Ceylon Hotels Corporation PLC

Annual Report | 2025/26

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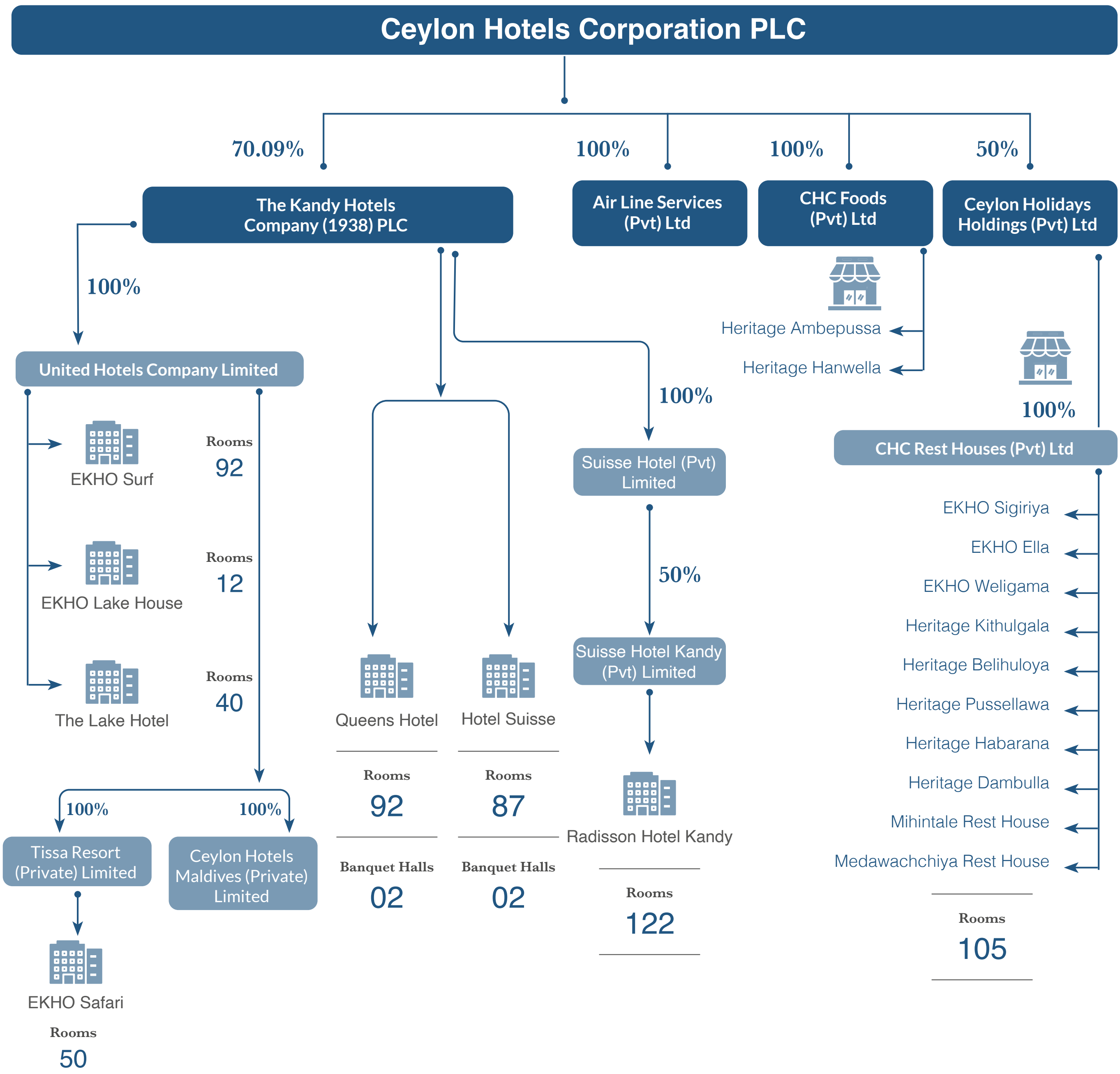
Group Structure



