement across regions.

Club Hotel Dolphin emerged as a leader in ecosystem conservation through the launch of the Nipa Palm Conservation Project, initiated in collaboration with Wayamba University and the Wildlife & Nature Protection Society. Over 500 Nipa Palm seeds were cultivated in an in-house nursery and planted along the Gin Oya riverbanks, following biodiversity surveys led by subject matter experts. The first ceremonial transplanting took place on 4th February 2025, aligning with World Wetlands Day and Sri Lanka's Independence Day.

Thaala Bentota Resort placed a strong focus on youth-led environmental education through its '500 Jack Trees Project', carried out in collaboration with the Nature Societies of local schools. By March 2025, a total of 502 jackfruit trees had been planted across multiple educational institutions in the Bentota region. The resort also led the Rathamilla Mangrove Conservation Project, focusing on preserving a critically endangered mangrove species found in the Bentota estuarine ecosystem. Community education sessions and interpretive signage helped amplify the initiative's reach with the Department of Wildlife, which was honoured with a Gold Award in Conservation and Wildlife at the Green Apple Environment Awards 2024 [UK].

Hotel Sigiriya celebrated World Wildlife Day 2025 by engaging students from Sigiriya Central College in an art competition centred on human-elephant conflict. The programme, supported by the Department of Wildlife Conservation, aimed to encourage awareness and empathy around the complexities of

coexistence. Hotel Sigiriya pioneered a sustainable bee honey farming project aimed at strengthening community engagement and promoting local agricultural livelihoods. Led by experienced Agriculture Instructor, the initiative equips participants with bee boxes, colonies, and ongoing technical support to ensure successful beekeeping practices. To enhance impact, Hotel Sigiriya commits to purchasing the harvested honey from the local community, integrating it into their culinary and wellness offerings.

Frontier Capital/Reveal the Collection in Mirissa continued to operate the only sea turtle hatchery in Kamburugamuwa, with over 40,000 eggs protected and released to date. The hatchery marked a milestone with its 80th batch of hatchlings released in early 2025. This long-standing initiative plays a vital role in marine conservation and environmental education. A notable milestone was the awarding of the Good Travel Seal for Responsible Tourism to Frontier Capital Partners by Travelife, recognising our continued commitment to sustainable operations and transparent practices across the Group.

Across the Group, Earth Day 2025 was commemorated through tree planting drives, educational workshops, and coastal cleanups. Earth Hour, observed on 22nd March, saw symbolic energy-saving activities carried out at all hotels, reinforcing Browns Hotels & Resorts' continued support for climate action.

HUMAN RESOURCE CAPITAL

At Serendib Hotels, we recognise that exceptional service begins with exceptional people. In 2024/25, we strengthened internal capabilities through structured training, skill-building, and leadership development.

Our Hotel Trainee Program provided real-time exposure to hospitality operations, while the Management Trainee Program, which graduated its latest cohort in January 2024, continued preparing future leaders for the industry. The FutureKey initiative created structured pathways into hospitality for school leavers in surrounding communities, bridging skill gaps and creating meaningful impact.

CEO's Review

Special focus was placed on food and beverage innovation training, introducing specialised wine and tea education programmes, and culinary workshops aligned with our renewed concepts. These sessions were rolled out across all properties, empowering staff to deliver elevated guest dining experiences with confidence and knowledge.

Recognition and reward remain central to our culture, with performance-linked bonuses and the annual staff trip allowing team members and their families to relax and reconnect at a Browns property of their choice.

APPRECIATION

I extend my heartfelt gratitude to the Chairman and Board of Directors of Serendib Hotels PLC, as well as our valued shareholders, for their continued trust and confidence in my leadership. The milestones we have reached over the past year are a testament to the unwavering support and collaboration of all our stakeholders.

I also express my sincere appreciation to our loyal guests, dedicated business partners, and the corporate management team for their ongoing commitment. Most importantly, I commend our exceptional staff and their families for their resilience, dedication, and tireless efforts in delivering outstanding service, even during the most challenging times. Their contribution remains the cornerstone of our success.



E.C. Wijeratne

Chief Executive Officer – Browns Hotels and Resorts Limited

15 August 2025

Board of Directors

W. D. K. JAYAWARDENA

Chairman

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

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States - Sri Lanka Fulbright Commission.

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

D. S. K. AMARASEKERA

Non Executive Director

Mr. Amarasekera was appointed to the Board w.e.f. 11th February 2021. 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 Jayawardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. In addition to his directorship in this company, his other key appointments are: Non Executive Director - , Madulsima Plantations PLC, Ceylon Hotels Corporation PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantations PLC, Three Tips Ella (Private) Limited and Independent Director of Eden Hotel Lanka PLC & Palm Garden Hotels PLC and several other subsidiaries of Browns Investments Group.

DR J M SWAMINATHAN

Non Executive Director

Dr. J M Swaminathan was appointed to the Board w.e.f. 11th February 2021. 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.

K U AMARASINGHE (MRS)

Non-Executive Director

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

Executive Director

- LOLC Holdings PLC

Director

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

Board of Directors

S A CHOJNACKI

Non-Executive Director

Mr. Chojnacki was appointed to the Board on 25th January 2017 and is the Chief Commercial Officer and General Counsel of Minor International PCL. Mr. Chojnacki holds degrees in economics, foreign affairs and law from the University of Virginia, USA. Mr. Chojnacki is based in Bangkok and has worked for Minor International for 17 years, across Minor's hotel, food and distribution businesses. Mr. Chojnacki is a practicing lawyer admitted to the New York Bar. Prior to joining Minor International, Mr. Chojnacki worked for Linklaters, a large global law firm, in their New York, Hong- Kong and Bangkok offices.

E J D RAJAKARIER

Non-Executive Director

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

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

W A T M WIJESINGHE

Independent Director

Mr. Wijesinghe was appointed to the Board w.e.f. 28th July 2016. He has three bachelors' degrees in Engineering, Economics and Business Administration from Cornell University, USA.

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

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

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

T DHARMARAJAH

Independent Director

Mr. Dharmarajah was appointed to the Board w.e.f. 01st October 2024. 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 Limited 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 was also a former president of the Association of Accounting Technicians of Sri Lanka.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

15-18

Operational Review

SERENDIB HOTELS PLC

The Management Discussion and Analysis (MD&A) presents a comprehensive review of Serendib Hotels PLC's performance for the financial year 2024/25. It highlights the Company's/Group's key developments, the broader industry context, and the strategic priorities as we move forward in an evolving global tourism landscape.

GLOBAL TOURISM INDUSTRY OVERVIEW

The global tourism industry saw a full resurgence in 2024, reaching approximately 1.4 billion international arrivals, equivalent to 99% of pre-pandemic [2019] levels, as reported by the UNWTO. This rebound was driven by lifted travel restrictions, strong pent-up demand, and renewed outbound travel from leading markets including China, the USA, and Europe.

Tourism's role in the global economy was firmly re-established, with the World Travel & Tourism Council (WTTC) estimating the sector's total contribution at USD 11.1 trillion, or 9.2% of global GDP. Employment in the sector also rebounded to support 348 million jobs, underscoring tourism's extensive value chain and its positive impact on related industries such as aviation, hospitality, and transport.

The Asia-Pacific, The Asia-Pacific, Europe and the middle east, surpassed pre-COVID visitor volumes. However, the resurgence also intensified concerns over sustainability, prompting regulatory responses such as the EU's Green Claims Directive aimed at increasing accountability and fostering responsible tourism development.

SRI LANKAN TOURISM INDUSTRY PERFORMANCE

Sri Lanka experienced a strong recovery in 2024, recording 2 million international tourist arrivals, a 38% increase year-on-year—the highest since 2019. This growth reflects the country's regained positioning as a desirable global destination, with renewed interest in its rich cultural heritage, scenic landscapes, and eco-diverse offerings.

Tourism earnings reached an estimated USD 3.17 billion, supported by, extended visitor stays, focused marketing efforts, global economic recovery and higher travel spending, strategic outreach to high-value source markets.

Demand was notably strong from India, Russia, the UK, and China, while the Gulf region demonstrated a marked rebound, aided by improved connectivity and visa policy enhancements.

The government's proactive policy environment significantly influenced sectoral growth. A notable initiative was the 30-day visa-free entry programme for selected countries introduced in late 2024, which helped lower barriers to travel and diversify arrival streams. Infrastructure improvements—including airport and road upgrades—and continued tourism promotions further improved the travel experience and destination visibility.

In parallel, investment incentives revitalised the hospitality sector, encouraging refurbishment and capacity expansion across the accommodation landscape.

These developments have firmly repositioned Sri Lanka on the global tourism map and laid the groundwork for sustainable growth in 2025/26 and beyond, with a focus on high-value, experience-driven, and eco-conscious travel.

Please refer the table below for the new key trends in the tourism industry:

Key Focus Area	Key Development	Impact
Sustainability and Responsible Travel [Sustainability has moved from a niche concern to a mainstream imperative. Stakeholders across the tourism value chain—governments, investors, consumers, and businesses—are prioritising environmental stewardship, social responsibility, and economic viability. This shift is driven by mounting evidence of tourism's impact on ecosystems, communities, and cultural heritage.]	Globally, destinations are enforcing limits on visitor numbers to prevent over-tourism and degradation of natural and cultural sites. For example, UNESCO World Heritage sites have started imposing stricter visitor caps.	Consumer Behaviour: Travellers are willing to pay a premium for eco-friendly options and are actively seeking out destinations and experiences that align with their values.
	Regulatory frameworks like the European Union's Green Claims Directive require tourism businesses to substantiate their environmental claims with transparent, verifiable data, combatting greenwashing and ensuring consumer trust.	Destination Management: Destinations are implementing sustainable practices to attract eco-conscious tourists and preserve their natural resources.

Operational Review

Key Focus Area	Key Development	Impact
	<p>Many hotels and resorts are adopting science-based targets to reduce carbon emissions, integrate renewable energy, and enhance water conservation. Certifications such as Global Sustainable Tourism Council (GSTC) and LEED accreditation have gained prominence.</p> <p>Communities are demanding greater involvement in tourism planning and revenue-sharing to ensure benefits are equitably distributed and cultural integrity is preserved.</p>	<p>sustainability must be embedded not just in marketing, but in operations—from energy management and waste reduction to community engagement and supply chain choices. Adopting credible certifications and transparent reporting will build trust among environmentally conscious travellers and partners, while mitigating risks related to regulatory non-compliance and reputational damage.</p>
<p>Wellness and Experiential Travel [Wellness tourism and experiential travel are driving a paradigm shift from passive sightseeing to active, meaningful engagement. Travellers increasingly seek experiences that promote physical, mental, and spiritual well-being, as well as authentic cultural immersion.]</p>	<p>The global wellness tourism market is projected to reach USD 2.1 trillion by 2030, with wellness travellers spending 35–130% more than average tourists. This includes demand for spas, yoga retreats, Ayurveda treatments, and nature-based healing.</p> <p>Experiential travel encompasses participation in local traditions, culinary experiences, craft workshops, and slow tourism—where travellers spend longer in fewer places to deeply connect with the culture and environment.</p> <p>Destinations that curate wellness and cultural experiences holistically, such as Bali’s integration of spirituality and ecotourism or Japan’s focus on traditional wellness rituals, have seen increased visitor loyalty and premium pricing.</p>	<p>Wellness and experiential travel broaden the range of products and services a destination can offer. Instead of focusing solely on traditional sightseeing, destinations now provide holistic wellness experiences—such as spa retreats, yoga, meditation, and holistic healing—and immersive cultural activities like local cooking classes, nature exploration, and community-based tourism. This diversification attracts new visitors and encourages longer stays.</p> <p>Travellers seeking wellness and authentic experiences often have a higher willingness to spend on premium services, including boutique accommodations, personalised wellness treatments, guided experiential tours, and local artisan products. This increased spending supports local businesses and generates higher economic returns for the destination.</p> <p>Destinations that successfully integrate wellness and experiential offerings often position themselves as forward-thinking, health-conscious, and culturally rich. This strengthens their brand appeal globally and differentiates them from competitors, attracting niche markets such as wellness seekers, adventure travellers, and culturally curious visitors.</p>

Operational Review

Key Focus Area	Key Development	Impact
Smart Tourism and Digital Integration Technology adoption continues to transform the tourism landscape by enhancing operational efficiency, personalising guest experiences, and improving destination management.	The rise of contactless technologies, mobile apps, AI-driven chatbots, and biometric identification has accelerated post-pandemic, making travel safer and more convenient.	Smart tourism leverages digital technologies such as mobile apps, virtual reality [VR], augmented reality [AR], and AI-powered chatbots to provide travellers with personalised, seamless, and interactive experiences. From virtual tours and real-time information to personalised recommendations, digital integration helps tourists navigate destinations effortlessly and enriches their overall journey.
	Big data and IoT devices enable smart destinations to monitor tourist flows in real time, optimise resource allocation, and minimise congestion at popular attractions, thereby improving the overall visitor experience.	Digital tools enable tourism businesses and destinations to streamline their operations. Online booking systems, digital payment gateways, and automated check-ins reduce wait times and improve service delivery. Data analytics help in managing resources effectively, optimising staff deployment, and enhancing maintenance schedules, leading to better operational performance.
	Virtual reality [VR] and augmented reality [AR] tools are used for immersive pre-trip planning and onsite engagement, appealing to tech-savvy travellers.	Smart tourism relies heavily on data collection and analytics. By analysing visitor behaviour, preferences, and feedback, stakeholders can make informed decisions about marketing, product development, and resource allocation. This leads to more targeted promotions, better demand forecasting, and the ability to quickly respond to emerging trends.
	Digital marketing strategies, including influencer partnerships and user-generated content, play a significant role in shaping travel decisions and brand perception.	Digital platforms such as social media, travel blogs, and online travel agencies [OTAs] allow destinations and businesses to reach global audiences more effectively. Interactive content, influencer collaborations, and targeted advertising boost engagement, driving higher tourist arrivals and brand loyalty.

SERENDIB HOTELS PLC AND SERENDIB GROUP.

Please refer the below table for the nature of operations and the principal place of business of the subsidiaries, which are consolidating at Serendib Hotels PLC level.

No	Name of the Company	Nature of operations	Principal place of business
01	Serendib Hotels PLC	Operating Hotel	Bentota
02	Dolphin Hotels PLC	Operating Hotel	Waikkala
03	Hotel Sigiriya PLC	Operating Hotel	Sigiriya
04	Frontier Capital Lanka (Private) Limited	Operating Hotel	Mirrisa
05	Serendib leisure Management Limited	Management Company	Colombo
Non-Operating Company			
	Sanctuary Resorts Private Limited	Non-Operating	N/A

IMPACT ASSESSMENT OF SERENDIB HOTELS PLC

» Economic Impact

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

» Social Impact

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

Operational Review

» Environmental Impact

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

» Cultural Impact

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

» Strategic Partnerships

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

» Going Concern Assessment

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

GOING CONCERN

The Directors have assessed the Group's/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, Board is not aware of any material uncertainty that may cast a significant doubt upon the Group's/Company's ability to continue as a Going Concern, and they do not intend either to liquidate or to cease operations of the Group/Company and subsidiaries of Serendib Group.

FINANCIAL REVIEW

During the year under review, both the Company and the Group delivered strong financial results, marked by substantial growth in net revenue. The Company recorded revenue of Rs. 859.4 million, while the Group achieved Rs. 3.4 billion—

representing a notable increase from Rs. 746.3 million and Rs. 2.9 billion, respectively, in the previous financial year. This growth reflects the ongoing recovery of the tourism sector and improved operational momentum.

Operational performance also improved significantly across both entity and group. The Company posted a EBIT of Rs. 172.7 million, compared to the EBIT of Rs. 114.8 million reported in the prior year. At the Group level, EBIT reached Rs. 609.9 million, indicating a strong recovery in core business performance and effective cost control measures.

In line with the Group's Revaluation Policy, Serendib Hotels PLC and its subsidiaries revalued land, buildings, and Right-of-Use assets as at 31st March 2025. This revaluation resulted in a surplus of Rs. 338.2 million at the Company level and Rs. 2 billion at the Group level. As a result, the Total Asset Base stood at Rs. 4.2 billion for the Company and Rs. 11.5 billion for the Group as at the reporting date, further reinforcing the strength of the balance sheet.

Outlook for 2025–26 and Beyond- Leisure and Tourism Industry

The outlook for the global leisure and tourism industry in 2025–26 and the years ahead is broadly optimistic, supported by a full-scale post-pandemic recovery, increasing disposable incomes in emerging markets, and a continued shift in consumer preferences toward experience-driven, sustainable travel. International tourist arrivals are expected to exceed pre-pandemic levels in most regions, with Asia-Pacific and the Middle East projected to be the fastest-growing zones due to improved air connectivity and aggressive destination marketing. The World Travel & Tourism Council (WTTC) anticipates that the industry will continue to expand its contribution to global GDP, employment, and cross-border commerce, particularly as travel becomes more accessible and inclusive.

In Sri Lanka, the industry is poised for accelerated growth, with the government targeting over 3 million tourist arrivals and USD 5 billion in revenue in 2025. Key enablers of this growth include enhanced digital visa processing, destination rebranding initiatives, expanded direct flight routes, and renewed geopolitical stability. With Sri Lanka now repositioning itself as a premium eco-cultural destination, there is strong potential to attract high-value travellers

from both mature and emerging markets. The ongoing focus on wellness tourism, heritage exploration, and sustainable eco-retreats aligns closely with global demand trends.

Technological transformation will also shape the future of the leisure industry. Artificial intelligence, virtual reality (VR), big data, are becoming integral to delivering personalised, frictionless guest experiences. Meanwhile, rising consumer consciousness about the climate crisis will pressure operators to go beyond surface-level green initiatives and adopt measurable, third-party verified ESG practices. Regulatory bodies in the EU and other developed markets are already pushing for transparent reporting of environmental claims, making genuine sustainability credentials a prerequisite for international competitiveness.

From a business model perspective, collaboration will be critical to success. Hotels and resorts will increasingly rely on strategic alliances with online travel agencies (OTAs), destination management companies (DMCs), wellness service providers, and even local communities to curate compelling guest experiences. Co-branding, cross-promotion, and bundled offerings will grow as operators seek differentiation in a highly saturated digital marketplace.

For Serendib Hotels PLC, these trends present both challenges and opportunities. The Group/Company must continue to build agility, strengthen its position in wellness and cultural tourism, and invest in sustainable infrastructure to meet the evolving expectations of tomorrow's traveller. With Sri Lanka gaining recognition as an upmarket destination and tourism revenues returning to growth, Serendib Hotels PLC is well-positioned to capitalise on these tailwinds by offering authentic, eco-conscious, and digitally integrated leisure experiences.

Overall, while the travel and tourism sector is set for strong recovery and growth in 2025, effectively addressing the associated challenges will be essential to maintaining this momentum and ensuring long-term success.

STEWARDSHIP

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Risk Management

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

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

THE GROUP RISK POLICY

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

This implies that we will:

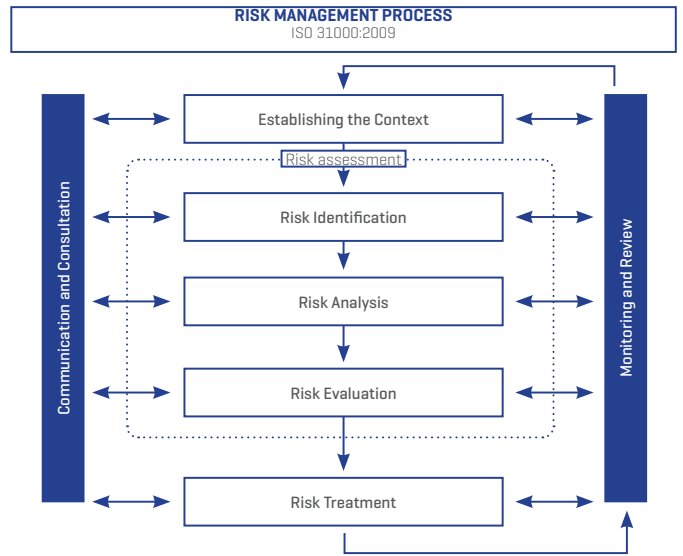
- » Implement an effective and integrated risk management system while maintaining business flexibility.
- » Identify and assess material risks associated with our business, monitor, manage and mitigate risks

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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



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

RISK EVALUATION AND MAPPING

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

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

RISK MATRIX

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

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

MANAGING RISK

Risk category	Risk Exposure	Risk Mitigating Actions
<p>1. Global Travel Risk</p> <p>Risk Assessment</p> <p>Impact : Extraordinary</p> <p>Likelihood : Almost certain</p>	<p>Adverse impact on global travel due to country borders being shutdown / negative travel advisories / cancellation of flights and negative appetite of foreign travel among global travellers due to adverse social and economic condition of the country</p>	<ul style="list-style-type: none"> » Implementation of recommended safety protocols to ensure safety of guests and employees » Actively participate in industry associations to lobby for releasing negative travel advisories » Join in Destination marketing campaigns on social media and other digital media
<p>2. Macroeconomic & Political Risks</p> <p>Risk Assessment</p> <p>Impact : Extraordinary</p> <p>Likelihood : Almost certain</p>	<p>Increase of operational costs / Decrease in revenue / Increase in finance cost / Cash flow deficiencies / Cancellation of reservations / Barriers on supply chain</p>	<ul style="list-style-type: none"> » Placement of contingency and recovery plans to mitigate the exposure to unexpected fluctuations / crisis » Active participation in industry associations to lobby for releasing negative travel advisories » Management being on alert regularly for changes in economic and political environment as to identify risks at possible earliest stage
<p>3. Liquidity Risk</p> <p>Risk Assessment</p> <p>Impact : Major</p> <p>Likelihood : Likely</p>	<p>Risk of inability to meet short term loan repayments / supplier payments and other liabilities</p>	<ul style="list-style-type: none"> » A significant component of interest bearing loans and borrowings were settled from the cash proceeds obtained from the right issue. » Negotiating new overdraft facilities to fund short term cash requirements » Negotiation of longer credit periods with suppliers » Re-negotiation of all contracts / subscriptions and annuities for better credit terms » Maintaining the fixed overheads at a minimum level to control operational cash-burn
<p>4. Risk of non-compliance</p> <p>Risk Assessment</p> <p>Impact : Major</p> <p>Likelihood : Likely</p>	<p>Possible requirement of mandatory disclosure of star rating of hotels</p>	<ul style="list-style-type: none"> » Invest in all properties for the necessary improvements to retain the currently advertise star rating
<p>5. Market Risk</p> <p>Risk Assessment</p> <p>Impact : Major</p> <p>Likelihood : Almost certain</p>	<p>Adverse impact on yields and occupancies due to fluctuation in demand</p>	<ul style="list-style-type: none"> » Diversification of group's business risk by entering in to boutique hotels and villa operation » Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets · Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence · Sourcing new markets and developing new channels » Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators"
<p>6. Credit Risk</p> <p>Risk Assessment</p> <p>Impact : Moderate</p> <p>Likelihood : Likely</p>	<p>Risk arising due to default by customers due to possible bankruptcy of travel agents / tour operators. Impact on liquidity and profitability</p>	<ul style="list-style-type: none"> » Credit is allowed only for approved customers which is reviewed bi-annually » Monitor and review the overdue debtor balances monthly » Obtain booking advances » Compliance to laid down credit SOPs on credit control » signing up for payment plans with Tour Operators& Travel Agents"

Risk Management

Risk category	Risk Exposure	Risk Mitigating Actions
7. Health and Safety Risk Risk Assessment Impact : Moderate Likelihood : Moderate	Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.	<ul style="list-style-type: none"> » Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition » The Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same » The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided » Tour operator safety standards are complied with and necessary action is taken immediately on any concern area related to health and safety based on audit inspections done by tour operators » The company sources its products and services from approved suppliers » Performing quarterly health and Safety audit reviews
8. Foreign Exchange Rate Risk Risk Assessment Impact : Moderate Likelihood : Likely	Adverse impact on P&L and gearing	<ul style="list-style-type: none"> » Exchange rate movements are taken into consideration when entering into contracts with travel agents » Structure Forex borrowings in proportion to the revenue currency mix Hedge in Forward Rate Agreements (FRAs)
9. Human Resource Risk Risk Assessment Impact : Moderate Likelihood : Rare	Risk of losing skilled and trained human capital and recruitment of right staff for new hotel developments. Trade union activities resulting in work disruptions	<ul style="list-style-type: none"> » Establish career development programmes and succession plans in order to retain and motivate the talent pool of the company » Provide focused and structured training for staff at all levels to aid personal and professional development » Develop a strong employer brand to attract staff of the right quality » Increasing employee engagement through designing recognition programmes

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

Corporate Governance

INTRODUCTION

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

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

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

The Board has determined that Mr. W A T M Wijesinghe and T Dharmarajah can appropriately be classified independent directors. This determination is based on their professionalism and conduct. Their expertise and experience are of great value in decision making.

BOARD INDEPENDENCE

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

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

To facilitate more detailed discussion, the Board has appointed Sub Committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 35 to 41.

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

AUDITORS

During the year under review Deloitte Partners Chartered Accountants served as the External Auditors of the Company and they were paid Rs.1,800,000 as audit fees.

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

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

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

STAKEHOLDERS

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

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

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

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

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

The Reports of these Committees can be found on pages 35 to 41 and provide further details.

COMPLIANCE WITH REGULATIONS

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

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

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

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out, in the Annual report of the Company.	Complied with The Company's commitment to the Corporate Governance Code of CSE is detailed herein.
Policies		
9.2.1	The Company shall establish and maintain the following new policies and disclose the fact of existence of such policies by the Company on its website. <ul style="list-style-type: none"> a) Policy on the matters relating to the Board of Directors b) Policy on board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities f) Policy on Risk management and Internal Control g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti- Bribery and Corruption 	Complied with Summarised versions of all policies are now hosted on the:- The Corporate Website https://www.brownshotels.com/investor-relations
9.3	Board Committees	
9.3.1.	The Company to ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. <ul style="list-style-type: none"> a) Audit Committee b) Remuneration Committee c) Related Party Transaction Review Committee d) Nomination & Governance Committee 	The Committees are already in place and are functioning effectively;
9.3.2	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	Complied With
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied with. Mr W D K Jayawardena serves as the Chairman of the Company while T Dharmarajah -Independent Director serves as the Committee Chairman

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1.	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. A) The number of shares in respect of which proxy appointments have been validly made; B) The number of votes in favour of the resolution; C) The number of votes against the resolution; and D) The number of shares in respect of which the vote was directed to be abstained	Complied with Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.	In terms of Rule 9.2.1, a policy on Relations with Policy on matter relating to the Board of Directors 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 Policy on matter relating to the Board of Directors is in place and hosted on the website.
9.6	Chairperson and CEO	
9.6.1	The Chairperson of the Company shall be a Non Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director (SID) is appointed by such Entity in terms of Rule 9.6.3 below	Complied with The Chairman of the Company is a Non-Executive Director. The positions of Chairperson and CEO are not held by the same individual.
9.6.3.	The Company shall appoint an Independent Director as the SID in the following instances: i) The positions of the Chairperson and CEO are held by the same individual. ii) The Chairperson is an Executive Director. iii) The Chairperson and CEO are Close Family Members or Related Parties	Noted for Compliance should the need arise
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.3	The Listed Entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	Complied with All the Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of Five (05) Directors	Complied with 2 out of the 8 Board Members are Independent Directors. Both Directors have submitted annual declarations confirming their independence

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.8.2	MINIMUM NO OF INDEPENDENT DIRECTORS a Board Of Directors shall include at least two (02) Independent Directors or such numbers equivalent to 1/3 of the Directors whichever is higher.	Complied with
9.9.	Alternate Directors Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	No Alternate Directors have been appointed to the Board thus far. Agree to comply should the need arise.
9.10	Disclosures relating to Directors	
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	Complied with : The maximum number of directorships a Board member is permitted to hold includes 10 Specified Business Entities (SBE) and 10 non-SBEs. This is specified in the Policy on Matters Relating to the Board of Directors which is hosted on the corporate website.
9.10.2.	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; i) a brief resume of such Director; ii) his/her capacity of directorship; and, iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.	Complied with. All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including a statement that such appointments have been reviewed by the Nominations & Governance Committee
9.11 & 9.1.1.4 Nomination and Governance Committee		
	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board together with written Terms of Reference.	Complied with A Nomination and Governance Committee is in place. As of 31st March 2025 the Committee comprised 3 non executive directors of whom 2 are independent.
	The members of the Nominations and Governance Committee shall; a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. b) Not comprise of Executive Directors of the Listed Entity. c) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. d) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity	Please refer Committee Report on page 40
9.12	Remuneration Committee	
9.12	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 37

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.12.6.	<p>Composition of the Remuneration Committee</p> <p>The Committee shall comprise;</p> <ul style="list-style-type: none"> » a minimum of 3 Directors out of which a minimum of 2 shall be independent » not consist of Executive Directors » Chairperson to be an Independent Director 	<p>Complied with.</p> <p>Please refer committee report on page 37</p>
9.13	Audit Committee	
9.13.1 & 9.13.2	<p>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.</p> <p>The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.</p>	<p>Complied with</p> <p>An Audit Committee is already in place. The Audit Committee oversight of the Risk function, in addition.</p> <p>This reports are tabled at the Committee meetings by the Enterprise Risk Management team quarterly.</p>
9.13.3	<p>Composition</p> <p>1) The members of the Audit Committee shall;</p> <ul style="list-style-type: none"> (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors (b) not comprise of Executive Directors <p>2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market</p> <p>4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors</p> <p>5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.</p> <p>6) The Chairperson of the AC shall be a Member of a recognised professional accounting body.</p> <p>Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.</p>	<p>Complied with</p> <p>As of 31st March 2025, the Committee comprised 3 Non-Executive Directors of whom 2 are independent.</p> <p>Please refer Committee report on page 38</p> <p>Complied with</p> <p>The Committee met 04 times during the financial year ended 31st March 2025</p> <p>Complied with</p> <p>The CEO BHRL & AGM-Finance attend the Audit Committee by invitation.</p> <p>Complied with.</p> <p>The Company has appointed an Audit Committee dedicated to it.</p>
9.13.4 & 9.13.5	<p>Functions and Annual Report Disclosures of the Audit Committee</p>	<p>Complied with</p> <p>Please refer Committee Report on page 38</p>

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.14	Related Party Transaction Review Committee	
9.14.1.	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Complied with
9.14.2.	<p>Composition</p> <p>The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.</p>	<p>Complied with</p> <p>As of 31st March 2025 the Committee comprised 2 Independent Directors & one Non- Executive Director,</p> <p>Please refer committee report on page 35</p>
9.14.4	<p>General Requirements</p> <p>(i) The Related Party Transactions Review Committee shall meet at least once a calendar quarter.</p> <p>(ii) Minutes of meetings are properly documented and communicated to the Board of Directors.</p> <p>(iii) Members of the RPTRC to ensure they have or have access to adequate knowledge, expertise and advice.</p> <p>(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.</p> <p>(v) Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter</p>	<p>Complied with</p> <p>The Committee met 4 times during the year under review, held quarterly.</p> <p>Complied with</p> <p>Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter</p> <p>Complied with</p> <p>Complied with</p> <p>No such occurrence to report during the financial year 2025</p> <p>Complied with</p> <p>Directors of the RPTRC are aware of their obligations.</p>
9.14.6.	<p>Shareholder Approval</p> <p>The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations</p>	During the year under review there were no such transactions which required shareholder approval.
9.16	Additional disclosures	Please refer report of the Board of Directors on page 30

Annual Report of the Board of Directors

The Board of Directors of Serendib Hotels PLC takes pleasure in presenting their Report together with the Audited Financial Statements of the Company and Consolidated Financial Statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITY OF THE COMPANY

The principal activity of the Company and its subsidiaries which is operating hotels remained unchanged during the year under review.

The Company owns and operates Thaala Bentota Resort at Bentota.

CORPORATE GOVERNANCE

The Directors confirm that the Company complies with the Rules on Corporate Governance laid down by the Colombo Stock Exchange.

The Corporate Governance practices of the Company are given from pages 24 to 29 of the Annual Report.

FIT & PROPER ASSESSMENT

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements together with the notes thereon are given on page 44.

GOING CONCERN

The Board having considered the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, have a reasonable expectation that the Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company

continues to adopt the 'Going Concern' basis in preparing the Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2025 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the

preparation of these Financial Statements are given from pages 50 to 114.

PROPERTY, PLANT AND EQUIPMENT

Details of the Company's property, plant and equipment which are reflected at fair value and measured at cost are found on Note 12.2.8 of the financial statements

STATED CAPITAL

The stated capital of the Company as at 31 March 2025 amounted to Rs. 2,931,063,864/- divided into 302,058,952 ordinary voting and 144,044,224 ordinary non-voting shares.

STATUTORY PAYMENTS & COMPLIANCE WITH LAWS AND REGULATIONS

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

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

CORPORATE DONATIONS

Donations made by the Group and Company during the year under review amounted to Rs. 3,949,354 and 1,258,810.

DIRECTORS

The Board of Directors of the Company during the financial year under review is given below:

1. W D K Jayawardena - Chairman
2. W A T M Wijesinghe - Independent Director

3. T Dharmarajah - Independent Director
4. Dr. J M Swaminathan - Non Executive Director
5. D S K Amarasekera - Non-Executive Director
6. Mrs. K U Amarasinghe - Non-Executive Director
7. S A Chojnacki - Non-Executive Director
8. E J D Rajakarier - Non-Executive Director

The profiles of the current Board of Directors are given on pages 12 to 13.

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.

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

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

Other directorships held by the Directors in Sri Lanka are disclosed on page 33 Directors of subsidiaries and associate companies are given on pages 33 to 34

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 [2] of the Companies Act, the Directors have declared their interests in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' Interest in contracts with the Company is disclosed on page 106 of the Annual Report.

Annual Report of the Board of Directors

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:

	2025	2024
W D K Jayawardena	Nil	Nil
Dr. J M Swaminathan	Nil	Nil
D S K Amarasekera	Nil	Nil
Mrs. K U Amarasinghe	Nil	Nil
W A T M Wijesinghe	Nil	Nil
E J D Rajakarier	Nil	Nil
S A Chojnacki	Nil	Nil
T Dharmarajah	Nil	Nil

RECOMMENDATIONS FOR RE-ELECTION OF DIRECTORS

The Articles of Association of the company requires 1/3 of the Directors retire by rotation and be re-elected at every AGM. In terms of Article 85 of the Articles of Association of the Company, Mr. W A T M Wijesinghe retires by rotation and offers himself for re-election. The Board recommends his re-election.

In terms of Article 73 of the Articles of Association of the Company, Mr. T. Dharmarajah retires and offers himself for re-election. The Board recommends his re-election.

In terms of Section 210 of the Companies Act No. 7 of 2007, Dr. J M Swaminathan who reached the age of 70 years in 2011 retires. The Company has received notice from a shareholder of its intention to move a resolution to re-elect Dr. J M Swaminathan as a Director. The Board recommends his re-election.

REMUNERATION & OTHER BENEFITS OF DIRECTORS

The Directors were paid Rs 1,700,000/- during the period under review.

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

The Directors declare that ,

- as stated above under "Directors' Interest in Contracts", the Directors have declared all material interests in contracts with the

Company and have refrained from voting on matters in which they were materially interested;

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

- Compliance with laws and regulations

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

- Internal Control & Risk Management

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

The Risk Management review can be found on pages 20 to 23.

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

- » The Audit Committee
 - » The Remuneration Committee
 - » The Related Party Transactions Review Committee
 - » Nomination & Governance Committee
- Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically and that all necessary information is called for.

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

The Reports of these Committees can be found on page 35 to 41 and provide further details.

TRANSACTIONS WITH RELATED PARTIES

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24. Details of related party transactions are disclosed in Note 29 to the financial statements.

The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the listing Rules of the Colombo Stock Exchange.

DIVIDENDS

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

AUDITORS

During the year under review M/s Deloitte Partners Chartered Accountants served as the External Auditors of the Company and they were paid Rs. 1,819,038/- as Audit fees.

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

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

AUDITOR'S REPORT

The Auditors report appears on pages 45 to 49.

FINANCIAL STATEMENTS & AUDITORS' REPORT

The Financial Statements of the Company and Group as of 31 March 2025 duly signed by the Directors are given from pages 50 to 114 while the Auditor's Report on the Financial Statements is provided on pages 45 to 49.

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

During the year under review there were no material issues pertaining to Employees & Industrial Relations other than those disclosed in Note 27.2 to the Financial Statements found on pages 102.

STEWARDSHIP

Annual Report of the Board of Directors

RISK MANAGEMENT

The Company has put in place a process to identify, evaluate and manage any significant risks faced by the entity, where annual risk reviews are carried out by the Group's Enterprise Risk Management Department. The principal risks and mitigating actions are reviewed by the Audit Committee on a quarterly basis. A detailed overview of the Risk Management process is outlined in the Risk Management Report on pages 20 to 23.

SUSTAINABILITY

The Company has taken specific steps, particularly in ensuring the conservation of the natural resources and environment while addressing material issues highlighted by its stakeholders. Every endeavour is made to

minimise the adverse effect on the environment to ensure sustainable continuity of our natural resources.

The financial and operational performance of the Company during the year under review and future developments are discussed in the Management Discussion & Analysis.

These Reports together with the Audited Financial Statements reflects the state of affairs of the Company and the Group.

Beach Collection in Mirissa. Serendib Leisure Management Limited is a fully owned subsidiary of the Company which manages all of the above properties.

It also has a 5.9% stake in Jada Resort & Spa [Private] Limited, which owns Avani and Anantara Kalutara Resorts in Kalutara.

SUBSIDIARIES & ASSOCIATES

Serendib Hotels PLC is the major shareholder of Hotel Sigiriya PLC, Dolphin Hotels PLC and Sanctuary Resort [Private] Limited. The Company fully owns and operates Frontier Capital Lanka [Private] Limited., which owns the Lantern

BOARD AND BOARD SUB-COMMITTEE MEMBERSHIP

Director	Board	Audit Committee	Rem. Committee	RPTR Committee	Nomination Committee	Board Meeting Attendance 2023/2024			
						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]	✓
Mr. W A T M Wijesinghe	✓	✓	✓	✓	✓	✓[online]	✓[online]	✓[online]	✓[online]
Dr. J. M. Swaminathan	✓	-	-	-	-	✓[online]	✓	✓	✓
Mr. E J D Rajakarier	✓	-	-	-	-	-	✓[online]	-	✓[online]
Mr. S A Chojnacki	✓	-	-	-	-	✓[online]	-	✓[online]	✓[online]
T Dharmarajah [AWEF-01.10.2024]	✓	✓**	✓**	✓**	✓	-	-	✓	✓[online]

*Chairman

** Committee Chairman

ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

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

ANNUAL GENERAL MEETING

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

For and on behalf of the Board



W D K Jayawardena
Chairman



K U Amarasinghe
Non Executive Director

15 August 2025

DIRECTORS' DISCLOSURES IN TERMS OF SECTION 9.10.4 (e)

Name of the Director	Number of Board Seats held in Listed Companies in Sri Lanka	Designation
W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLC	Non-Executive Chairman
	Palm Garden Hotels PLC	Non-Executive Chairman
	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	LOLC Holdings PLC	Executive Director
	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
Dr. J M Swaminathan	LOLC General Insurance PLC	Non Executive Director
	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

DIRECTORS' DISCLOSURES IN TERMS OF SECTION 9.10.4 [e]

Name of the Director	Number of Board Seats held in Listed Companies in Sri Lanka	Designation
D S K Amarasekera	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Hapugastenna Plantations PLC	Non-Executive Director
	Udapussellawa Plantatations PLC	Non-Executive Director
	Tea Small Holders Factories PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Sierra Cables PLC	Non Executive Director
W A T M Wijesinghe	Serendib Hotels PLC	Independent Director
	Amana Takaful PLC	Non-Executive Director
	SMB Finance PLC	Non-Executive Director
E J D Rajakarier	Serendib Hotels PLC	Non-Executive Director
S A Chojnacki	Serendib Hotels PLC	Non-Executive Director
T Dharmarajah	Eden Hotel Lanka PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
	Hapugastenne Plantations PLC	Independent Director
	Renuka City Hotels PLC	Senior Independent Director
	Tea Small Holder Factories PLC	Independent Director
	Udapussellawa Plantation PLC	Independent Director

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprised the following Directors during the period under review and the composition is in compliance with the Listing Rules of the Colombo Stock Exchange. The Committee reports directly to the Board.

COMPOSITION :

Complying with the Listing Rules 9.14.2 of the Colombo Stock Exchange, the Related Party Transactions Review Committee comprised the following members during the period under review:

T Dharmarajah

Independent Director/Committee Chairman

W A T M Wijesinghe

Independent Director

D. S. K. Amarasekera

Non-Executive Director

W D K Jayawardena

Non-Executive Director

Dr. J M Swaminathan

Committee Chairman resigned w.e.f. 01.01.2025

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

The RPT Policy developed by the Committee and recommended for adoption by the Board of Directors of Serendib Hotels PLC and its listed subsidiaries, is consistent with the operating model and Section 9 of the Listing Rules, which is as follows:

(A) SHAREHOLDER APPROVAL

- i. All non-recurrent transactions to be approved by shareholders, by way of a Special Resolution if the value is equal to, or more than one third [1/3] of the Total Assets of the Company as per the latest Audited Financial Statements of the Entity; OR

- ii. one third [1/3] of the Total Assets of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other non-recurrent transactions entered into with the same Related Party during the same financial year.