Group Financial Highlights

For the year ended 31st March		2026 Rs.	2025 Rs.	Change Rs.
Performance for the year				
Revenue	Rs. 000	2,373,652	1,674,317	42%
Earnings before Interests, Tax, Depreciation & Amortisation (EBITDA)	Rs. 000	507,800	261,271	94%
Profit before tax (PBT)	Rs. 000	322,921	114,968	181%
Profit after tax (PAT)	Rs. 000	266,411	171,317	56%
Earnings per Share	Rs.	1.12	0.77	45%
Price Earnings Ratio	Tims	31.87	29.12	9%
Financial Position as at 31 March				
Total Assets	Rs. 000	15,566,806	15,509,636	0.4%
Total Debt	Rs. 000	1,275,078	1,420,506	-10%
Total Equity	Rs. 000	11,144,373	10,858,847	3%
Ordinary Shares Issued	No	180,030,942	180,030,942	0%
Public Share Holding	No	37,415,803	40,897,019	-9%
Net Assets per Ordinary Share	Rs.	45.18	43.98	3%
Debt/ Equity Ratio	%	11.44%	13.08%	-13%
Debt/Total Assets	%	8.19%	9.16%	-11%
Market Shareholder Information as at 31 March				
Closing Market Price per Share	Rs.	35.80	22.50	59%
Market Capitalisation	Rs. 000	6,445,108	4,050,696	59%
Float Adjusted Market Capitalisation	Rs. 000	1,339,293	920,183	46%

Chairman's Review

Dear Shareholders,

It is my privilege to welcome you to the 60th Annual General Meeting of Ceylon Hotels Corporation PLC and to present the Annual Report for the financial year ended 31st March 2026.

TOURISM INDUSTRY

Sri Lanka's tourism sector continued its upward trajectory through 2025, consolidating the revival witnessed over the preceding two years and recording the Country's highest-ever annual arrivals, despite the setback caused by Cyclone Ditwah. Sri Lanka welcomed 2,362,521 tourists during the year, an outcome that would have been higher still had the cyclone not intervened. India remained our leading source market, followed by the United Kingdom, Russia, Germany and China.

The industry's resilience was tested once again when the Country faced the devastating effects of Cyclone Ditwah towards the end of November. Despite this, Sri Lanka recovered quickly, going on to record its highest-ever monthly arrivals for a December. That momentum carried into the first quarter of the 2026 calendar year, and the industry appeared set for another historic quarterly, and possibly seasonal, high, before faltering from March 2026 amid the disruption to global travel caused by the ongoing conflict in the Middle East.

Tourism earnings, however, grew only marginally, from USD 3.17 billion to a little over USD 3.2 billion, as average visitor spend continued to soften, the Sri Lanka Tourism Development Authority's revised estimate of daily visitor spend fell to USD 148 from USD 171 during the year. I have, in previous reviews, underscored the importance of the industry transitioning from a model built on volume alone to one that delivers both volume and value, a model in which the quality of the tourism experience is matched by the revenue it generates, supported by sustained investment in critical tourism infrastructure and effective marketing in key market segments. Without higher revenue per visitor, the full potential of tourism to support the broader economy remains under-realised.

On the global stage, 2025 was a record year: UN Tourism (UNWTO) estimates 1.52 billion international arrivals, an increase of 4%, and receipts of approximately USD 1.9 trillion. Europe remains the largest destination region globally and continues to be our most important long-haul source market. That momentum has since slowed, with global arrivals in the first quarter of 2026 growing 2% to 307 million, before growth fell to just 0.4% in March as the Middle East conflict took hold. UN Tourism has since reduced its full-year forecast by one to two percentage points.

FINANCIAL PERFORMANCE

The Group delivered a strong set of results for the year under review, achieving revenue of Rs. 2,374 million, an outstanding 42% increase over the Rs. 1,674 million recorded in the previous financial year. The result achieved amid the twin impacts of Cyclone Ditwah and the Middle East crisis, both falling within the Country's peak tourism season. This growth was broad-based across our portfolio of properties and brands, and was visible across every revenue segment: accommodation, food & beverage, and all other guest-facing activities.

The improvement was driven by higher RevPAR across the portfolio, partly in line with overall industry sentiment, but predominantly the result of the inward-focused strategies we have executed over the past two years to enhance property and brand visibility, the investments made into the upliftment of key properties in line with brand guidelines, and a broader sales and marketing effort by our property managers, particularly through our continued and collaborative investment in the EKHO brand.

A stronger overall outcome was prevented by the twin impacts of Cyclone Ditwah and the Middle East crisis. The Central Highlands, where a substantial proportion of our room inventory is located, were among the areas worst affected by Ditwah; road and rail access to the hill country remained disrupted well into December, and the recovery in visitor patronage there was markedly slower than in the rest of the Country. This, combined with the impact of the Middle East crisis later in the year, placed a significant dent in the current year's revenue.

Consolidated Profit from Operations for the year was Rs. 337 million, compared to Rs. 100 million in the previous year, a three-fold increase despite these macro setbacks. The Operating Profit Margin improved to 14% from 6% year-on-year, on the back of improved RevPAR.

Consolidated Profit Before Tax was Rs. 323 million, compared to Rs. 115 million in the previous year. This result is stated after accounting for a loss of Rs. 36 million from the Group's Joint Venture undertakings, compared to a profit of Rs. 37 million in the prior year. The primary driver of this loss was the exposure of our Joint Venture, Suisse Hotel Kandy Pvt Ltd, the owning company of the Radisson Hotel Kandy to foreign currency translation on its USD-denominated bank borrowings, raised historically to fund the property's development, amid the fluctuation of the LKR against the USD. I address this in more detail under the relevant section below. Much of this foreign currency translation impact remains unrealised, and the Company's financial statements will continue to carry this exposure, despite a natural hedge between the property's foreign-currency-denominated revenue receipts and its debt service commitments.

Income tax expense of Rs. 57 million for the year was primarily driven by the reduction of Income tax assets, created in prior years against accumulated tax losses, as brought-forward losses were consumed by current year profits, with several business units returning to profitability; a small number of other properties also incurred direct income tax payments. This compares with an Income tax reversal of Rs. 56 million in the previous year, when tax assets were increased following the recognition of tax losses.

Chairman's Review

Accordingly, the Group recorded a Net Profit After Tax of Rs. 266 million for the year, compared with Rs. 171 million in the previous year an increase of 56%.

Earnings per Share rose to Rs. 1.12, compared with Rs. 0.77 in the previous year.

Total equity grew to Rs. 11,985 million, representing Net Assets per Share of Rs. 45.18, compared with Rs. 43.98 in the previous year. We close the year with a strengthened balance sheet, well positioned to support our continued investment programme.

INVESTMENTS AND PROPERTY ENHANCEMENTS

The strategic priority we have outlined to shareholders over the past two years to collaboratively elevate and position each property to its full revenue-earning potential, while carefully managing our financial resources, continues to be successfully rolled out, and our investment strategy remains responsive to market conditions and the anticipated growth of the tourism sector.

Having refurbished our larger-inventory properties, EKHO Surf Bentota, Hotel Suisse Kandy and EKHO Safari Tissamaharama during the post-crisis recovery period, and having placed them on a path to their prime revenue potential, we have now embarked on the next phase of a journey begun before the crisis years: the transformation of our historic Rest House properties held under our joint venture, CHC Rest Houses Pvt Ltd. This programme is covered in detail under the relevant section below.

Our investment and reinvestment into the portfolio, both past and present, has been prudent, phased, and designed to capture the upside in tandem with the industry's growth. By staggering our investments in this way, we have remained agile and responsive to market conditions while continuing to strengthen the portfolio overall.

SUBSIDIARIES AND JOINT VENTURES OF THE GROUP

As outlined on page 1 of this Annual Report, the Group's Hotels, Rest House properties and related assets are held within The Kandy Hotels Co (1938) PLC, The United Hotels Co Ltd, Tissa Resorts Pvt Ltd, CHC Foods Pvt Ltd, Suisse Hotel Kandy Pvt Ltd, CHC Rest Houses Pvt Ltd and Ceylon Hotels Maldives Pvt Ltd, together comprising the Group's active portfolio of subsidiaries and joint venture undertakings.