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

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

- iv. one third [1/3] of the gross revenue [or equivalent term for revenue in the group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same financial year;

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

(B) DISCLOSURES

The Company shall make an immediate Market Announcement to the Exchange;

- of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; OR
- of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same

Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.

(C) DISCLOSURES IN THE ANNUAL REPORT

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

Further in accordance with the RPT Policy, the Board of Directors have been identified as the KMPs by default, in order to establish greater transparency and governance. Also, declarations were obtained from each Director of the Company for the purpose of identifying parties related to them and to provide annual disclosure.

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.

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

The details of the Related Party Transactions reviewed and approved by the Committee are disclosed in Note 29 of the Financial Statements for the year ended 31 March 2025 and are found on page 103 of the Annual Report.

STEWARDSHIP

Report of the Related Party Transactions Review Committee

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

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah Committee Chairman	2/2
Dr. J M Swaminathan (Outgoing Committee Chairman)	2/2
W D K Jayawardena	4/4
W A T M Wijesinghe	4/4
D S K Amarasekera	3/4

As with the other committees, minutes of the Meetings are tabled at the Board meetings for transparency and better information flow.



T DHARMARAJAH
Committee 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

Independent Director

W A T M Wijesinghe

Independent Director

W D K Jayawardena

Non-Executive Director

Dr. J M Swaminathan

Committee chairman resigned
w.e.f. 01.10.2025

The Composition of the Remuneration Committee satisfies the criteria as specified in the standards of Corporate Governance for listed companies during the period under review. To comply with the revised rules on corporate governance, the committee would be re-constituted going forward.

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 Committee also studies reports on the human resources of the hotel, which enables it to review the training provided as the Company's rewards are linked to performance. However, training had been carried out on areas such as Health & Risk Mitigation Intervention Guidelines, Revenue Management, Grooming & Hygiene, Bartender Training, Lifeguard Training and Crisis Management team Trainings.

The Committee met once during the year under review on 13.02.2025.



T Dharmarajah

Chairman - Remuneration Committee

Report of the Audit Committee

The Audit Committee consists of 3 Non-executive Directors of whom 02 are independent. The composition of the Committee, is as follows:

Director	Nature of Directorship of the Company	
T Dharmarajah	Independent Director	Committee Chairman
W A T M Wijesinghe	Independent Director	Committee Member
D S K Amarasekera	Non-Executive Director	Committee Member
Dr. J M Swaminathan	Committee Chairman resigned w.e.f 01.01.2025	

The Audit Committee is formally appointed by the Board of Directors of the Company in conformity with the Listing Rules of Colombo stock Exchange. The Chairman of the Audit Committee is an Independent Director.

The Committee meets regularly to review the financial statements. During these discussions, the Committee satisfies itself that the Company’s systems enable information to be accurately recorded and reported in a manner that is timely and in compliance with all relevant regulatory and statutory requirements. The AGM-Finance and the DGM-Enterprise Risk Management are invited to attend these meetings, together with the CEO-Browns Hotels & Resorts Limited.

The Committee has received an assurance from the AGM-Finance and the CEO-Browns Hotels & Resorts Limited, with regard to the Company’s financial position and operating conditions and it is satisfied that the Company possesses adequate resources to continue its operations in the foreseeable future.

COMPLIANCE WITH LAWS AND REGULATIONS

The Committee is of the opinion that the company has not engaged in any activity that contravenes any applicable law or regulation. This opinion is based on the compliance report submitted by the AGM-Finance at quarterly board meetings [immediately following the Audit Committee meeting] confirming that the Company was compliant with all financial reporting requirements, information requirements under these Rules, the Companies Act, the SEC Act and other relevant financial reporting related regulations and requirements.

The activities and views of the Committee have been communicated to the Board through verbal briefings and by tabling the Minutes of the Committee Meetings.

ROLE OF THE COMMITTEE

- » The Audit Committee operates within the Terms of Reference outlined in its Charter and assists the Board in fulfilling the oversight of the Board’s responsibilities in the following areas :
- » Ensuring the quality and integrity of the Company’s Financial Statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.
- » Monitoring the system of internal accounting and financial controls of the Company.
- » Ensuring compliance with legal and statutory requirements including financial reporting requirements, disclosure requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- » Overseeing the performance of Internal Audit function including the process to ensure that the internal controls and risk management of the Company are adequate.
- » Assessing the independence and performance of the External

Auditors of the Company and making recommendations to the Board pertaining to the appointment, re appointment or removal of External Auditors and their remuneration and approve terms of engagement.

INTERNAL AUDIT

The Internal Audit Function of the Company is being carried out by the Group Enterprise Risk Management Division. Internal audit had independently reviewed the financial and internal control systems of the Company.

It had carried out independent audits in accordance with an internal Audit Plan which was approved by the Audit Committee before the commencement of the financial year.

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

EXTERNAL AUDIT

The External Audit function of the Company is carried out by M/s Deloitte Partners Chartered Accountants, who had been appointed in September 2022. The present Audit Partner has been overseeing the audit functions since 2024/2025. The External Auditors Letter of Engagement including the scope of the Audit is discussed with the External Auditors and the Management prior to commencement of the Audit.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Confirmation has been obtained from the External Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. They have also confirmed that they have not performed any non-audit services to the Group during the year under review.

STEWARDSHIP

Report of the Audit Committee

Having reviewed the effectiveness of the external audit, the Committee recommended to the Board that M/s Deloitte Partners, Chartered Accountants, be re-appointed External Auditors of the Company for the ensuing year, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

RISK MANAGEMENT

The Committee notes that the Company has put in place a process to identify, evaluate and manage any significant risks faced by the entity, where annual risk reviews are carried out by the Group's Enterprise Risk Management Department. The principal risks and mitigating actions are reviewed by the Audit Committee on a quarterly basis. A detailed overview of the Risk Management process is outlined in the Risk Management Report on pages 20 to 23.

The Committee met 04 times during the year. Details of attendance is set out below;

MEETING ATTENDANCE

Director	Attendance
T Dharmarajah [Committee Chairman]	2/2
Dr. J M Swaminathan [Outgoing Committee Chairman]	2/2
D S K Amarasekera	3/4
T M Wijesinghe	3/4



T Dharmarajah
Chairman - Audit Committee

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination & Governance Committee was established by the board on 01st October 2024 in terms of Section 9.10.3 and re constituted with effect from 31st December 2024.

COMPOSITION

T Dharmarajah	- Committee Chairman/ Non-Executive Independent Director
W A T M Wijesinghe	- 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 and Board Committees.
- 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.

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. W A T M Wijesinghe and the re-election of a director i.e. Mr. T Dharmarajah appointed to fill a casual vacancy on the Board during the year under review.

Further, Dr. J M Swaminathan who reached the age of 70 in 2011 was recommended for re-election 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	W A T M Wijesinghe [Article 85]	Dr. J M Swaminathan [Sec. 210 of the CA]	T Dharmarajah [Article 73]
Date of first appointment as a Director	28.06.2016	11.02.2021	01.10.2024
Date of last re-election as a Director at an AGM	2022	2024	-
Board Committees Served on during the year under review	Audit RPTRC Remuneration NGC	Audit RPTRC Remuneration	Audit RPTRC Remuneration NGC
Present directorships in listed and unlisted Companies	Please refer Director's Profiles	Please refer Director's Profiles	Please refer Director's Profiles
Any relationships including close family relationships between the Director proposed for re-election and the directors, the Bank or its shareholders holding more than ten per centum [10%] of the shares of the Company	None	None	None

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

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.

MEETINGS & 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 Re-election
- d) Policy on Remuneration
- e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities
- f) Policy on Risk management and Internal Control
- g) Policy on Relations with Shareholders and Investors
- h) Policy on Environmental, Social and Governance Sustainability
- i) Policy on Control and Management of Company Assets and shareholder Investments
- j) Policy on Corporate Disclosures
- k) Policy on Whistleblowing
- l) Policy on Anti- Bribery and Corruption Independent Directors

The Board determined that the Independent Directors and Non Independent status of the non- executive Directors based on the declaration submitted by respective directors in accordance with the requirements of the revised CSE Listing Rules 9.8.5 have been assessed by the Committee and declared that the Directors of the Company have met the criteria for determining their independence as set out in the Corporate Governance Rules of CSE.. Two (2) out of eight (8) Directors who comprised the board remained independent throughout.



T Dharmarajah
Chairman
Nomination & Governance Committee

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Statement of Directors' Responsibility in Relation to Preparing Financial Statements

FINANCIAL REPORTS

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

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

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

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

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

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

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

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

COMPLIANCE REPORT

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

By Order of the Board of Serendib Hotels PLC



W D K Jayawardena

15 August 2025

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Serendib Hotels PLC

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements of the Company and the consolidated financial statements of the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company and the Group:

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of freehold land and buildings</p> <p>See notes 4.8 and 12 of the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.</p> <p>As at 31 March 2025, carrying value of freehold land and buildings classified as property, plant and equipment of the Company and Group amounted to Rs. 1.05 Bn and Rs. 6.98 Bn respectively.</p> <p>The Company and its subsidiaries have chosen the revaluation model as their accounting policy for measurement of their freehold land and buildings, which are accordingly measured at fair value with sufficient regularity, to ensure that the carrying amounts do not differ materially from their fair values as at the reporting date. The Company and its subsidiaries engaged independent valuation experts to revalue their freehold land and buildings as of 31 March 2025.</p>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"> » Compared historical valuations in relation to freehold land and buildings against current year valuations, and noted that the movements appear to be in line with overall movement in the market; » Assessed the professional competence, qualifications, experience and objectivity of the valuation experts; » Verified the completeness and accuracy of the information provided to the external valuation experts by the management of the Company and its subsidiaries; » Evaluated the reasonableness of significant assumptions, judgements, and estimates used by the external valuation experts in determining the fair value of the buildings on the leasehold land. This included comparing the key inputs with publicly available property market data, considering factors such as location, land extent, and the physical condition of the buildings;

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

Regd. Office: P.O. Box 918, 100 Braybrooke Place, Colombo 02, Sri Lanka. Reg. No.: w/4179



INDEPENDENT AUDITOR’S REPORT

**To the Shareholders of Serendib Hotels PLC (Contd)
Report on the Audit of the Financial Statements (Contd)
Key Audit Matters (Contd)**

The Company and the Group:

Key audit matter [Contd.]	How our audit addressed the key audit matter [Contd.]
<p>During the year ended 31 March 2025, the Company and Group reported surpluses on revaluation of freehold land and buildings of Rs. 22.1 Mn and Rs. 1,632 Mn respectively.</p> <p>Freehold land and buildings were valued at their fair values at reporting date using the market value approach for freehold and the depreciated replacement cost approach for buildings.</p> <p>The fair values of freehold land and buildings are dependent on the valuation methodology adopted and the inputs into the valuation model. Factors such as prevailing market conditions, the individual nature, condition and location of each freehold land and building and recent comparable transactions for each freehold land and building at different locations directly impact the fair values.</p> <p>We focused on this matter because the:</p> <ul style="list-style-type: none"> » Relative amounts of the freehold land and building balances in the Company’s and the Group’s statements of financial position. The freehold land and buildings value of Rs. 1.05 Bn and Rs Rs. 6.98 Bn as at 31 March 2025 represented 25% and 60% of the total assets of the Company and the Group respectively; » Quantum of revaluation surplus recognised by the Company and the Group, that directly impact the Company’s and the Group’s statements of other comprehensive income; and » Inherently subjective nature of freehold land and buildings valuations due to use of estimate and judgement in the valuation methodology; 	<ul style="list-style-type: none"> » Engaged an auditor’s expert to assist in assessing the reasonableness of the valuation techniques, key assumptions and methods applied and data used in valuation, including evaluating the fair values determined by the valuer with reference to current market evidence obtained by the expert; » Inspected the valuation reports and agreed the fair values to the Company’s and its subsidiaries’ accounting records and financial statements; and » Assessed the adequacy and appropriateness of related disclosures in the financial statements in accordance with the applicable financial reporting framework.
<p>Valuation of right-of-use assets relating to leasehold lands</p> <p>See notes 4.9 and 13 of the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and carrying value.</p> <p>The Company and its subsidiaries revalue their right-of-use assets relating to leasehold lands which are measured at their fair value to ensure that the carrying amounts do not differ materially from their fair values as at the reporting date. Accordingly, the Company and its subsidiaries have engaged independent valuation experts to measure the fair value of right- of-use assets relating to leasehold lands.</p> <p>As at 31 March 2025, the fair values of right- of-use assets relating to leasehold lands of the Company and the Group amounted to Rs. 491 Mn and Rs. 651 Mn respectively and the revaluation surpluses on such assets amounting to Rs. 316 Mn and Rs. 416 Mn respectively have been reported in other comprehensive income.</p>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"> » Assessed the professional competence, qualifications, experience and objectivity of the external valuation experts; » Verified the completeness and accuracy of the information provided to the external valuation experts by the management of the Company and its’ subsidiaries; » Evaluated the reasonableness of significant assumptions, judgements, and estimates used by the external valuation experts in determining the fair value of the leasehold land. This included comparing the key inputs with publicly available property market data, considering factors such as location and land extent; » Engaged an auditor’s expert to assist in assessing the reasonableness of the valuation techniques, key assumptions and methods applied and data used in valuation, including evaluating the fair values determined by the valuer with reference to current market evidence obtained by the expert;

Independent Auditor’s Report



INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Serendib Hotels PLC (Contd)

Report on the Audit of the Financial Statements (Contd)

Key Audit Matters (Contd)

The Company and the Group:

Key audit matter [Contd.]	How our audit addressed the key audit matter [Contd.]
<p>Right-of-use assets relating to leasehold lands have been valued at fair value at reporting date using the sales comparison approach. The fair values of right-of-use assets relating to leasehold lands are dependent on the valuation methodology adopted and the inputs to the valuation model.</p> <p>Factors such as prevailing market conditions, the individual nature, condition and location of each right -of-use asset relating to leasehold lands and recent comparable transactions directly impact fair values.</p>	<ul style="list-style-type: none"> » Inspected the valuation reports and agreed the fair values to the Company’s and its subsidiaries’ accounting records and financial statements; and » Assessed the adequacy and appropriateness of related disclosures in the financial statements in accordance with the applicable financial reporting framework.
<p>We focused on this matter because of the:</p>	
<ul style="list-style-type: none"> » Relative amount of the right-of-use assets relating to leasehold lands in the statement of financial position. Right-of-use assets’ fair values as at 31 March 2025 amounting to Rs. 491 Mn and Rs. 651 Mn represented 12% and 6% of the total assets of the Company and the Group respectively; » Quantum of revaluation surplus recognised by the Company and the Group, that directly impact the Company’s and the Group’s statements of other comprehensive income; and » Inherently subjective nature of the valuation of right-of-use assets relating to leasehold lands, due to the use of estimates and significant judgement in the valuation methodology. 	

Other Information

Management is responsible for the other information. The other information comprises the Serendib Hotels PLC’s annual report 2024/2025 but does not include the financial statements and our auditor’s report thereon. Annual report is expected to be made available to us after the date of this auditor’s report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report of the Company, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions based on the circumstances.

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

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

In preparing the financial statements 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.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Serendib Hotels PLC (Contd)

Report on the Audit of the Financial Statements (Contd)

Auditor's Responsibilities for the Audit of the Financial Statements

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 judgement and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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.

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

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

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Serendib Hotels PLC (Contd)

Report on Other Legal and Regulatory Requirements

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

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

A handwritten signature in black ink that reads "Deloitte Partners".

CHARTERED ACCOUNTANTS

COLOMBO

15 August 2025

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	12	7,444,603,890	5,875,809,225	1,249,167,052	1,285,438,099
Right-of-Use Assets	13	651,921,638	223,655,065	491,200,000	175,104,163
Intangible Assets	14	120,580,704	119,961,400	542,703	1,266,308
Investments in Subsidiaries	15	-	-	1,676,207,485	1,676,207,485
Other Financial Assets	16	128,221,191	130,270,124	124,222,011	124,904,990
Deferred Tax Assets	10	365,468,360	238,946,008	-	-
		8,710,795,783	6,588,641,822	3,541,339,251	3,262,921,045
Current Assets					
Inventories	17	82,938,389	84,860,913	22,359,814	27,247,924
Trade and Other Receivables	18	1,565,011,710	1,121,543,935	204,717,488	168,676,184
Taxation Recoverable		3,917,355	12,493,943	-	-
Other Financial Assets	16	-	-	178,413,891	194,223,953
Cash and Cash Equivalents	19	1,181,590,594	1,843,109,012	235,432,154	218,578,077
		2,833,458,048	3,062,007,803	640,923,347	608,726,138
Total Assets		11,544,253,831	9,650,649,625	4,182,262,598	3,871,647,183
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	2,931,063,864	2,931,063,864	2,931,063,864	2,931,063,864
Other Components of Equity	21	2,556,007,691	1,446,288,813	570,590,567	334,541,829
Retained Earnings		658,862,164	130,605,651	[664,995,105]	[870,008,990]
Equity Attributable to Equity Holders of the Parent		6,145,933,719	4,507,958,328	2,836,659,326	2,395,596,703
Non Controlling Interest		1,739,783,866	1,347,282,760	-	-
Total Equity		7,885,717,585	5,855,241,088	2,836,659,326	2,395,596,703
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	22	-	409,591,369	-	-
Lease Liabilities	24	128,691,132	72,798,938	98,178,589	49,413,705
Deferred Tax Liabilities	10	1,968,961,095	1,342,715,471	108,897,166	139,972,240
Retirement Benefit Obligations	23	66,894,567	65,334,146	15,514,380	15,048,861
		2,164,546,794	1,890,439,924	222,590,135	204,434,806
Current Liabilities					
Trade and Other Payables	25	1,285,751,469	1,474,313,449	436,253,773	568,641,071
Dividends Payable	26	9,303,218	9,303,218	3,163,059	3,163,059
Income Tax Liabilities		91,789,839	56,143,725	1,871,125	1,898,539
Interest Bearing Loans and Borrowings	22	-	180,900,006	661,178,326	660,313,348
Lease Liabilities	24	25,573,045	43,201,248	16,966,187	30,660,526
Bank Overdraft	19	81,571,881	141,106,967	3,580,667	6,939,131
		1,493,989,452	1,904,968,613	1,123,013,137	1,271,615,674
Total Equity and Liabilities		11,544,253,831	9,650,649,625	4,182,262,598	3,871,647,183

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



Jeewantha Perera

Head of Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board by:



W D K Jayawardena
Director



K U Amarasinghe
Director

The accounting policies and notes on page 56 through 114 form an Integral Part of the financial statements.

15 August 2025

Colombo

Statement of Profit or Loss

Year Ended 31 March 2025

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	6	3,404,961,693	2,869,506,768	859,399,397	746,297,273
Cost of Sales		(973,935,024)	(819,152,715)	(204,255,933)	(205,409,927)
Gross Profit		2,431,026,669	2,050,354,053	655,143,464	540,887,346
Other Operating Income and Gains	7	15,570,548	11,381,498	3,461,082	6,679,963
Sales and Marketing Expenses		(43,021,473)	(32,470,939)	(8,785,477)	(16,458,343)
Administrative Expenses		(1,793,618,014)	(1,426,770,592)	(477,137,575)	(416,347,251)
Operating Profit		609,957,730	602,494,020	172,681,494	114,761,715
Finance Cost	8	(145,059,157)	(253,516,045)	(122,354,043)	(120,659,924)
Finance Income	8	131,943,879	311,549,688	20,962,631	59,515,228
Profit Before Tax	9	596,842,452	660,527,663	71,290,082	53,617,019
Tax (Expense) / Reversal	10	(4,396,448)	(100,794,796)	132,889,207	2,114,428
Profit for the Year		592,446,004	559,732,867	204,179,289	55,731,447
Attributable to:					
Equity Holders of the Parent		523,777,435	425,406,158		
Non Controlling Interest		68,668,569	134,326,709		
		592,446,004	559,732,867		
Earnings Per Share - Basic	11	1.17	0.95	0.46	0.12

The accounting policies and notes on page 56 through 114 form an Integral Part of the financial statements.

Statement of Comprehensive Income

Year Ended 31 March 2025

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit for the Period		592,446,004	559,732,867	204,179,289	55,731,447
Other Comprehensive Income					
Other Comprehensive Income Items that will not be Reclassified to Profit or Loss in Subsequent Periods					
Fair Value [Loss] / Gain on Fair Value Through OCI Investments	16	[2,048,933]	2,400,554	[682,979]	950,186
Revaluation of Right-of-Use Assets	13	416,347,343	-	316,040,441	-
Revaluation of Property, Plant & Equipment	12	1,632,471,623	-	22,147,726	-
Deferred Taxation Attributable to Revaluation of Property, Plant & Equipment	10.2.1	[489,741,487]	-	[6,644,318]	-
Deferred Taxation Attributable to Revaluation of Right-of-Use Assets	10.2.1	[124,904,205]	-	[94,812,132]	-
Actuarial Gain / [Loss] on Retirement Benefit Obligations	23	8,437,360	[5,511,472]	1,192,280	1,109,071
Deferred Taxation Attributable to Actuarial Gain / [Loss] on Retirement Benefit Obligations	10.2.2	[2,531,208]	1,653,441	[357,684]	[332,721]
Net Other Comprehensive Income / [Loss] - Items that will not be Reclassified to Profit or Loss in Subsequent Periods		1,438,030,493	[1,457,477]	236,883,334	1,726,536
Other Comprehensive Income for the Year, Net of Tax		1,438,030,493	[1,457,477]	236,883,334	1,726,536
Total Comprehensive Income for the Year, Net of Tax		2,030,476,497	558,275,390	441,062,623	57,457,983
Attributable to:					
Equity Holders of the Parent		1,637,975,391	425,120,852		
Non Controlling Interest		392,501,106	133,154,538		
		2,030,476,497	558,275,390		

The accounting policies and notes on page 56 through 114 form an Integral Part of the financial statements.

Statement of Changes in Equity - Company

Year Ended 31 March 2025

COMPANY	Note	Attributable to Equity Holders of the Company				Total
		Stated Capital Rs.	Other Components of Equity		Retained Earnings Rs.	
			Revaluation Reserve Rs.	Fair Value Reserve Rs.		
Year Ended 31 March						
As at 01 April 2023		2,931,063,864	531,743,324	[198,151,681]	[926,516,787]	2,338,138,720
Net Profit for the Year		-	-	-	55,731,447	55,731,447
Other Comprehensive Income						
Fair Value Gain on Fair Value Through OCI Investments	16	-	-	950,186	-	950,186
Actuarial Gains on Retirement Benefit Obligations	23	-	-	-	1,109,071	1,109,071
Deferred Taxation Attributable to Actuarial Gains on Retirement Benefit Obligations	10	-	-	-	[332,721]	[332,721]
Total Comprehensive Income		-	-	950,186	56,507,797	57,457,983
As at 31 March 2024		2,931,063,864	531,743,324	[197,201,495]	[870,008,990]	2,395,596,703
As at 1 April 2024		2,931,063,864	531,743,324	[197,201,495]	[870,008,990]	2,395,596,703
Net Profit for the Year		-	-	-	204,179,289	204,179,289
Other comprehensive Income						
Fair Value loss on Fair Value Through OCI Investments	16	-	-	[682,979]	-	[682,979]
Actuarial Gains on Retirement Benefit Obligations	23	-	-	-	1,192,280	1,192,280
Deferred Taxation Attributable to Actuarial Gains on Retirement Benefit Obligations	10	-	-	-	[357,684]	[357,684]
Revaluation of Right-of-Use Assets	21	-	316,040,441	-	-	316,040,441
Revaluation of Property, Plant & Equipment	21	-	22,147,726	-	-	22,147,726
Deferred Taxation Attributable to Revaluation on Property, Plant & Equipment and Right-of-Use Assets	10	-	[101,456,450]	-	-	[101,456,450]
Total Comprehensive Income		-	236,731,717	[682,979]	205,013,885	441,062,623
As at 31 March 2025		2,931,063,864	768,475,041	[197,884,474]	[664,995,105]	2,836,659,326

The accounting policies and notes on page 56 through 114 form an Integral Part of the financial statements.

Statement of Cash Flows

Year Ended 31 March 2025

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Net Profit Before Income Tax		596,842,452	660,527,663	71,290,082	53,617,019
Adjustments for					
Depreciation of Property, Plant and Equipment	12	234,350,832	228,202,511	63,057,984	54,076,543
Amortisation of Intangible Assets	14	2,515,696	2,388,860	723,605	723,605
Interest on Lease Liabilities	8	35,613,626	14,348,872	31,217,492	12,154,895
Finance Costs		93,440,047	223,451,184	74,367,162	96,498,329
Finance Income		(115,055,776)	(260,994,024)	(20,962,631)	(59,515,228)
Exchange Loss / [Gain] on Loans	22	3,053,516	(49,398,854)	3,817,421	-
Loss on Disposal of Property, Plant and Equipment		-	2,705,743	-	-
Amortisation of Right-of-Use Assets	13	21,379,836	36,199,651	12,945,862	18,983,317
Provision for Impairment of Trade Receivables	18.2	14,502,594	22,979,255	3,294,088	9,003,207
Write off of CWIP	12.1.2	29,799,763	-	29,799,763	-
Impact of Remeasurement of Lease Liabilities		17,026,387	-	17,026,387	-
Provision for Retirement Benefit Obligations	23	14,308,167	13,597,270	3,138,137	3,218,796
		947,777,140	894,008,131	289,715,353	188,760,483
Working Capital Adjustments:					
Decrease / [Increase] in Inventories		1,922,524	(14,975,183)	4,888,110	(7,534,686)
Decrease in Trade and Other Receivables		(338,076,399)	(536,904,553)	(39,362,807)	(41,799,276)
(Decrease) / Increase in Trade and Other Payables		(189,329,718)	48,031,612	(169,706,904)	56,237,370
Cash Generated From Operations		422,293,547	390,160,007	85,533,752	195,663,891
Finance Cost Paid		(93,440,047)	(75,769,597)	-	(53,069)
Retirement Benefit Obligations Paid	23	(4,310,386)	(12,901,034)	(1,480,338)	(2,034,324)
Income Tax Paid		(77,129,677)	-	-	-
Net Cash Flows Generated From Operating Activities		247,413,437	301,489,376	84,053,414	193,576,498
Investing Activities					
Acquisition of Property, Plant and Equipment	12	(200,473,633)	(208,341,592)	(34,438,973)	(95,850,813)
Acquisition of Intangible Assets	14	(3,135,000)	-	-	-
Proceeds from Disposal of Property, Plant and Equipment		-	4,872,968	-	-
Proceeds from Disposal of Intangible Assets		-	1,668,569	-	-
Interest Received		-	-	1,492,457	2,435,609
Repayments of Loan Granted to Subsidiary		-	-	35,280,236	-
Net Cash Flows (Used in) / Generated From Investing Activities		(203,608,633)	(201,800,055)	2,333,720	(93,415,204)
Financing Activities					
Proceeds from Related Party Borrowings	22	-	16,814,428	-	-
Repayment of Interest Bearing Loans and Borrowings	22	(576,730,462)	(324,878,045)	-	-
Repayment of Related Party Borrowings	22	(16,814,428)	(27,181,943)	(40,000,000)	(27,181,943)
Payment of Lease Liabilities	24	(52,243,246)	(44,889,528)	(26,174,593)	(32,938,428)
Net Cash Flows Used In Financing Activities		(645,788,136)	(380,135,088)	(66,174,593)	(60,120,371)
Net (Decrease) / Increase in Cash and Cash Equivalents		(601,983,332)	(280,445,766)	20,212,541	40,040,923
Cash and Cash Equivalents at the Beginning of the Year		1,702,002,045	1,982,447,811	211,638,946	171,598,023
Cash and Cash Equivalents at the End of the Year	19	1,100,018,713	1,702,002,045	231,851,487	211,638,946

The accounting policies and notes on page 56 through 114 form an Integral Part of the financial statements.

Notes to the Financial Statements

Year Ended 31 March 2025

1. CORPORATE INFORMATION

1.1 General

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

1.2 Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31 March 2025 comprise Serendib Hotels PLC (the "Company") and all its Subsidiaries whose accounts have been consolidated therein (the "Group").

1.3 Principal Activities and Nature of Operations

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

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Date of Authorisation for Issue

The consolidated Financial Statements of Serendib Hotels PLC for the year ended 31 March 2025 were authorised for issue, in accordance with a resolution of the Board of Directors on 15 August 2025.

1.6 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

2.2 Going Concern

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

2.3 Basis of Measurement

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

2.4 Functional and Presentation Currency

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

2.5 Materiality and Aggregation

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

2.6 Comparative Information

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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

Statement of comprehensive income for the Group of the year ended 31 March 2024 [all amounts are in Sri Lankan Rupees]	As reported previously	Reclassifications	Current presentation
Other operating income and gain [See Note (a) below]	12,538,309	[1,156,811]	11,381,498
Finance Income [See Note (a) below]	310,392,877	1,156,811	311,549,688
Finance Cost [See Note (b) below]	223,451,184	30,064,861	253,516,045
Administrative expense [See Note (b) below]	1,456,835,453	[30,064,861]	1,426,770,592
Net Impact	1,357,355,451	-	1,357,355,451

(a) In Group level foreign currency exchange gain on operation and foreign currency encashment amounting Rs. 1,156,811 which was previously classified under "Other operating income and gain" is now included under "Finance income."

(b) In Group level foreign currency exchange loss on operation amounting Rs. 30,064,861 which was previously classified under "Administrative expense" is now included under "Finance cost."

Statement of comprehensive income for the Company year ended 31 March 2024 [all amounts are in Sri Lankan Rupees]	As reported previously	Reclassifications	Current presentation
Administrative Expense [See Note (a) below]	428,353,951	[12,006,700]	416,347,251
Finance Cost	108,653,224	12,006,700	120,659,924
Net Impact	537,007,175	-	537,007,175

(a) Foreign currency exchange loss on operation amounting to Rs. 12,006,700 which was previously classified under "Administrative expense" is now included under "Finance cost".

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

3.1 Judgements

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

a) Revenue from Contract with Customers

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

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

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

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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

Accordingly, the revenue from contract with customers of the group are accounted as follows.

a) Room Revenue

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

b) Food & Beverage Revenue

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

c) Other Hotel Related Revenue

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

b) Deferred Tax Assets

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

3.2 Estimates and Assumptions

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

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

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

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

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

c) Impairment of Non – Financial Assets

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

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

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

d) Defined Benefit Obligations

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

e) Impairment of financial assets

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

f) SLFRS 16**Critical judgements in determining the lease term**

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently for all periods presented in the Financial Statements by the Group and the Company. Changes to the accounting policies have been disclosed in Note 3 to these financial statements.

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

4.1 Changes in Accounting policies

The Accounting policies are consistent with the comparative period.

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

4.2 Basis of Consolidation

The consolidated financial statements comprise the Financial Statement of the Parent and its subsidiaries as at 31 March 2025. Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

- The ability to use its power over the investee to affect its returns

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

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

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

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

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

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

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

4.2.1 Business Combination and Goodwill

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination transferred.

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

4.2.2 Non- Controlling Interests

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

4.2.3 Transactions Eliminated in Consolidation

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

4.2.4 Investment in Subsidiaries

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

4.3 Foreign Currencies

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

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

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

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

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

4.4 Current Versus Non-Current Classification

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

- Expected to be realised or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or

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- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

4.5 Fair Value Measurement

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

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to

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

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

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

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

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

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

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

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

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

4.6 REVENUE FROM CONTRACTS WITH CUSTOMERS**4.6.1 Recognition of Revenue**

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

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

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

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

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

4.6.1.1 Goods Transferred at a Point in Time

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

4.6.1.2 Services Transferred Over Time

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

4.6.2 Contract Liabilities

Contract liabilities are Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract liabilities includes advances received for reservations. Contract liabilities of the Group have been disclosed in trade and other current liabilities note 25.3.

4.7 Taxation**4.7.1 Current Income Taxes**

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

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

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

4.7.2 Deferred Taxation

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

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

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

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

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

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

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

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

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

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

4.7.3 Tax on Dividend Income

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

4.8 Property, Plant and Equipment

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

Where items of freehold land, buildings on leasehold land, land improvements, buildings on freehold land and motor vehicles are subsequently revalued, the entire class of such assets is revalued in every 03 years. Any revaluation surplus is recognised

in Other Comprehensive Income and accumulated in equity in the Asset Revaluation Reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

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

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

	2025	2024
Buildings on Leasehold Land	Over A maximum Period of 60 Years	Over A maximum Period of 60 Years
Buildings on Freehold Land	Over A maximum Period of 60 Years	Over A maximum Period of 60 Years
Land Improvements	Over A maximum Period of 30 Years	Over A maximum Period of 30 Years
Furniture, Fittings and Equipment	5 -15 Years	5 -15 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Cutlery, Crockery, Glassware and Silverware	2-3 Years	2-3 Years

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

a) Borrowing Costs

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

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Year Ended 31 March 2025

4.9 Right of Use Assets and Lease Liabilities

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

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

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

4.10 Right of use assets

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

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

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

4.10.1 Lease liabilities

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

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

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the

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

4.11 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

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

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

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

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

4.12 Inventories

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

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

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

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

4.13 Financial Instruments**4.13.1 Financial Assets****4.13.1.1 Initial Recognition and Measurement**

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

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

4.13.1.2 Subsequent Measurement

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

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

a) Financial Assets at Amortised Cost (debt instruments)

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

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

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

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

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

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

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

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

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

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

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

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

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

d) Financial assets at fair value through profit or loss

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

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

4.13.1.3 Derecognition

A financial asset is derecognised when:

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

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

4.13.1.4 Impairment of financial assets

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

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

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

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

4.13.2 Financial Liabilities**4.13.2.1 Initial recognition and measurement**

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

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

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

4.13.2.2 Subsequent Measurement

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

a) Financial Liabilities at Fair Value Through Profit or Loss

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

b) Loans and borrowings

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

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

4.13.2.3 Derecognition

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

4.13.2.4 Offsetting of financial instruments

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

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4.14 Cash and Cash Equivalents

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

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

4.15 Employee Benefit Obligations**4.15.1 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund**

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

4.15.2 Defined Benefit Plans - Employee Benefit Obligation

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

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

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

4.16 Provisions

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

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

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

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

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

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

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

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

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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.

(iii) Amendments to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

The 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.

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

(iv) Amendments to IAS 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.

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

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

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

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

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

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

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

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

(b) New and revised SLFRS Accounting Standards in issue but not yet effective and not early adopted in 2024/25:**IFRS 18 Presentation and Disclosures in Financial Statements**

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

IFRS 18 introduces new requirements to:

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

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

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

Annual improvements to IFRS – Volume 11

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

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

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

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and

IAS 7 Statement of Cash Flows.

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

6 REVENUE

Year Ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accommodation, Food and Beverage	3,198,459,203	2,797,281,674	835,646,824	728,995,227
Others (Hotel Operations)	87,491,591	72,225,094	23,752,573	17,302,046
Management Fees	119,010,899	-	-	-
	3,404,961,693	2,869,506,768	859,399,397	746,297,273

7 OTHER OPERATING INCOME AND GAINS

Year Ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Rental Income	5,834,466	4,464,967	-	-
Sundry Income	9,736,082	6,916,531	3,461,082	6,679,963
	15,570,548	11,381,498	3,461,082	6,679,963

8 FINANCE COST AND INCOME**8.1 Finance Costs**

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Expense on Overdrafts		4,759,946	8,515,325	-	47,619
Interest Expense on Loans and Borrowings - Related Parties	22.2	497,400	49,285,816	37,047,557	68,566,715
Interest Expense on Current Account Balances - Related Parties	29.4	86,922,715	98,395,771	37,319,605	27,878,545
Interest Expense on Loans and Borrowings		1,259,986	52,905,400	-	5,450
Exchange Loss on Loans		3,053,516	-	3,817,421	-
Exchange Losses on Operations		12,951,968	30,064,861	12,951,968	12,006,700
Interest on Lease Liabilities	24	35,613,626	14,348,872	31,217,492	12,154,895
		145,059,157	253,516,045	122,354,043	120,659,924

8.2 Finance Income

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Income from - Related Parties	29.4	66,535,416	-	19,470,174	27,359,459
Interest Income from - Commercial Papers & Saving Accounts		48,520,360	260,994,024	1,492,457	2,435,609
Exchange Gains on Loans		-	49,398,853	-	29,720,160
Exchange Gains on Operations		16,888,103	1,156,811	-	-
		131,943,879	311,549,688	20,962,631	59,515,228

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

9 PROFIT BEFORE TAX
Stated After Charging/[Crediting]

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Included in Administrative Expenses					
Directors' emoluments	30.1	4,840,000	-	1,700,000	-
Auditors' Remuneration - Audit [Fees and Expenses]		5,884,362	5,637,474	1,800,000	1,508,000
Auditors' Remuneration - Non Audit [Fees and Expenses]		120,000	-	120,000	-
Depreciation of Property Plant and Equipment	12	234,350,832	228,202,511	63,057,984	54,076,544
Amortisation of Rights-of-Use Assets	13	21,379,836	36,199,651	12,945,862	18,983,317
Amortisation of Intangible Assets	14	2,515,696	2,388,860	723,605	723,605
Write-off of CWIP	12	29,799,763	-	29,799,763	-
Profit on Disposal of Property, Plant and Equipment		-	-	-	[3,254,869]
Management Fees	29.4	-	-	60,088,274	47,303,410
Accounting Fees	29.4	-	-	840,000	840,000
Provisions for Impairment of Trade receivables	18	14,502,594	22,979,255	3,294,088	8,982,398
Legal and Professional Fees		1,639,230	1,409,690	801,880	428,250
Donations		3,949,354	2,642,733	1,258,810	1,005,245
Employee Benefit Expense	9.1	486,793,857	441,072,197	125,360,903	118,409,041

9.1 Employee Benefit Expense

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Salaries, Wages and other Benefits		431,596,933	392,008,804	114,342,265	107,566,555
Defined Contribution Plans - EPF and ETF		40,888,757	35,466,123	7,880,501	7,623,690
Retirement Benefit Obligations	23	14,308,167	13,597,270	3,138,137	3,218,796
		486,793,857	441,072,197	125,360,903	118,409,041

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

10 INCOME TAX EXPENSE

Year Ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Statement of Profit or loss					
Current Income Tax					
Current Tax Expense on Ordinary Activities for the Year	10.1	121,678,970	64,172,839	-	-
Under Provision of Current Taxes in Respect of Prior Years		171,104	-	-	-
Deferred Income Tax					
Deferred Taxation (Credit) / Charge	10.2	[117,453,626]	36,621,957	[132,889,207]	[2,114,428]
		4,396,448	100,794,796	[132,889,207]	[2,114,428]
Statement of Other Comprehensive Income					
Deferred Taxation Charge/[Reversal]	10.2	617,176,899	[1,653,441]	101,814,134	332,721
		617,176,899	[1,653,441]	101,814,134	332,721
Income Tax Expense / (Reversal) Recorded in Total Comprehensive Income		621,573,347	99,141,355	[31,075,073]	[1,781,707]

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

Year Ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit Before Tax	596,842,452	660,527,663	71,290,082	53,617,019
Aggregate Disallowable Items	352,107,509	361,592,752	126,797,273	99,165,609
Exempt Amounts, Final withholding payments & Other Sources	[178,969,219]	[373,148,749]	[21,759,758]	[62,568,129]
Aggregate Allowable Items	[300,523,263]	[262,141,637]	[86,584,031]	[92,730,779]
Taxable Profit from Trade Income	469,457,479	386,830,029	89,743,566	[2,516,280]
Assessable Charge	-	666,253	-	-
Less: Tax Loss Claimed	[219,091,417]	[387,496,282]	[89,743,566]	2,516,280
	250,366,062	-	-	-
Income from other sources	176,193,137	318,139,942	20,962,631	28,735,471
Less: Loss Claimed	[20,962,631]	[104,230,479]	[20,962,631]	[28,735,471]
	405,596,568	213,909,463	-	-
Income Tax - 30% (2024-30%)	121,678,970	64,172,839	-	-
Current Income Tax Expense	121,678,970	64,172,839	-	-

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

10 INCOME TAX EXPENSE (Contd.)**10.1.1 Tax Losses Carried Forward**

Year Ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	1,679,272,117	1,873,065,460	1,142,102,113	928,146,706
Adjustment to brought forward tax losses	(266,866,261)	238,474,197	(21,826,421)	240,174,597
Tax Losses over 06 Years - Unclaimable	(68,932,924)	-	(68,932,924)	-
Tax Losses Utilised	(240,054,047)	(434,783,821)	(110,706,196)	(28,735,471)
Tax losses Incurred During the Year	-	2,516,281	-	2,516,281
As at 31 March	1,103,418,885	1,679,272,117	940,636,572	1,142,102,113
Effective tax rate	30%	30%	30%	30%

10.1.2 The business profit of the Company and Subsidiaries are liable for income tax at the rate of 30% [2024-30%] as per the Inland Revenue Act No. 24 of 2017 and amendments thereto. Other sources of income are taxable at 30% [2024-30%].

10.1.3 Deferred Tax Assets on Tax Losses - Group

The Group has not considered tax losses worth of Rs. Nil [2024 - Rs. 979,898,941] for the deferred tax computation as it is not probable that the company and a respective subsidiary will have taxable profits within the statutory allowable period to utilise the said losses. The unrecognised deferred tax assets on tax losses as of 31 March 2025 are amounted to Rs. Nil [2024 - Rs. 293,969,682].

10.1.4 Deferred Tax Assets on Tax Losses - Company

The Company has not considered tax losses worth of Rs. Nil [2024 - Rs. 716,617,288] for the deferred tax computation as it is not probable that the Company will have taxable profit within the statutory allowable period to utilised the said losses. The unrecognised deferred tax assets on tax losses as of 31 March 2025 are amounted to Rs. Nil [2024 - Rs. 214,985,186].

10.2 Deferred Tax**10.2.1 Group**

Year Ended 31 March	2025 Rs.	2024 Rs.
Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;		
Deferred Tax Liabilities	1,968,961,095	1,342,715,471
Deferred Tax Assets	(365,468,360)	(238,946,008)
Net Deferred Tax Liabilities	1,603,492,735	1,103,769,463

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

10 INCOME TAX EXPENSE (Contd.)**10.2 Deferred Tax (Contd.)****10.2.1 Group (Contd.)****Deferred Taxation Charge / (Reversal) - Statement of Profit or Loss / Other Comprehensive Income**

Year Ended 31 March	Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	11,599,934	(42,267,214)	-	-
Revaluation on Right-of-Use-Assets	-	-	124,904,205	-
Revaluation on Land and Buildings	-	-	489,741,487	-
Deferred Tax Assets				
Retirement Benefit Obligations	(2,999,330)	357,227	-	-
Collective Impairment of Trade and Other Receivables	(4,840,350)	(6,477,676)	-	-
Carry Forward of Unused Tax Losses	(121,213,880)	85,009,619	-	-
Actuarial (Gain) / Loss	-	-	2,531,208	(1,653,441)
	(117,453,626)	36,621,957	617,176,899	(1,653,441)

Deferred Tax Assets / Liabilities

Year Ended 31 March	Statement of Financial Position	
	2025 Rs.	2024 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	398,162,587	386,562,653
Revaluation on Right-of-Use Assets	124,904,203	-
Revaluation on Land and Buildings	1,445,894,305	956,152,818
	1,968,961,095	1,342,715,471
Deferred Tax Assets		
Retirement Benefit Obligations	26,099,801	23,100,470
Collective Impairment of Trade and Other Receivables	14,374,154	9,533,804
Carry Forward of Unused Tax Losses	331,025,832	209,811,953
Actuarial (Gain) / Loss	(6,031,427)	(3,500,219)
	365,468,360	238,946,008
Net Deferred Tax Liabilities	1,603,492,735	1,103,769,463

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

- Recognised deferred tax relating to revaluation of land and buildings under property, plant and equipment.
- Recognised deferred tax provision as of 31 March 2025 based on the future tax rate applicable to the Company and its subsidiaries [30%].

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

Further information about deferred tax assets relating to carried forward tax losses is provided in Note 10.1.3.

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

10.2.2 Company

Year Ended 31 March	2025 Rs.	2024 Rs.
Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;		
Deferred Tax Liabilities	400,117,057	275,451,500
Deferred Tax Assets	[291,219,891]	[135,479,260]
Net Deferred Tax Liabilities	108,897,166	139,972,240

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

Year Ended 31 March	Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liabilities				
Capital Allowances for Tax Purposes	23,209,108	3,937,169	-	-
Revaluation on Right-of-Use Assets	-	-	94,812,132	-
Revaluation on Land and Buildings	-	-	6,644,318	-
Deferred Tax Assets				
Retirement Benefit Obligations	[497,335]	[355,341]	-	-
Collective Impairment of Trade and Other Receivables	[1,055,455]	[2,700,962]	-	-
Carry Forward of Unused Tax Losses	[154,545,524]	[2,995,293]	-	-
Actuarial Gain	-	-	357,684	332,721
	[132,889,207]	[2,114,428]	101,814,134	332,721

Deferred Taxation Assets / [Liabilities]

Year Ended 31 March	Statement of Financial Position	
	2025 Rs.	2024 Rs.
Deferred Tax Liabilities		
Capital Allowances for Tax Purposes	144,335,558	121,126,451
Revaluation on Right-of-Use Assets	94,812,132	-
Revaluation on Land and Buildings	160,969,367	154,325,049
	400,117,057	275,451,500
Deferred Tax Assets		
Retirement Benefit Obligations	5,800,990	5,303,655
Collective Impairment of Trade and Other Receivables	4,374,610	3,319,155
Carry Forward of Unused Tax Losses	282,190,972	127,645,447
Actuarial Gain	[1,146,681]	[788,997]
	291,219,891	135,479,260
Net Deferred Tax Liabilities	108,897,166	139,972,240

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

10 INCOME TAX EXPENSE (Contd.)**10.2 Deferred Tax (Contd.)****10.2.2 Company (Contd.)****Recoverability of Deferred Tax Assets**

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

Further the information about the deferred tax assets relating to carried forward tax losses is provided in Note 10.1.4.

11 EARNINGS PER SHARE

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

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

Year Ended 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Amounts Used as the Numerator:				
Profit Attributable to Equity Holders	523,777,435	425,406,158	204,179,289	55,731,447
Number of Ordinary Shares Used as the Denominator:				
Weighted Average Number of Ordinary Shares in Issue				
Applicable to Basic Earnings Per Share (Note 20)	446,103,176	446,103,176	446,103,176	446,103,176
Earnings Per Share - Basic	1.17	0.95	0.46	0.12

As there were no potential ordinary shares outstanding as at the year end, Diluted Earnings per Share is equal to the Basic Earnings per Share for the year 2025 and 2024.

12 PROPERTY, PLANT AND EQUIPMENT**12.1 Group****12.1.1 Gross Carrying Amounts**

As at 31 March	As at 01 April 2024 Rs.	Additions Rs.	Disposals Rs.	Transfers Rs.	As at 31 March 2025 Rs.
At Cost					
Plant and Machinery	729,664,559	39,122,336	[1,812,893]	-	766,974,002
Furniture, Fittings and Equipment	970,699,704	51,266,270	[9,473,983]	299,219	1,012,791,210
Cutlery, Crockery, Glassware and Silverware	82,933,830	28,409,147	-	-	111,342,977
	1,783,298,093	118,797,753	[11,286,876]	299,219	1,891,108,189

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**12.1 Group (Contd.)**

	As at 01 April 2024	Additions	Disposals	Transfers on Revaluation	Transfers	Revaluation Surplus	As at 31 March 2025
As at 31 March	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At Valuation							
Freehold Land	1,572,000,000	-	-	-	-	775,200,000	2,347,200,000
Buildings on Freehold Land	2,355,578,609	59,941,080	-	(159,921,370)	-	699,279,644	2,954,877,965
Buildings on Leasehold Land	1,581,065,485	10,397,163	-	(115,188,992)	(299,219)	133,095,252	1,609,069,689
Swimming Pool	64,035,400	-	-	(9,841,544)	-	23,691,894	77,885,750
Land Improvements	63,700	165,000	-	-	-	-	228,700
Motor Vehicles	2,476,214	13,720,742	(64,732)	(1,024,833)	-	1,204,833	16,312,224
	5,575,219,408	84,223,985	(64,732)	(285,976,739)	(299,219)	1,632,471,623	7,005,574,328
Total Value of Depreciable Assets	7,358,517,501	203,021,738	(11,351,608)	(285,976,739)	-	1,632,471,623	8,896,682,517

12.1.2 In the Course of Construction

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

12.1.3 Depreciation

	As at 01 April 2024	Charge for the Year	Disposals	As at 31 March 2025
As at 31 March	Rs.	Rs.	Rs.	Rs.
At Cost				
Plant and Machinery	440,449,058	38,658,723	(1,812,893)	477,294,888
Furniture, Fittings and Equipment	847,216,136	73,377,414	(9,473,983)	911,119,567
Cutlery, Crockery, Glassware and Silverware	39,119,803	24,601,092	-	63,720,895
	1,326,784,997	136,637,229	(11,286,876)	1,452,135,350

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**12.1 Group (Contd.)**

As at 31 March	As at 01 April 2024 Rs.	Charge for the Year Rs.	Transfers on Revaluation Rs.	Disposals Rs.	As at 31 March 2025 Rs.
At Valuation					
Buildings on Freehold Land	105,748,338	54,516,374	[160,264,712]	-	-
Buildings on Leasehold Land	75,810,602	39,378,390	[115,188,992]	-	-
Swimming Pool	6,219,834	3,278,368	[9,498,202]	-	-
Land Improvements	33,970	6,702	-	-	40,673
Motor Vehicles	1,034,676	533,769	[1,024,833]	[64,732]	478,880
	188,847,420	97,713,603	[285,976,739]	[64,732]	519,553
Total Accumulated Depreciation	1,515,632,417	234,350,832	[285,976,739]	[11,351,608]	1,452,654,903

12.1.4 Net Book Value

As at 31 March	2025 Rs.	2024 Rs.
At Cost		
Plant and Machinery	289,679,113	289,215,500
Furniture, Fittings and Equipment	101,671,643	123,483,567
Cutlery, Crockery, Glassware and Silverware	47,622,082	43,814,027
	438,972,838	456,513,094
At Valuation		
Freehold Land	2,347,200,000	1,572,000,000
Buildings on Freehold Land	2,954,877,965	2,249,830,271
Buildings on Leasehold Land	1,609,069,688	1,505,254,883
Swimming Pool	77,885,750	57,815,566
Land Improvements	188,028	29,730
Motor Vehicles	15,833,345	1,441,537
	7,005,054,776	5,386,371,987
In the Course of Construction		
Building Work in Progress	576,276	32,924,144
	576,276	32,924,144
Total Carrying Amount of Property, Plant and Equipment	7,444,603,890	5,875,809,225

12.1.5 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 200,473,633 [2024 - Rs. 208,341,592], the consideration for which was settled by cash.

12.1.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 1,358,826,855 [2024 - Rs.1,104,058,937].

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**12.1 Group (Contd.)**

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

12.1.8 The movement of revaluation reserve and other information are disclosed under note 21.

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

Property	Number of Assets	Extent	Method of Valuation	Class of Asset	Sensitivity of the fair value to the inputs	Valuation	Revaluation surplus	Date of Valuation
Serendib Hotels PLC								
W.M. Chandrasena - Chartered Valuers								
Buildings and Swimming Pool on Leasehold land at Bentota	2	72,532 Sq. Ft 75 Rooms	Market Basis of Valuation Value per sq.ft Rs. 3,500 - Rs. 21,000	Buildings	Positively Correlated	1,037,000,000	18,147,725	31 March 2025
Freehold Land	1	0A-0R-20.00P	Market Basis of Valuation-Value per perch Rs. 500,000	Land	Positively Correlated	14,000,000	4,000,000	31 March 2025
Dolphin Hotels PLC								
W.M. Chandrasena - Chartered Valuers								
Freehold Land & Improvements at Waikkal		15A 3R 27P	Market Basis of Valuation - Value per perch Rs. 600,000	Land	Positively Correlated	1,528,200,000	637,200,000	31 March 2025
Buildings on Freehold Land at Waikkal	55	220,339 Sq. Ft 154 Rooms	Market Basis of Valuation - Value per sq.ft Rs. 3000 - Rs. 18,000	Buildings	Positively Correlated	2,423,000,000	588,786,007	31 March 2025
Hotel Sigiriya PLC								
W.M. Chandrasena - Chartered Valuers								
Buildings and Swimming Pool on Leasehold Land at Sigiriya	24	70,177 Sq. Ft 78 Rooms	Market Basis of Valuation - Rate per Building sq.ft Rs. 500 - Rs. 20,000	Buildings	Positively Correlated	668,999,997	138,329,285	31 March 2025
Motor Vehicles	6		Market Basis Valuation	Motor vehicles	Positively Correlated	34,971	-	31 March 2025

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)

12.1 Group (Contd.)

Property	Number of Assets	Extent	Method of Valuation	Class of Asset	Sensitivity of the fair value to the inputs	Valuation	Revaluation surplus	Date of Valuation
Frontier Capital Lanka (Private) Limited								
W.M. Chandrasena - Chartered Valuers								
Freehold Land at Mirissa	1	A0 R1 P30.80 ,	Market Basis of Valuation - Value Per Perch - Rs. 3,000,000	Land	Positively Correlated	212,000,000	35,000,000	31 March 2025
Building on Freehold Land at Mirissa		11,149 Sq. Ft 6 Rooms	Market Basis of Valuation - Value Per sq.ft - Rs. 6,000 - Rs.25,000	Buildings	Positively Correlated	178,800,000	37,851,858	31 March 2025
Swimming Pool	1	1080 Sq. Ft	Market Basis of Valuation - Value Per sq.ft - Rs. 6,000	Swimming pool	Positively Correlated	7,200,000	1,055,104	31 March 2025
Freehold Land at Mirissa	1	R1 P38.4	Market Basis of Valuation - Value Per Perch - Rs. 3,000,000	Land	Positively Correlated	235,000,000	39,000,000	31 March 2025
Building on Freehold Land at Mirissa		10,403 Sq. Ft 8 Rooms	Market Basis of Valuation - Value Per sq.ft - Rs. 6,000 -Rs. 25,000	Buildings	Positively Correlated	174,000,000	30,719,106	31 March 2025
Swimming Pool	1	1120 Sq. Ft	Market Basis of Valuation - Value Per sq.ft - Rs. 6,000	Swimming pool	Positively Correlated	6,000,000	(372,484)	31 March 2025
Freehold Land at Mirissa	1	R1 P34.00	Market Basis of Valuation - Value Per Perch - Rs. 3,000,000	Land	Positively Correlated	222,000,000	37,000,000	31 March 2025
Building on Freehold Land at Mirissa		10,403 Sq. Ft 8 Rooms	Market Basis of Valuation - Value Per sq.ft - Rs. 7,000 -Rs. 25,000	Buildings	Positively Correlated	174,000,000	41,922,672	31 March 2025
Swimming Pool	1	1120 Sq. Ft	Market Basis of Valuation - Value Per sq.ft - Rs. 6,000	Swimming pool	Positively Correlated	6,000,000	(372,484)	31 March 2025
Freehold Land at Mirissa		R1 P5.24	Market Basis of Valuation - Value Per Perch - Rs. 3,000,000	Land	Positively Correlated	136,000,000	23,000,000	31 March 2025
Three Wheeler	2		Market Basis of Valuation	Motor Vehicle	Positively Correlated	850,992	924,833	31 March 2025
Motor Bike	1		Market Basis of Valuation	Motor Vehicle	Positively Correlated	140,000	280,000	31 March 2025
						1,632,471,623		

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**12.2 Company****12.2.1 Gross Carrying Amounts**

	As at 01 April 2024	Additions	Transfer on Revaluation	Increase in Revaluation	As at 31 March 2025
As at 31 March	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Plant and Machinery	259,922,343	2,888,990	-	-	262,811,334
Furniture, Fittings and Equipment	373,105,248	26,408,061	-	-	399,513,310
	633,027,591	29,297,051	-	-	662,324,644
At Valuation					
Freehold Land	10,000,000	-	-	4,000,000	14,000,000
Buildings on Leasehold Land	1,051,355,775	-	(58,586,713)	3,127,586	995,896,648
Swimming Pool	25,171,150	5,934,603	(5,022,540)	15,020,140	41,103,353
	1,086,526,925	5,934,603	(63,609,253)	22,147,726	1,051,000,001
Total Gross Carrying Amount	1,719,554,516	35,231,654	(63,609,253)	22,147,726	1,713,324,645

12.2.2 In the course of construction

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

12.2.3 Depreciation

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

12 PROPERTY, PLANT AND EQUIPMENT (Contd.)**12.2 Company (Contd.)****12.2.4 Net Book Values**

As at 31 March	2025 Rs.	2024 Rs.
At Cost		
Plant and Machinery	102,852,514	116,540,818
Furniture, Fittings and Equipment	95,314,537	93,708,384
	198,167,051	210,249,202
At Valuation		
Freehold Land	14,000,000	10,000,000
Buildings on Leasehold Land	995,896,648	1,012,769,751
Swimming pool	41,103,353	21,826,702
	1,051,000,001	1,044,596,453
In the course of construction		
Capital Work in Progress	-	30,592,444
	-	30,592,444
Total Carrying Amount of Property, Plant and Equipment	1,249,167,052	1,285,438,099

12.2.5 The Company acquired Property, Plant and Equipment to the aggregate value of Rs. 35,231,654 during the financial year [2024 - 95,850,814], the consideration for which was settled by cash.

12.2.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 581,672,482 [2024 - Rs.421,890,374].

12.2.7 The Company has stated following properties at revalued amounts. The valuation was carried out by independent valuer W.M. Chandrasena - Chartered Valuers. The surplus and losses arising from the revaluation was transferred to revaluation reserve [Refer Note 21.1.1].

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

Class of Assets	Cost Rs.	Cumulative Depreciation If Assets were Carried at Cost Rs.	Net Carrying Amount 2025 Rs.	Net Carrying Amount 2024 Rs.
Group				
Land	125,705,661	-	125,705,661	125,705,661
Buildings on Freehold Land	1,476,384,505	337,508,985	1,138,875,520	1,163,481,927
Buildings on Leasehold Land	858,033,557	262,375,231	595,658,326	609,958,885
	2,460,123,723	599,884,216	1,860,239,507	1,899,146,473
Company				
Buildings on Leasehold Land	527,326,543	143,382,654	383,943,889	383,943,889

12.2.9 The assets of the Company and its Subsidiaries have not been pledged as securities for liabilities as at 31 March 2025.

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

13 RIGHT-OF-USE ASSETS

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At valuation					
As at 01 April		314,613,799	314,613,799	206,937,275	206,937,275
Remeasurement of Lease Liabilities		13,001,258	-	13,001,258	-
Transfer on Revaluation		(63,009,965)	-	(44,778,974)	-
Revaluation Surplus		416,347,343	-	316,040,441	-
Additions During the year	24	24,865,965	-	-	-
Disposals/Terminations		(49,752,434)	-	-	-
As at 31 March		656,065,966	314,613,799	491,200,000	206,937,275
Accumulated Amortisation					
As at 01 April		90,958,734	54,759,083	31,833,112	12,849,795
Transfer on Revaluation		(63,009,965)	-	(44,778,974)	-
Disposals/Terminations		(45,184,277)	-	-	-
Amortisation	9	21,379,836	36,199,651	12,945,862	18,983,317
As at 31 March		4,144,328	90,958,734	-	31,833,112
Carrying Value		651,921,638	223,655,065	491,200,000	175,104,163

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

Serendib Hotels PLC

The Company has Obtained Leasehold Rights to three lots of Land Situated in Bentota from The Sri Lanka Tourist Board by the agreement dated 28/02/1973, 02/05/2016 and 19/02/2019 respectively [the lease expires on 28/02/2033, 26/04/2026 and 19/01/2049 respectively]. The management intends to extend the lease period upon expiry.

Hotel Sigiriya PLC

The Company has obtained leasehold rights to two lots of land situated in Sigiriya from Sri Lanka Tourist Board. by the agreement dated 25/07/2004 and 01/05/2017 respectively [the both leases expire on 24/07/2034]. The management intends to extend the lease period upon expiry.

As per the agreements, above leases of Serendib Hotels PLC and Hotel Sigiriya PLC can be renewed at the date of expiry. The Group has constructed buildings on these properties. If the lease agreement is not renewed on the expiration of the lease term, Sri Lanka Tourist Board will pay to the Group the value of the buildings and improvements constructed with the written approval of Sri Lanka Tourist Board as assessed by the Chief Valuer.

Frontier Capital Lanka (Private) Limited

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

13 RIGHT-OF-USE ASSETS (CONTD.)

As at 31 March 2025	Extent	Method of Valuation	Property Type	Valuation	Date of Valuation
Serendib Hotels PLC					
W.M. Chandrasena - Chartered Valuers	A3 - R1 - P23	Market Basis of Valuation	Land	491,200,000	31-Mar-2025
Hotel Sigiriya PLC					
W.M. Chandrasena - Chartered Valuers	9A - 2R - P39.2	Market Basis of Valuation	Land	140,000,000	31-Mar-2025

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

Frontier Capital Lanka (Private) Limited which is a subsidiary of Serendib Hotels PLC has elected to apply the exemption on short-term leases and leases of low-value assets for its operating lease on office premises and staff accommodation. The monthly rent of the said leases is Rs. 480,000 and 300,000 respectively. The lease period is 2 years.

14 INTANGIBLE ASSETS

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Computer Software	14.1	4,047,254	3,427,950	542,703	1,266,308
Goodwill	14.2	116,533,450	116,533,450	-	-
Total Intangible Assets		120,580,704	119,961,400	542,703	1,266,308

14.1 COMPUTER SOFTWARE

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At Cost					
As at 01 April		12,374,919	14,043,488	3,618,024	3,618,024
Additions		3,135,000	-	-	-
Disposal		-	[1,668,569]	-	-
As at 31 March		15,509,919	12,374,919	3,618,024	3,618,024
Amortisation and Impairment					
As at 01 April		8,946,969	8,226,678	2,351,716	1,628,111
Amortisation	9	2,515,696	2,388,860	723,605	723,605
Disposal		-	[1,668,569]	-	-
As at 31 March		11,462,665	8,946,969	3,075,321	2,351,716
Carrying Value		4,047,254	3,427,950	542,703	1,266,308

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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

14.2 GOODWILL

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	116,533,450	116,533,450	-	-
As at 31 March	116,533,450	116,533,450	-	-
Carrying Value	116,533,450	116,533,450	-	-
Total Intangible Assets	120,580,704	119,961,400	542,703	1,266,308

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

As at 31 March	2025 Rs.	2024 Rs.
Investment in Dolphin Hotels PLC	22,252,564	22,252,564
Investment in Frontier Capital Lanka (Private) Limited	94,280,886	94,280,886
	116,533,450	116,533,450

14.2.2 Group annually carries out an impairment test on Goodwill which has an infinite useful life. Valuation is carried out using the earnings growth method and the key assumptions in such computations are reviewed each year.

The key assumptions are as follows.

Discount Rate : Risk free rate adjusted by the addition of appropriate risk premium (2025-12.1% & 2024- 15.52%).

Business Growth : Based on historical growth rate and future business plan (2% - 10%).

Above assumptions are affected by expected future market and future economic conditions.

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

15 INVESTMENTS IN SUBSIDIARIES**15.1 Direct Investments**

As at 31 March	Country of Incorporation	Holding - %		2025		2024	
		2025	2024	Cost Rs.	Market Value Rs.	Cost Rs.	Market Value Rs.
Direct Investments							
Quoted Investments							
Dolphin Hotels PLC	Sri Lanka	69.33	69.33	672,598,594	2,003,913,787	672,598,594	723,389,168
Hotel Sigiriya PLC	Sri Lanka	64.29	64.29	291,433,065	867,899,136	291,433,065	188,498,397
Total Quoted Investments in Subsidiaries				964,031,659	2,871,812,923	964,031,659	911,887,565
Non-Quoted							
Serendib Leisure Management Limited	Sri Lanka	100	100	60,100,000	-	60,100,000	-
Sanctuary Resorts Lanka (Private) Limited	Sri Lanka	100	100	20	-	20	-
Frontier Capital Lanka (Private) Limited	Sri Lanka	100	100	652,075,806	-	652,075,806	-
Total UnQuoted Investments in Subsidiaries				712,175,826	-	712,175,826	-
Total Net Carrying Value of Investments in Subsidiaries				1,676,207,485	2,871,812,923	1,676,207,485	911,887,565

Other information pertaining to subsidiaries are as follows:

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

15.2 Material Partly-Owned Subsidiaries

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

Proportion of interest held by non-controlling interests

As at 31 March	%		Value	
	2025	2024	2025	2024
Dolphin Hotels PLC	30.67%	30.67%	1,359,855,844	1,044,091,317
Hotel Sigiriya PLC	35.71%	35.71%	408,096,105	331,359,838

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

15 INVESTMENTS IN SUBSIDIARIES (CONTD.)

Total Comprehensive income allocated to material non-controlling interest:

As at 31 March	2025	2024
	Rs.	Rs.
Dolphin Hotels PLC	315,764,639	96,720,548
Hotel Sigiriya PLC	76,736,466	36,433,990
	392,501,105	133,154,538

Summarised Financial Information of Material partly-owned subsidiaries ;

As at 31 March	Dolphin Hotels PLC		Hotel Sigiriya PLC	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Assets	1,891,017,490	2,479,470,168	755,659,239	576,816,138
Non Current Assets	4,119,212,295	2,870,878,248	873,140,607	662,164,050
Current Liabilities	503,532,318	822,982,929	260,412,633	176,836,464
Non-Current Liabilities	1,072,866,870	1,123,090,284	225,580,298	134,224,827
Total Equity	4,433,830,597	3,404,275,203	1,142,806,915	927,918,897
Revenue	1,446,897,071	1,311,438,532	624,872,368	491,954,945
Profit Before Tax	230,158,636	388,369,582	101,380,699	118,479,676
Profit After Tax	167,433,598	320,017,190	48,492,665	101,308,978
Other Comprehensive Income	862,121,795	[4,658,381]	166,395,354	718,438
Total Comprehensive Income for the year	1,029,555,394	315,358,809	214,888,019	102,027,416
Dividend paid to non-controlling interest	-	-	-	-
Cash Flows				
Net Cash Flows from operating activities	54,879,415	[201,426,468]	[126,416,827]	[19,019,183]
Net Cash Flows from investing activities	[56,760,525]	154,591,668	48,848,217	[24,240,339]
Net Cash Flows from financing activities	[593,544,890]	[286,134,104]	[3,817,691]	[6,588,600]
Net decrease in cash and cash equivalents	[595,426,000]	[332,968,904]	[81,386,301]	[49,848,122]

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

16 OTHER FINANCIAL ASSETS

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Other Financial Assets - Non - current	16.1	128,221,191	130,270,124	124,222,011	124,904,990
Other Financial Assets - Current	16.2	-	-	178,413,891	194,223,953
		128,221,191	130,270,124	302,635,902	319,128,943

16.1 Other Financial Assets - Non - Current**Fair Value Through OCI Assets**

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

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Jada Resorts & SPA (Private) Limited	16.1.1	122,222,417	122,222,417	122,222,417	122,222,417
Rainforest Ecolodge (Private) Limited	16.1.2	5,998,774	8,047,707	1,999,594	2,682,573
		128,221,191	130,270,124	124,222,011	124,904,990

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

As at 31 March	Group	Company
	Rs.	Rs.
As At 01 April 2023	121,997,417	121,997,417
Change in Fair Value	225,000	225,000
As At 31 March 2024	122,222,417	122,222,417
Change in Fair Value	-	-
As At 31 March 2025	122,222,417	122,222,417

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

As at 31 March	As at 31 March 2025			As at 31 March 2024		
	Valuation technique	Significant unobservable inputs	Range (weighted average)	Valuation technique	Significant unobservable inputs	Range (weighted average)
Jada Resorts & SPA (Private) Limited	DCF Method	Long-term growth rate for cash flows	3% - 5%	DCF Method	Long-term growth rate for cash flows	3% - 5%
			4.0%			4.0%
		Cost of Equity(Ke)	10.99% - 14.99%		Cost of Equity(Ke)	17.46% - 15.39%
			12.99%			16.44%

No fair value gains / losses have been recognised as at 31 March 2025 in view of insignificance of the difference between the carrying value and fair value.

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

16 OTHER FINANCIAL ASSETS [Contd]**16.1 Other Financial Assets – Non Current [contd.]****16.1.2 Rainforest Ecolodge (Private) Limited**

	Group	Company
	Rs.	Rs.
As At 01 April 2023	5,872,153	1,957,387
Change in Fair Value	2,175,554	725,186
As At 31 March 2024	8,047,707	2,682,573
Change in Fair Value	(2,048,933)	(682,979)
As At 31 March 2025	5,998,774	1,999,594

The group recorded a total fair value loss of Rs. 2,048,933 [Rs. 682,979 by company] relating to this investment during the year ended 31 March 2025.

The Group / Company has invested in 1,200,001/ 400,001 equity shares of Rainforest Ecolodge (Private) Limited. at Rs. 10 each. The fair value of the unquoted equity shares in Rainforest Ecolodge (Private) Limited is estimated using Price to book value multiple (P/BV) and significant unobservable inputs used for the valuation as of follows,

16.1.2.1 Fair Value Through OCI Assets – Rainforest Ecolodge (Private) Limited

As at 31 March	Group / Company	
	2025	2024
Peer Multiple	3.26	3.12
Liquidity Discount	10%	20%
Premium for Sustainable Tourism Concept	20%	5%

16.1.2.2 Sensitivity Analysis – Fair Value Through OCI Assets – Rainforest Ecolodge (Private) Limited

As at 31 March	Group		Company	
	Change In Fair Value		Change In Fair Value	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
+5% Change in Peer Multiple	299,936	402,387	99,979	(134,129)
-5% Change in Peer Multiple	(299,941)	(402,387)	(99,980)	134,129
+5% Change in Liquidity Discount	(27,267)	(89,418)	(7,625)	(29,806)
-5% Change in Liquidity Discount	27,267	89,418	7,625	29,806
+5% Change in Premium for Sustainable Tourism Concept	54,534	44,712	20,821	14,904
-5% Change in Premium for Sustainable Tourism Concept	(54,534)	(44,712)	(20,821)	(14,904)

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

16 OTHER FINANCIAL ASSETS (Contd)**16.1 Other Financial Assets - Non Current (contd.)****16.1.2.3 Sensitivity Analysis - Fair Value Through OCI Assets - Jada Resorts & SPA (Private) Limited**

	Company / Group	
	Change In Fair Value	
	2025 Rs.	2024 Rs.
As at 31 March		
+5% Change in Terminal Value	1,964,571	146,461,749
-5% Change in Terminal Value	(1,856,016)	(141,600,513)
+5% Change in WACC	(11,097,895)	(825,943,991)
-5% Change in WACC	12,809,047	945,929,518

16.1.2.4 Change in Fair value of Fair Value Through OCI Investments

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

16.1.2.5 Fair Value Reserve

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
	As at 01 April	(198,847,804)	(200,766,981)	(197,201,495)
Fair Valuation Gain / [Loss]	(1,595,573)	1,919,177	(682,979)	950,186
As at 31 March	(200,443,377)	(198,847,804)	(197,884,474)	(197,201,495)

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

16.2 Other Financial Assets - Current**Assets Measured at Amortised Cost - Company**

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

Company	Relationship	As at 01 April 2024 Rs.	Interest Income Rs.	Loans Repayments Rs.	As at 31 March 2025 Rs.	Repayment Terms	Rates of Interest
Serendib Leisure Management Limited	Subsidiary	13,578,041	1,851,207	(15,280,236)	149,012	on Demand	AWPLR + 75%
Frontier Capital Lanka (Private) Limited	Subsidiary	180,645,912	17,618,967	(20,000,000)	178,264,879	on Demand	AWPLR + 75%
		194,223,953	19,470,174	(35,280,236)	178,413,891		

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

17 INVENTORIES

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Food	25,687,615	24,951,286	5,710,997	7,809,364
Beverage	22,162,569	26,414,374	7,492,065	9,909,172
House Keeping and Maintenance	34,937,699	33,420,482	9,114,142	9,529,388
Linen, Cutlery & Other	150,506	74,771	42,610	-
	82,938,389	84,860,913	22,359,814	27,247,924

18 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Receivable - Related Parties	18.3	103,806,290	-	-	-
Trade Receivable - Others		624,582,331	724,595,445	138,956,623	108,940,210
		728,388,621	724,595,445	138,956,623	108,940,210
Less: Debtors' Impairment	18.1 & 18.2	(47,913,845)	(33,411,251)	(14,582,034)	(11,308,755)
		680,474,776	691,184,194	124,374,589	97,631,455
Other Debtors		75,058,845	85,638,960	62,013,565	56,928,005
Advances and Prepayments		76,511,906	63,490,745	16,918,372	6,876,490
		151,570,751	149,129,705	78,931,937	63,804,495
Non Trade Dues from Related Parties	18.4	732,153,058	280,174,171	1,410,962	7,240,234
Loans and Advances to Company Officers	18.5	813,124	1,055,865	-	-
		732,966,182	281,230,036	1,410,962	7,240,234
		1,565,011,710	1,121,543,935	204,717,488	168,676,184

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

18 TRADE AND OTHER RECEIVABLES (CONTD.)**18.1 Trade Receivables Age Analysis (Contd.)**

As at 31 March		Total Rs.	Neither past due nor impaired Rs.	Past due but not impaired		
				30-90 Days Rs.	91-120 Days Rs.	>120 Days Rs.
Group						
2025	Trade Receivables	728,388,621	370,798,691	243,193,069	35,742,147	78,654,714
	Less: Provision for Impairment of trade receivables	(47,913,845)	(4,399,452)	(3,567,409)	(2,364,701)	(37,582,283)
		680,474,776	366,399,239	239,625,660	33,377,446	41,072,431
2024	Trade Receivables	724,595,445	174,641,758	172,560,229	142,024,808	219,068,431
	Less: Provision for Impairment of trade receivables	(33,411,251)	(1,899,213)	(3,734,328)	(3,591,882)	(24,032,459)
		691,184,194	172,742,545	168,825,901	138,432,926	195,035,972
Company						
2025	Trade Receivables	138,956,623	98,085,967	29,157,986	2,046,273	9,666,397
	Less: Provision for Impairment of trade receivables	(14,582,034)	(4,399,452)	(3,567,409)	(2,046,273)	(4,568,900)
		124,374,589	93,686,515	25,590,577	-	5,097,497
2024	Trade Receivables	108,940,210	46,139,810	14,928,060	14,012,750	33,859,600
	Less: Provision for Impairment of trade receivables	(11,308,755)	(479,216)	(3,734,328)	(3,109,820)	(3,985,391)
		97,631,455	45,660,594	11,193,732	10,902,930	29,874,209

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

18 TRADE AND OTHER RECEIVABLES (CONTD.)**18.2 Movement in Individual and Collective Impairment During the Year**

	Group			Company		
	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
At 1 April 2023	244,904	10,187,092	10,431,996	244,904	2,060,644	2,305,548
Provision for Impairment [Note 9]	13,109,744	9,869,511	22,979,255	-	8,982,398	8,982,398
At 31 March 2024	13,354,648	20,056,603	33,411,251	244,904	11,043,042	11,287,946
Provision for Impairment [Note 9]	8,190,207	6,312,387	14,502,594	-	3,294,088	3,294,088
As at 31 March 2025	21,544,855	26,368,990	47,913,845	244,904	14,337,130	14,582,034

18.3 Trade Receivables from Related Parties

	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 31 March					
Sun & Fun Resorts Limited	Subsidiary of Intermediate Parent	29,203,251	-	-	-
Dickwella Resort [Private] Limited	Subsidiary of Intermediate Parent	16,672,869	-	-	-
Eden Hotel Lanka PLC	Subsidiary of Intermediate Parent	50,365,600	-	-	-
Green Paradise [Private] Limited	Subsidiary of Intermediate Parent	7,564,570	-	-	-
		103,806,290	-	-	-

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

18 TRADE AND OTHER RECEIVABLES (Contd.)**18.4 Amounts Due From Related Parties**

As at 31 March	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Hotel Sigiriya PLC	Subsidiary Company	-	-	-	120,000
Dolphin Hotels PLC	Subsidiary Company	-	-	-	120,000
Serendib Leisure Management Limited	Subsidiary Company	-	-	264,485	5,735,973
Sansun Boutique Hotels Limited	Subsidiary of Intermediate Parent	587,466,067	174,184,616	-	-
Green Paradise (Private) Limited	Subsidiary of Intermediate Parent	5,233,939	9,914,445	8,071	-
Excel restaurant (Private) Limited	Subsidiary of Intermediate Parent	22,216,288	11,522,394	-	-
Browns Leisure (Private) Limited	Subsidiary of Intermediate Parent	5,609,113	17,830,367	46,000	-
Ishara Traders	Subsidiary of Intermediate Parent	250,000	125,000	-	-
Eden Hotel Lanka PLC	Subsidiary of Intermediate Parent	18,360,729	31,417,698	18,089	-
Dickwella Resort (Private) Limited	Subsidiary of Intermediate Parent	5,566,073	1,776,651	73,900	120,000
Millennium Development (Private) Limited	Subsidiary of Intermediate Parent	12,237,986	10,751,243	-	-
Sanctuary Resort Lanka (Private) Limited	Subsidiary Company	-	-	1,000,417	904,262
Browns Investments PLC	Intermediate Parent	2,660,900	-	-	-
Frontier Capital Lanka (Private) Limited	Subsidiary Company	-	-	-	119,999
Three Tips Ella (Private) Limited	Subsidiary of Intermediate Parent	53,850,260	9,169,956	-	-
Taprobane Plantation Limited	Subsidiary of Intermediate Parent	702,265	402,265	-	-
Sun and Fun Resorts Limited	Subsidiary of Intermediate Parent	17,999,438	13,079,536	-	120,000
		732,153,058	280,174,171	1,410,962	7,240,234

18.5 Loans and Advances to Company Officers

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	1,055,865	2,384,839	-	-
Loans Granted During the Year	1,452,682	2,546,370	-	2,146,111
Less: Repayments During the Year	(1,695,423)	(3,875,344)	-	(2,146,111)
As at 31 March	813,124	1,055,865	-	-

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

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

Components of Cash and Cash Equivalents

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

19.1 Favourable Cash and Cash Equivalent Balances

Cash and Bank Balances	842,163,654	1,412,604,334	235,432,154	218,578,077
Money Market Investments	339,426,940	430,504,678	-	-
	1,181,590,594	1,843,109,012	235,432,154	218,578,077

19.2 Unfavourable Cash and Cash Equivalent Balances

Bank Overdraft	(81,571,881)	(141,106,967)	(3,580,667)	(6,939,131)
	(81,571,881)	(141,106,967)	(3,580,667)	(6,939,131)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,100,018,713	1,702,002,045	231,851,487	211,638,946

The bank overdrafts of the Company as at 31 March 2025 and 2024 represent book overdrawn situations amounting to Rs. 3,580,667 and Rs. 6,939,131 respectively.

The bank overdrafts of the Group as at 31 March 2025 and 2024 represent mix of both book and bank overdrawn situations amounting to Rs. 81,571,881 and Rs. 141,106,967 respectively. The bank overdrafts are granted on clean basis. The weighted average effective interest rate on bank overdraft was AWPLR + 1%.

20 STATED CAPITAL - GROUP / COMPANY

As at 31 March	2025		2024	
	Number	Rs.	Number	Rs.
20.1 Fully Paid Ordinary Shares	302,058,952	2,200,092,449	302,058,952	2,200,092,449
Fully Paid Non-Voting Ordinary Shares	144,044,224	730,971,415	144,044,224	730,971,415
	446,103,176	2,931,063,864	446,103,176	2,931,063,864

20.2 Rights, Preference and Restrictions of Classes of Capital

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

21 RESERVES

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.

21.1 Other Component of Equity

Asset Revaluation Reserve	21.1.1	2,756,451,068	1,645,136,617	768,475,041	531,743,324
Fair Value Reserve	16.1.2.4	(200,443,377)	(198,847,804)	(197,884,474)	(197,201,495)
		2,556,007,691	1,446,288,813	570,590,567	334,541,829

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

21 RESERVES (CONTD.)**21.1.1 Asset Revaluation Reserve**

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
On: Property, Plant and Equipment and Right-of-Use Assets				
As at 01 April	1,645,136,617	1,645,136,617	531,743,324	531,743,324
Revaluation Surplus on Property Plant and Equipment	1,207,064,327	-	22,147,726	-
Deferred Tax Attributable to Revaluation on Property Plant and Equipment and Right-of-Use assets	(476,277,624)	-	(101,456,450)	-
Revaluation Surplus on Right-of-Use assets	380,527,748	-	316,040,441	-
As at 31 March	2,756,451,068	1,645,136,617	768,475,041	531,743,324

The above revaluation surplus consists of net surplus resulting from the revaluation of freehold land and buildings, buildings on leasehold land and swimming pool as described in note 12 and revaluation of right-of-use assets as described in Note 13.

22 INTEREST BEARING LOANS AND BORROWINGS**22.1 Group**

	2025			2024		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Loans [Note 22.1.1]	-	-	-	164,085,578	409,591,369	573,676,947
Loans from Related Parties [Note 22.1.2]	-	-	-	16,814,428	-	16,814,428
Lease Liabilities [Note 24]	25,573,045	128,691,132	154,264,178	43,201,248	72,798,938	116,000,185
	25,573,045	128,691,132	154,264,178	224,101,254	482,390,307	706,491,560

22.1.1 Bank Loans

	As at 01 April 2024 Rs.	Repayment Rs.	Exchange Gain Rs.	As at 31 March 2025 Rs.
Dolphin Hotels PLC	573,676,947	(576,730,462)	3,053,516	-
	573,676,947	(576,730,462)	3,053,516	-

22.1.2 Related Party Loans

	As at 01 April 2024 Rs.	Repayment Rs.	As at 31 March 2025 Rs.
Eden Hotel Lanka PLC	16,814,428	(16,814,428)	-
	16,814,428	(16,814,428)	-

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

22. INTEREST BEARING LOANS AND BORROWINGS (Contd...)
22.1.1.1 Bank Loans - Detailed Group

	As at 01 April 2024	Repayment	Exchange (Gain) / Loss	As at 31 March 2025	Repayment terms	Interest rate
	Rs.	Rs.	Rs.	Rs.		
Dolphin Hotel PLC						
HSBC - GBP 1.2M	292,927,382	(294,274,106)	1,346,724	-	60 Monthly Instalments Commencing September 2021	SONIA+3.4%
HSBC - EURO 1.6M	280,749,565	(282,456,356)	1,706,792	-	60 Monthly Instalments Commencing September 2021	At a margin Over 1 Month GBP LIBOR
	573,676,947	(576,730,462)	3,053,516	-		

22.2 Company

	Note	2025		2024		Total
		Amount Repayable Within 1 Year	Amount Repayable After 1 Year	Amount Repayable Within 1 Year	Amount Repayable After 1 Year	
		Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March						
Loans from Related Parties	22.3.1	661,178,326	-	661,178,326	660,313,348	660,313,348
Lease Liabilities	24	16,966,187	98,178,589	115,144,776	30,660,526	80,074,231
		678,144,513	98,178,589	776,323,102	690,973,874	740,387,579

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

22. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

22.2.1 Loans from Related Parties

	Relationship	Repayment Terms	Rates of Interest	2025 Rs.	2024 Rs.
Dolphin Hotels PLC - GBP	Subsidiary Company	To be repayable on demand and unsecured	SONIA +3.4%	661,178,326	660,313,348
				661,178,326	660,313,348

22.2.1.1 Movement of Loans from related parties

	As at 01 April 2024 Rs.	Interest Cost Rs.	Repayment Rs.	Exchange [Gain]/Loss Rs.	As at 31 March 2025 Rs.
Dolphin Hotels PLC - GBP	660,313,348	37,047,557	(40,000,000)	3,817,421	661,178,326
	660,313,348	37,047,557	(40,000,000)	3,817,421	661,178,326

23. RETIREMENT BENEFIT OBLIGATIONS

	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April		65,334,146	61,013,428	15,048,861	14,973,460
Charge for the Year	23.1	14,308,167	13,597,270	3,138,137	3,218,796
Benefits Paid		(4,310,386)	(12,901,034)	(1,480,338)	(2,034,324)
Transfers Out		-	(1,886,990)	-	-
Actuarial [Gain]/Loss	23.2	(8,437,360)	5,511,472	(1,192,280)	(1,109,071)
As at 31 March		66,894,567	65,334,146	15,514,380	15,048,861

23.1 Post Employment Benefit Expenses for

Current Service Cost	6,381,386	6,255,927	1,956,352	1,122,512
Interest Cost	7,926,781	7,341,343	1,181,785	2,096,284
	14,308,167	13,597,270	3,138,137	3,218,796

23.2 Actuarial [gain]/loss immediately recognised in other comprehensive income

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 31 March				
Due to Experience	(7,999,588)	-	(1,192,280)	-
Due to Changes in Financial Assumptions	(437,772)	5,511,472	-	(1,109,071)
	(8,437,360)	5,511,472	(1,192,280)	(1,109,071)

The Retirement Benefit Plan was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

23. RETIREMENT BENEFIT OBLIGATION [Contd.]

23.3 Actuarial & Management Consultants (Private) Limited carried out an actuarial valuation of the retirement benefit obligations on 31 March 2025 and 31 March 2024 respectively. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used as follows:

23.4 The Principal Assumptions used were as follows;

	Group		Company	
	2025	2024	2025	2024
a) Demographic Assumptions				
Retirement Age	60 Years	60 Years	60 Years	60 Years
Employee Turnover Rate	20%	20%	20%	20%
b) Financial Assumptions				
Discount Rate	12.0%	13.0%	12.0%	13.0%
Future Salary Increment Rate	10.0%	11.0%	10.0%	11.0%
Weighted Average Duration of Defined Benefit Obligation [Years]	4.0 Years	4.0 Years	4.0 Years	4.0 Years

23.5 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions used, with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Profit or Loss and Employment Benefit Obligation for the year.

Group

	Sensitivity Effect on Defined Benefit Obligation			
	Delta Effect of +1%		Delta Effect of [-1%]	
	2025	2024	2025	2024
As at 31 March	Rs.	Rs.	Rs.	Rs.
(Increase)/Decrease in Discount Rate	(2,479,880)	(2,401,798)	2,670,701	2,588,309
Increase/(Decrease) in Salary Increment Rate	2,982,120	2,892,785	(2,811,932)	(2,726,259)

	Delta Effect of +10%		Delta Effect of [-10%]	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
As at 31 March				
Increase/(Decrease) in Employee Turnover	243,971	70,281	(281,085)	(86,019)

Company

	Sensitivity Effect on Defined Benefit Obligation			
	Delta Effect of +1%		Delta Effect of [-1%]	
	2025	2024	2025	2024
As at 31 March	Rs.	Rs.	Rs.	Rs.
(Increase)/Decrease in Discount Rate	(569,468)	(564,173)	613,207	607,786
Increase/(Decrease) in Salary Increment Rate	680,985	673,362	(642,240)	(634,789)

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

23. RETIREMENT BENEFIT OBLIGATION (Contd.)

As at 31 March	Delta Effect of +10%		Delta Effect of [-10%]	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Increase/(Decrease) in Employee Turnover	42,228	43,890	[52,651]	[53,691]

23.6 Following payments are expected weighted average life span obligation on the future years:

Years From the Current Period	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
within the next 12 months	11,930,670	12,730,778	2,566,284	2,664,881
between 1 to 2 years	18,370,262	17,279,235	4,811,092	3,629,058
between 3 to 5 years	20,608,277	16,990,637	4,389,838	4,845,935
between 6 to 10 years	12,120,127	14,726,770	2,799,083	3,016,789
beyond 10 years	3,865,231	3,606,726	948,083	892,198
Total Retirement Benefit Obligations	66,894,567	65,334,146	15,514,380	15,048,861

24. LEASE LIABILITY

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 1 April	116,000,186	146,540,842	80,074,231	100,857,765
Remeasurement	30,027,645	-	30,027,645	-
Additions during the year	24,865,966	-	-	-
Adjustment on shortening the lease term	-	[412,500]	-	-
Interest Expense on Lease Liabilities (Note 8.1)	35,613,626	14,348,872	31,217,492	12,154,894
Payments	[52,243,246]	[44,477,028]	[26,174,593]	[32,938,428]
As at 31 March	154,264,177	116,000,186	115,144,776	80,074,231
Amount Repayable After 1 Year	128,691,132	72,798,938	98,178,589	49,413,705
Amount Repayable Within 1 Year	25,573,045	43,201,248	16,966,187	30,660,526
	154,264,177	116,000,186	115,144,776	80,074,231

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

Frontier Capital Lanka (Private) Limited which is a subsidiary of Serendib Hotels PLC has elected to apply the exemption on short-term leases and leases of low-value assets for its operating lease on office premises and staff accommodation. The yearly rent of the said leases is Rs. 480,000 and 300,000 respectively. The lease period is 2 years.

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

25. TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Payable - Other		149,805,134	120,531,345	33,602,525	28,375,185
Trade Payable - Related Parties		-	-	-	-
Other payables - Related parties	25.1	416,542,275	677,297,980	180,121,933	349,058,546
- Other		449,685,567	431,465,651	156,333,687	145,413,742
Customer Advances	25.3	52,024,158	49,195,751	32,543,574	12,504,603
Sundry Creditors Including Accrued Expenses		217,694,335	195,822,722	33,652,054	33,288,995
		1,285,751,469	1,474,313,449	436,253,773	568,641,071

25.1 Amounts due to Related Parties

As at 31 March	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Dolphin Hotels PLC	Subsidiary Company	-	-	2,910,672	2,521,005
Hotel Sigiriya PLC	Subsidiary Company	-	-	-	188,470
Serendib Leisure Management Limited	Subsidiary Company	-	-	98,156,753	72,384,330
Browns Leisure (Private) Limited	Subsidiary of Intermediate Parent	7,823,082	-	-	-
LOLC Technology Services Limited	Subsidiary of Ultimate Parent	4,937,217	13,626,171	1,298,449	310,432
Sansun Boutique Hotels Limited	Subsidiary of Ultimate Parent	66,000,000	-	-	-
Eden Hotel Lanka PLC	Immediate Parent Company	512,846	1,087,623	114,475	-
Millennium Development (Private) Limited	Subsidiary of Intermediate Parent	44,516	-	-	-
Browns Investments PLC	Intermediate Parent Company	35,400,000	4,886,009	-	-
LOLC Corporate Services (Private) Limited	Subsidiary of Ultimate Parent	424,000	912,000	200,000	50,000
Sun and Fun Resorts Limited	Subsidiary of Intermediate Parent	24,000,000	-	-	-
Browns Hotels & Resorts (Private) Limited	Subsidiary of Intermediate Parent	68,918,959	25,168,833	6,606,126	331,922
LOLC Holdings PLC	Ultimate Parent Company	208,481,655	631,617,344	70,835,458	273,272,387
		416,542,275	677,297,980	180,121,933	349,058,546

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

25. TRADE AND OTHER PAYABLES (Contd.)

25.2 The group through its central procurement team negotiates for the best credit terms while ensuring for quality, Price and time when deciding on its suppliers to procure. The average credit period for the group is 60 days.

25.3 Customer Advances

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	49,195,751	50,924,742	12,504,603	14,637,081
Revenue Recognised during the Year	[362,207,440]	[236,844,852]	[15,035,602]	[10,452,257]
Additions During the Year	365,035,847	235,115,861	35,074,573	8,319,779
As at 31 March	52,024,158	49,195,751	32,543,574	12,504,603

26. DIVIDENDS PAYABLE

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 31 March				
Unclaimed Dividends	9,303,218	9,303,218	3,163,059	3,163,059
	9,303,218	9,303,218	3,163,059	3,163,059

27. COMMITMENTS AND CONTINGENCIES**27.1 Commitments****27.1.1 Serendib Hotels PLC has granted the following corporate guarantees,**

Effective Date	Name of the Customer	Name of the Bank	Guaranteed
07/07/2020	Kalutara Luxury Hotels & Resorts (Private) Limited	The Hongkong and Shanghai Banking Corporation Limited	Up to USD 2,330,000

27.1.2 There were no significant capital commitments as at the reporting date.

27.2 Contingencies

27.2.1 The Bentota Pradeshiya Sabha has filed multiple cases against Serendib Hotels PLC, at the Magistrate Court – Balapitiya, claiming a total of Rs. 42,432,238 for operating the hotel without obtaining the necessary licenses from the Pradeshiya Sabha for the years 2019 through 2023. These cases are currently at the hearing stage and remain pending final adjudication. Notwithstanding the ongoing legal proceedings, the Company has recognised a full provision of Rs. 42,432,238, which is included under Other Payables (Note 25) in the financial statements.

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

27.2.3 Although full provisions have been made, due to the ongoing legal proceedings and the uncertainty surrounding the final outcome, these matters are disclosed under Contingent Liabilities to ensure comprehensive disclosure.

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

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

28. EVENTS OCCURRING AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

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

29. RELATED PARTY DISCLOSURES**29.1 Terms and Conditions of Transactions with Related Parties**

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

29.2 Non-Recurrent Related Party Transactions

There were no other non-recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 2024/25 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.

29.3 Recurrent Related Party Transactions

Name of the Related Party	Nature of the Transaction	Value of the Related Party Transaction	Relationship	Value of the Related Party Transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
LOLC Holdings PLC	Aggregate recurrent transactions	47,563,070	Parent Company	6%	Commercial terms as agreed by Management
LOLC Holdings PLC	Intercompany Borrowings	[250,000,000]	Parent Company	33%	Commercial terms as agreed by Management

There were no other recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2024 audited financial Statements, which required additional disclosures in the 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.

Terms and conditions on loans granted to related parties are disclosed in Note 16 to these financial statements.

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

29 RELATED PARTY DISCLOSURES (Contd.)
29.4 Transaction with Related Entities
Group

Nature of Transaction	Ultimate Parent		Other Related Party		Total	
	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31. March						
Nature of Transaction						
Purchase of Goods / Services	30,432,189	-	93,321,787	-	123,753,976	-
Management Fees Income	-	-	119,010,899	-	119,010,899	-
Interest Income - Loan Granted (Note 8.2)	-	-	66,535,416	-	66,535,416	-
Expenses Incurred by the Company on Behalf of Other Inter-Companies	804,692	1,199,078	351,309,701	115,459,902	352,114,393	116,658,980
Expenses Incurred on Behalf of the Company	(82,271,842)	(270,483,583)	63,185,769	(68,631,847)	(19,086,073)	(339,115,430)
Settlement of Dues from Related Parties	(13,727,826)	(1,276,176)	(173,562,347)	(108,666,405)	(187,290,172)	(109,942,581)
Settlement of Dues to Related Parties	504,300,000	-	25,392,340	123,664,942	529,692,340	123,664,942
Loans Obtained	-	(50,300,000)	-	(20,000,000)	-	(70,300,000)
Loans Capital Granted	-	-	(124,000,000)	-	(124,000,000)	-
Current Account - Interest Cost (Note 8.1)	(86,922,715)	(98,395,771)	-	-	(86,922,715)	(98,395,771)
Loan Interest Expense - Related Parties (Note 22.3.1.1)	-	-	(447,547)	(49,285,816)	(447,547)	(49,285,816)
	352,614,499	(419,256,452)	420,746,018	(7,459,224)	773,360,517	(426,715,675)

Company

Nature of Transaction	Parent		Subsidiaries		Other Related Party		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31. March								
Nature of Transaction								
Management Fees (Note 9)	-	-	(60,088,274)	(47,303,410)	-	-	(60,088,274)	(47,303,410)
Accounting Fees (Note 9)	-	-	(840,000)	(840,000)	-	-	(840,000)	(840,000)
Interest Income - Loan Granted (Note 8.2)	-	-	19,470,174	27,359,459	-	-	19,470,174	27,359,459
Expenses Incurred by the Company on Behalf of Other Inter-Companies	-	508,928	3,118,979	8,642,549	350,190	-	3,469,169	9,151,477
Expenses Incurred on Behalf of the Company	(10,243,464)	(1,381,596)	(24,935,937)	(32,526,576)	(8,775,710)	(4,569,150)	(43,955,111)	(36,477,322)
Settlement of Dues from Related Parties	-	-	(8,854,312)	(12,070,475)	(444,129)	-	(9,298,441)	(12,070,475)
Settlement of Dues to Related Parties	250,000,000	-	70,870,646	42,485,415	1,235,981	9,482,676	322,106,627	51,968,091
Loans Repayment to Related Parties	-	27,181,943	-	-	-	-	-	27,181,943
Loans Repayment from Related Parties (Note 16.2)	-	-	(35,280,236)	-	-	-	(35,280,236)	-
Current Account - Interest Cost (Note 8.1)	(37,319,606)	(27,878,545)	-	-	-	-	(37,319,606)	(27,878,545)
Loan Interest Expense - Related Parties (Note 22.3.1.1)	-	-	(37,047,557)	(68,566,715)	-	-	(37,047,557)	(68,566,715)
Loan Interest Payment to Related Parties (Note 22.3.1.1)	-	-	40,000,000	-	-	-	40,000,000	-
	202,436,930	(1,569,270)	(33,586,516)	(82,819,754)	(7,633,669)	4,913,526	161,216,745	(79,475,496)

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

29 RELATED PARTY DISCLOSURES (Contd.)**29.4 Transaction with Related Entities (Contd.)****Other Related Parties Include**

Browns Hotels & Resorts Limited
 LOLC Corporate Services (Private) Limited
 LOLC Technology Services Limited
 LOLC Finance PLC
 Sanctuary Resort Lanka (Private) Limited
 Dickwella Resorts (Private) Limited
 Sun & Fun Resorts Limited
 Browns Leisure (Private) Limited
 Green Paradise (Private) Limited

29.5 Terms and Conditions:

Management Fees	Management fees are paid based on the management agreement with Serendib Leisure Management Limited.
Expenses Incurred	Expenses Incurred on behalf of / by Related parties are reimbursed on actual cost basis.
Loans	Information relating to loans received from / granted to related parties are disclosed in notes 22 & 16 respectively
Guarantees	Guarantees provided to related parties are disclosed in note 27.
Purchase of Goods and Services	Purchase of Good and Services are based on commercial terms agreed by management.
Finance Income / Charges - Current Accounts	Finance income or cost on intercompany balances is recognised on the monthly amounts exceeding Rs.10,000,000, based on the daily AWPLR + 7.5% rate set by the Browns Group Treasury. Interest is not applied when the balance is receivable.
Accounting Fees	Accounting fees are paid based on the management agreement entered into with Serendib Leisure Management Limited.
Secretarial and Professional Fee	LOLC Corporate Service (Private) Limited provides corporate secretarial services including statutory filings, maintenance of registers, and coordination of board/shareholder meetings and charged are made based on management agreed terms.
Consultancy Fees	Energy efficiency enhancements, power optimisation, green building compliance, and related consultancy services were provided and charged at management agreed terms by Browns Investments PLC.

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

30 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY OR ITS PARENT

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

30.1 Key Management Personnel Compensation

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Short Term Employee Benefits [Cash & Non-Cash]	4,840,000	-	1,700,000	-

No significant transactions had taken place involving Key Management Personnel & their close family members.

30.2 Director's Interest in Contracts

Directors do not have any other interest in contracts with the Company or its Subsidiaries either directly or indirectly.

31 FAIR VALUE**31.1 Fair value of Financial Instruments**

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

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

Cash & cash equivalents/ trade & other receivables/ related party loans:

The carrying amount approximates their fair value largely due to the short maturities of these instruments.

Fair Value Through OCI Investments:

These investments are carried at fair value, both the investment in Rain Forest Ecolodge (Private) Limited and investment in Jada Resorts and SPA (Private) Limited. Refer note 16 for their measurement basis / assumptions.

Long-term floating - rate receivables/ borrowings:

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

The fair value of all other financial liabilities approximate their carrying values.

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

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

31 FAIR VALUE [Contd.]**31.1 Fair value of Financial Instruments [Contd.]**

As at 31 March	2025		2024	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Group				
Financial Assets:				
Trade and other receivables [excluding advances and prepayments]	1,488,499,804	1,488,499,804	1,058,053,190	1,058,053,190
Cash & Cash Equivalents	1,181,590,594	1,181,590,594	1,843,109,012	1,843,109,012
Fair Value Through OCI Financial Assets				
Investment in Equity Shares	128,221,191	128,221,191	130,270,124	130,270,124
Financial Liabilities:				
Interest bearing loans and borrowings	-	-	590,491,375	590,491,375
Lease liabilities	154,264,177	154,264,177	116,000,186	116,000,186
Trade and other payables [excluding customer advances]	1,233,727,311	1,233,727,311	1,425,117,698	1,425,117,698
Bank overdraft	81,571,881	81,571,881	141,106,967	141,106,967
Company				
Financial Assets:				
Loans and Receivables				
Trade and other receivables [excluding advances and prepayments]	187,799,116	187,799,116	161,799,694	161,799,694
Related Party Loans Granted	178,413,891	178,413,891	194,223,953	194,223,953
Cash & Cash Equivalents	235,432,154	235,432,154	218,578,077	218,578,077
Fair Value Through OCI Financial Assets				
Investment in Equity Shares	124,222,011	124,222,011	124,904,990	124,904,990
Financial Liabilities:				
Interest bearing loans and borrowings	661,178,326	661,178,326	660,313,348	660,313,348
Lease liabilities	115,144,776	115,144,776	80,074,231	80,074,231
Trade and other payables [excluding customer advances]	403,710,199	403,710,199	556,136,468	556,136,468
Bank overdraft	3,580,667	3,580,667	6,939,131	6,939,131

31.2 Fair Value Hierarchy

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

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

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

31 FAIR VALUE (Contd.)**31.2 Fair Value Hierarchy (Contd.)**

The Group / Company held the following financial instruments at fair value on the Statement of Financial Position.

	Rs.	Rs.	Rs.	Rs.
Group				
Financial Assets	31 March 2025	Level 1	Level 2	Level 3
Fair Value Through OCI Assets	128,221,191	-	-	128,221,191
Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Land and Buildings	6,989,221,431	-	-	6,989,221,431
Motor Vehicles	15,833,345	-	-	15,833,345
Right-of-Use Assets	651,921,638	-	-	651,921,638
Financial Assets	31 March 2024	Level 1	Level 2	Level 3
Fair Value Through OCI Investment	130,270,124	-	-	130,270,124
Non-Financial Assets Measured at Fair Value	31 March 2024	Level 1	Level 2	Level 3
Land and Buildings	5,384,930,450	-	-	5,384,930,450
Motor Vehicles	1,441,537	-	-	1,441,537
Right-of-Use Assets	223,655,065	-	-	223,655,065
Company				
Financial Assets	31 March 2025	Level 1	Level 2	Level 3
Fair Value Through OCI Investment	124,222,011	-	-	124,222,011
Non-Financial Assets Measured at Fair Value	31 March 2025	Level 1	Level 2	Level 3
Land and Building	1,051,000,001	-	-	1,051,000,001
Right-of-Use Assets	491,200,000	-	-	491,200,000
Financial Assets	31 March 2024	Level 1	Level 2	Level 3
Fair Value Through OCI Investment	124,904,990	-	-	124,904,990
Non-Financial Assets Measured at Fair Value	31 March 2024	Level 1	Level 2	Level 3
Land and Building	1,044,596,453	-	-	1,044,596,453
Right-of-Use Assets	175,104,163	-	-	175,104,163

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company and its subsidiaries are exposed to market risk, credit risk and liquidity risk.

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

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

32.1 Market Risk

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

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

32.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

- 1) 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%. [Subsequently revised depending on the interest rate fluctuations.]

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

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

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

Interest rates sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's / Company's profit before tax [affected through the impact on floating rate borrowings].

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**Group**

	Effect on Profit Before Tax			
	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
+ 1000 basis points	55,127,231	[63,609,610]	[5,489,698]	[14,155,372]
- 1000 basis points	[43,036,065]	63,609,610	5,489,698	14,155,372
+ 500 basis points	47,494,088	[56,034,621]	[2,744,849]	[6,637,174]
- 500 basis points	[36,344,805]	56,034,621	2,744,849	6,637,174

32.3 Foreign Currency Risk

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

Currency risk is managed by the Group's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Group also monitors its exposure to movements in exchange rates on a net basis.

Below are the spot exchange rates used by the Company as at 31 March 2025 and 31 March 2024.

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

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

32.4 Equity Price Risk

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

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [Contd.]**32.5 Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks.

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

As at 31 March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Receivables	624,582,331	724,595,445	138,956,623	108,940,210
Less: Impairment of Trade Receivables	(47,913,845)	(33,411,251)	(14,582,034)	(11,308,755)
	576,668,486	691,184,194	124,374,589	97,631,455
Cash and Cash Equivalents	1,181,590,594	1,843,109,012	235,432,154	218,578,077

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk. Refer Note 18.1 for age analysis of Trade Receivables.

Management of credit risk

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

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

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

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**32.5 Credit Risk (Contd.)****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-[Ika]
Nations Trust Bank PLC	A[Ika]
Sampath Bank PLC	AA- [Ika]
Citi Bank N.	AAA[Ika]
Seylan Bank PLC	A+[Ika]
National Development Bank PLC	A [Ika]
Hatton National Bank PLC	AA- [Ika]
Commercial Bank of Ceylon PLC	AA- [Ika]
Standard Chartered Bank	A+[Ika]

32.5.1 Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's / Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 16 and 18 except for financial guarantees and derivative financial instruments.

32.6 Liquidity Risk

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

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

Notes to the Financial Statements [Contd.]

Year Ended 31 March 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES [Contd.]**32.6 Liquidity Risk [Contd.]****Group**

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2025	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Lease Liabilities	-	6,485,674	19,457,022	84,401,703	43,919,778	154,264,177
Trade and Other Payables	-	1,233,727,311	-	-	-	1,233,727,311
Bank Overdraft	81,571,881	-	-	-	-	81,571,881
	81,571,881	1,240,212,985	19,457,022	84,401,703	43,919,778	1,469,563,369

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2024	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest-Bearing Loans and Borrowings	-	-	164,085,578	-	-	164,085,578
Lease Liabilities	-	6,579,564	19,738,694	63,401,912	26,280,015	116,000,185
Trade and Other Payables	-	1,425,117,698	-	-	-	1,425,117,698
Bank Overdraft	141,106,967	-	-	-	-	141,106,967
	141,106,967	1,431,697,262	183,824,272	63,401,912	26,280,015	1,846,310,428

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

Company

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2025	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest - Bearing Loans and Borrowings	661,178,326	-	-	-	-	661,178,326
Lease Liabilities	-	4,241,547	12,724,640	67,864,748	30,313,841	115,144,776
Trade and Other Payables	-	403,710,199	-	-	-	403,710,199
Bank Overdraft	3,580,667	-	-	-	-	3,580,667
	664,758,993	407,951,746	12,724,640	67,864,748	30,313,841	1,183,613,968

	On Demand	Less Than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
As at 31 March 2024	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest - Bearing Loans and Borrowings	660,313,348	-	-	-	-	660,313,348
Lease Liabilities	-	3,444,383	10,333,152	50,277,998	16,018,698	80,074,231
Trade and Other Payables	-	556,136,468	-	-	-	556,136,468
Bank Overdraft	6,939,131	-	-	-	-	6,939,131
	667,252,479	559,580,851	10,333,152	50,277,998	16,018,698	1,303,463,178

Notes to the Financial Statements (Contd.)

Year Ended 31 March 2025

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**32.7 Capital Management**

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2025 and 31 March 2024. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 40%.

	Group		Company	
	2025	2024	2025	2024
Total debt	154,264,177	706,491,561	776,323,102	740,387,579
Total equity	7,885,717,585	5,855,241,088	2,836,659,325	2,395,596,703
Debt / Equity	2%	11%	21%	24%

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Ten Year Financial Review

Group

[Figures in Rs.'000 unless otherwise stated]

Year Ended 31 March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Trading Results										
Revenue	3,404,962	2,869,507	1,441,924	636,410	587,233	1,588,581	2,038,943	1,842,061	1,769,176	1,768,249
Profit /[(Loss) Before Tax	596,842	660,528	(447,659)	(589,101)	(543,810)	(48,886)	129,304	270,049	172,824	363,811
Profit /[(Loss) for the year	592,446	559,733	(451,577)	(590,615)	(483,382)	(121,311)	102,351	192,452	128,084	301,363
Profit /[(Loss) Attributable to Non Controlling Interest	68,669	134,327	(32,878)	(30,732)	(27,334)	16,911	63,617	73,508	60,571	98,304
Profit /[(Loss) Attributable to Equity Holders of the Parent	523,777	425,406	(418,698)	(559,883)	(456,048)	(138,221)	38,735	118,944	67,514	203,059
Hotel Operations										
Annual Sales Growth [%]	18.66	99.01	126.57	8.37	(63.03)	(22.09)	10.69	4.12	0.05	12.20
Room Occupancy [%]	78	81	48	20.00	28.50	61.09	78.66	75.00	76.00	79.00
Current Ratio [Times]	1.88	1.61	1.54	0.48	0.81	1.19	1.00	0.70	0.83	1.15
Interest Cover [Times]	4.20	3.96	(0.15)	(0.53)	-2.90	0.45	2.29	6.54	12.61	16.01
Debt / Total Equity Ratio [%]	2	11	22.38	42.21	36.65	29.97	28.36	21.74	9.60	13.40
Market/ Shareholder Information										
Return on Equity [%]	0.08	0.11	(0.09)	(15.00)	(15.66)	(3.76)	3.01	5.40	3.90	9.19
Net assets per Share* [Rs.]	17.68	13.13	9.15	24.77	19.66	21.10	22.80	22.97	21.89	22.32
Earnings/[(Loss) per Share* [Rs.]	1.17	0.95	(0.94)	(5.02)	(4.09)	(1.24)	0.35	1.07	0.61	1.82
Market value per share [Rs.]	18.50	14	9.80	16.00	14.5	21.10	15.90	17.50	23.10	27.50
Price Earnings Ratio [Times]	15.81	14.68	(6.71)	(3.19)	(3.55)	(17.02)	45.78	16.41	38.16	15.10
Dividend [per Share]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.00	1.00

Investor Information

Year Ended 31 March 2025

SHAREHOLDER INFORMATION (VOTING)

No. of Shares	2025			2024		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,102	229,242	0.08	1072	225,790	0.07
1,001 - 10,000	447	1,852,671	0.61	450	1,922,399	0.64
10,001 - 100,000	256	8,605,824	2.85	297	9,956,741	3.30
100,001 - 1,000,000	84	21,436,422	7.10	85	22,651,780	7.50
Over 1,000,000	9	269,934,793	89.36	8	267,302,242	88.49
	1,898	302,058,952	100.00	1,912	302,058,952	100.00

SHAREHOLDER INFORMATION (NON-VOTING)

No. of Shares	2025			2024		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	676	179,249	0.12	645	162,084	0.11
1,001 - 10,000	291	1,176,812	0.82	303	1,227,737	0.86
10,001 - 100,000	192	7,114,244	4.94	149	4,662,452	3.24
100,001 - 1,000,000	69	16,521,165	11.47	62	14,519,499	10.07
Over 1,000,000	9	119,052,754	82.65	10	123,472,452	85.72
	1,237	144,044,224	100.00	1,165	144,044,224	100.00

CATEGORIES OF SHAREHOLDERS (NON-VOTING)

Institutions	117	127,389,754	88.43	90	127,900,881	88.80
Individuals	1,120	16,654,470	11.57	1,075	16,143,343	11.20
	1,237	144,044,224	100.00	1,165	144,044,224	100.00

CATEGORIES OF SHAREHOLDERS (VOTING)

Institutions	146	276,453,796	91.52	140	271,270,211	89.81
Individuals	1,752	25,605,156	8.48	1,772	30,788,741	10.19
	1,898	302,058,952	100.00	1,912	302,058,952	100.00

Investor Information

Year Ended 31 March 2025

PUBLIC HOLDING

	2025 %	2024 %
Ordinary Voting Shares	14.49%	14.49%
Ordinary Non Voting Shares	26.65%	26.65%

SHARE TRADING (NON-VOTING)

	2025	2024
Highest Market Price [Rs.]	14.70	11.00
Lowest Market Price [Rs.]	8.30	6.20
Last Traded Price [Rs.]	11.70[31.03.25]	6.70
No. of Shares Traded	34,905,284	35,347,659
No. of Trades	6,483	6,444
Turnover [Rs.]	423,410,099.40	302,533,045

SHARE TRADING (VOTING)

	2025	2024
Highest Market Price [Rs.]	24.90	15.40
Lowest Market Price [Rs.]	17.50	8.40
Last Traded Price [Rs.]	18.50[31.03.25]	14.00[28/03/2024]
No. of Shares Traded	43,535,674	43,217,216
No. of Trades	9,420	11,329
Turnover [Rs.]	790,638,125.40	556,719,474.50

Investor Information

Year Ended 31 March 2025

TOP 20 SHAREHOLDERS (VOTING)

Name of the Shareholder	2025	%	2024	%
EDEN HOTEL LANKA PLC	182,739,232	60.50	182,739,232	60.50
LODGING INVESTMENT (LABUAN) LIMITED	60,574,306	25.01	75,546,312	25.00
MR. E. J. DE SOYSA	3,179,410	1.05	3,200,000	1.06
SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	2,511,138	0.83	1,015,381	0.34
MR. B.S.M. DE SILVA	1,716,552	0.57	1,716,552	0.57
MRS. M.V. FERNANDO	1,600,000	0.53	1,600,000	0.53
DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,542,149	0.51	-	-
PEOPLE'S LEASING & FINANCE PLC/ NAGOYA CEYLON TRADING (Private) Limited	1,100,000	0.36	-	-
PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	953,855	0.32	1,484,765	0.49
MRS. H.G.S. ANSELL	841,825	0.28	841,825	0.28
MR. P.P.S. FERNANDO	700,000	0.23	700,000	0.23
E-TECH CORPORATION (Private) Limited	680,000	0.23	-	-
PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	661,015	0.22	711,015	0.24
SEYLAN BANK PLC/R.A.RISHARD	650,000	0.22	-	-
MISS D.R.A. FERNANDO	600,132	0.20	600,132	0.2
PEOPLE'S LEASING & FINANCE PLC/L.H.L.M.P.HARADASA	592,010	0.20	965,484	0.32
MR. S.A. COORAY	527,453	0.17	1,000,000	0.33
HATTON NATIONAL BANK PLC-SENFIN GROWTH FUND	516,557	0.17	1,000,000	0.33
HATTON NATIONAL BANK PLC/ JUDE NISHANTHA WEERAKOON	504,117	0.17	-	-
Total held by the above shareholders	262,189,751	91.77	273,120,698	90.42
Shares held by the balance shareholders	39,869,201	8.23	28,938,254	09.58
Total Issued Capital	302,058,952	100.00	302,058,952	100.00

As at 31st March 2025 Float adjusted Market Capitalisation is Rs . 954,215,708

The Company is compliant with the minimum public holding requirements stipulated in CSE Rule 7.13.1(b) option 02 As at 31 March 2025, 14.49% of the issued ordinary shares (Voting) were held by 1,895 shareholders

Investor Information

Year Ended 31 March 2025

TOP 20 SHAREHOLDERS (NON-VOTING)

Name of the Shareholder	2025	%	2024	%
EDEN HOTEL LANKA PLC	77,033,908	53.48	77,033,908	53.48
LODGING INVESTMENT (LABUAN) LIMITED	28,627,000	19.88	28,627,000	19.88
ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	4,626,956	3.21	4,626,956	3.21
J.B. COCOSHELL (Private) Limited	3,119,556	2.17	3,119,556	2.17
DR. H.S.D. SOYSA	1,677,381	1.16	1,677,381	1.16
TRADING PARTNERS (Private) Limited	1,655,944	1.15	1,655,944	1.15
PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	1,183,011	0.82	1,233,011	0.86
SHALSRI INVESTMENTS (PRIVATE) Limited.	1,128,998	0.78	1,128,998	0.78
CODE-GEN INTERNATIONAL PVT Limited	1,000,000	0.69	-	-
M P D COORAY	561,248	0.39	-	-
MRS. H.G.S. ANSELL	545,200	0.38	545,200	0.38
COCOSHELL ACTIVATED CARBON COMPANY (PRIVATE) LIMITED	540,000	0.37	540,000	0.37
SEYLAN BANK PLC/ R A RISHARD	500,111	0.35	-	-
HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	445,000	0.30	477,000	0.33
MR. P. TILLAKARATNE	430,000	0.30	-	-
MR. L.C.D.PEIRIS	426,909	0.30	-	-
HATTON NATIONAL BANK PLC/JUDE NISHANTHA WEERAKOON	381,423	0.26	-	-
PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	371,412	0.26	371,412	0.26
MISS H. ABASBHOY	360,000	0.25	360,000	0.25
MERCHANT BANK OF SRI LANKA & FINANCE PLC/G.K.G.L WIJAYATHILAKE	352,775	0.24	-	-
Total held by the above shareholders	124,966,832	86.74	128,865,250	89.46
Shares held by the balance shareholders	19,077,392	13.26	15,178,974	10.54
Total Issued Capital	144,044,224	100.00	144,044,224	10.54

As at 31st March 2025 Float adjusted Market Capitalisation is Rs. 533,510,133

The Company is compliant with the minimum public holding requirements stipulated in CSE Rule 7.13.1(b) option 02 As at 31 March 2025, 26.65% of the issued ordinary shares (Voting) were held by 1,234 Shareholders.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 57TH ANNUAL GENERAL MEETING of the Company will be held on Wednesday 24th September 2025 at 12.00 noon. The AGM will be held as an on-line audio-visual meeting with arrangements for the on-line meeting platform centered at the LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya for the following purposes :-

- 1) To receive and consider 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. W A T M Wijesinghe who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
- 3) To re-elect as a Director Mr. T Dharmarajah who retires by rotation in terms of Article 73 of the Articles of Association of the Company.
- 4) *To re-elect as an Independent Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election [Refer Note No. 04]
- 5) To re-appoint as auditors M/s Deloitte Partners for the ensuing year at a remuneration to be agreed by the Directors.
- 6) To approve in terms of the Companies Act No.26 of 1951 [Donations], the making of donations by the Directors as determined by them for the current financial year and until the next Annual General meeting of the Company.

By order of the Board
SERENDIB HOTELS PLC



LOLC CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

27 August 2025
Rajagiriya

Notice of Annual General Meeting

Note:

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

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

5) Important Notice:

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

[1] Corporate Website - <https://www.brownshotels.com/investor-relations/> and

[2] The Colombo Stock Exchange - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=SHOT.X0000>

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



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Company Secretaries on +94 117248248 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com.

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

Form of Proxy - Voting shareholders

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

Waduthantri Dharshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Emmanuel Jude Dillipraj Rajakarier	of Colombo or failing him
Wijesinghe Arachchige Thilan Manjith Wijesinghe	of Colombo or failing him
Stephen Andrew Chojnacki	of Colombo or failing him
Thiyagarajah Dharmarajah	of Colombo

as my/our* Proxy to represent me/us* at the Fifty Seventh (57th) Annual General Meeting of the Company to be held as an on-line meeting on **Wednesday, 24th September 2025 at 12.00 noon** and at any adjournment thereof and at every poll which may be taken in consequence thereof.

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

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

	For	Against
1. To re-elect as a Director Mr. W A T M Wijesinghe who retires by rotation in terms of Articles 85 of the Article of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. T Dharmarajah who retires in terms of Articles 73 of the Article of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as an Independent Director Dr. J. M. Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 4 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint as auditors Deloitte Partners Chartered Accountants for the ensuing year at a remuneration to be agreed by the Board.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorise the Board of Directors to determine donations that may be made by the Company during the year	<input type="checkbox"/>	<input type="checkbox"/>

dated this day of..... 2025.

*please strike off inappropriate word

Form of Proxy - Voting shareholders

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

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

INSTRUCTIONS FOR THE COMPLETION OF FORM OF PROXY

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

Form of Proxy- Non Voting shareholders

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

Waduthantri Dharshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Emmanuel Jude Dillipraj Rajakarier	of Colombo or failing him
Wijesinghe Arachchige Thilan Manjith Wijesinghe	of Colombo or failing him
Stephen Andrew Chojnacki	of Colombo or failing him
Thiagarajah Dharmarajah	of Colombo

as my/our* Proxy to represent me/us* at the Fifty Seventh [57th] Annual General Meeting of the Company to be held as an on-line meeting on Wednesday, 24th September 2025 at 12.00 noon and at any adjournment thereof and at every poll which may be taken in consequence thereof.

dated this day of , 2025.

Signature of Shareholder

[please refer overleaf for instructions]

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

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

Form of Proxy- Non Voting shareholders

INSTRUCTIONS FOR THE COMPLETION OF FORM OF PROXY

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

Stakeholder Feedback Form

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

Contact Information

Name: _____

Email: _____

Phone: _____

Company/Organisation: _____

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

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

General Feedback

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

- Very Satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very Dissatisfied

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

- Always
- Often
- Sometimes
- Rarely
- Never

Stakeholder Feedback Form

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

Stakeholder Feedback Form

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

- Very Effective
- Effective
- Neutral
- Ineffective
- Very Ineffective

Forward-Looking Information & Major Developments

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

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

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

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

Stakeholder Feedback Form

Crisis Communication & Confidentiality

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

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

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

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

Additional Comments

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

.....

.....

Submission

Please return the completed form to:
Investor Relations/ Communications
Serendib Hotels PLC, 100/1 Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY

Serendib Hotels PLC

COMPANY REGISTRATION NUMBER

PQ 223

DATE OF INCORPORATION

09th September 1966

LEGAL FORM

A Public Quoted Company with limited liability

STOCK EXCHANGE LISTING

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

DIRECTORS

W D K Jayawardena - Chairman
D S K Amarasekera - Non Executive Director
Mrs. K U Amarasinghe - Non Executive Director
W A T M Wijesinghe - Independent Director
T Dharmarajah - Independent Director
Dr. J M Swaminathan - Non Executive Director
E J D Rajakarier - Non Executive Director
S A Chojnacki - Non Executive Director

REGISTERED OFFICE

100/1 Sri Jayawardenapura Mawatha, Rajagiriya
Tel : +94 [11] 7248248
Fax : +94 [11] 286 5602
Website : www.browshotels.com

COMPANY SECRETARIES

LOLC Corporate Services (Private) Limited

AUDITORS

Deloitte Partners - Chartered Accountants

REGISTRARS

SSP Corporate Services (Private) Limited

BANKERS

Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Standard Chartered Bank (Sri Lanka) Limited

HOTEL

Thaala Bentota Resort, Bentota
Tel : + 94 [34] 4641464-7

Designed & produced by



Printed by Printage (Pvt) Ltd



SERENDIB HOTELS PLC

[REGISTERED OFFICE]

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

Telephone: 0117248248 Fax: 011-2865606 [Gen]

Website: www.browshotels.com