Subsidiaries

The Kandy Hotels Co (1938) PLC owns the iconic Queen's Hotel and Hotel Suisse in Kandy, and holds 50% of the Radisson Hotel Kandy through Suisse Hotel Kandy Pvt Ltd. The Company recorded a Profit from Operations of Rs. 51 million for the year, compared to loss of Rs. 3 million in the previous year, a 1800% increase, driven primarily by Hotel Suisse returning to operation during the year under review, following its closure for refurbishment.

The United Hotels Co Ltd and its subsidiary Tissa Resorts Pvt Ltd hold leasehold rights over EKHO Surf Bentota, EKHO Safari Tissamaharama, EKHO Lake House, and the Lake Hotel in Polonnaruwa. The 40-room Lake Hotel Polonnaruwa remains closed, pending a future repositioning plan. The combined entity recorded a Profit from Operations of Rs. 284 million, compared to Rs. 120 million in the previous year, a 137% increase, driven by higher RevPAR despite the challenges to the peak season.

CHC Foods Pvt Ltd comprises the Ambepussa and Hanwella Rest Houses and the Avanhala quick-service restaurant outlets, and recorded a combined Profit from Operations of Rs. 6 million for the year, compared to Rs. 5 million in the previous year a 20% increase.

Joint Ventures

The Group holds a 50% equity interest in two joint venture undertakings. CHC Rest Houses (Pvt) Ltd holds leasehold rights over ten properties commonly known as the Rest Houses, many of which have since been renovated, repositioned and now operate under the EKHO and Heritage Collection brands. Suisse Hotel Kandy (Pvt) Ltd owns the 122 room Radisson Kandy hotel, operated under the international Radisson brand. The aggregate share of results from these two Joint Ventures for the year was a loss of Rs. 36 million, compared to a profit of Rs. 37 million in the previous year.

CHC Rest Houses (Pvt) Ltd

CHC Rest Houses (Pvt) Ltd owns ten historic Rest Houses and continues its journey to transform these properties through an investment roadmap curated to renovate, reposition and rebrand each one capturing its unique, location-driven strengths while retaining the character for which these properties have long been known with the primary objective of unlocking their full revenue potential.

The Company recorded a Profit from Operations of Rs. 92 million on Revenue of Rs. 554 million for the year, compared to a Profit of Rs. 94 million on Revenue of Rs. 458 million in the previous year. After net finance costs, the Company reported a Profit Before Tax of Rs. 47 million, compared to Rs. 45 million in the previous year a 4% increase.

Ella, Sigiriya and Weligama were renovated and repositioned prior to the COVID-19 pandemic. Ella has now reached its full potential and is generating results accordingly, while Sigiriya continues to post year-on-year improvement as it moves steadily towards its own. Weligama underwent a second repositioning during the year under review, closing for most of the second half of the year, and reopened in the final quarter under an entirely new operating model; as with any repositioning of this scale, it will require time to mature. The Board has approved the renovation and repositioning of the Belihuloya and Kithulgala Rest Houses during the current financial year, with both expected to be operational under a new brand identity from October 2026. Habarana Rest House has been repositioned with the support of a development grant from the Government of Korea, in partnership with the Sri Lanka Tourism Development Authority as the property's lessor, and now operates as a tourism and traveler transit facility.

Some of our Rest Houses are located in regions no longer positioned along key tourism routes or destinations. The Board continues to evaluate the most appropriate model for each of these properties including repurposing where necessary with the objective of remaining at minimum profit-neutral while we work to unlock their fuller potential. This journey, financed through a combination of internal reserves and debt, has placed the Company on a path towards increased profitability and corresponding shareholder value.

Suisse Hotel Kandy Pvt Ltd

Suisse Hotel Kandy Pvt Ltd recorded a Profit from Operations of Rs. 190 million for the year, compared to Rs. 111 million in the previous year a 71% increase, driven by higher RevPAR despite the challenges to the peak season.

This strong operating performance did not, however, convert into bottom-line profitability. The Company reported a loss before tax of Rs. 67 million for the year, compared to a profit of Rs. 47 million in the previous year. The loss reflects a foreign exchange loss of Rs. 155 million arising from the revaluation of the Company's USD-denominated bank borrowings, following the sharp depreciation of the LKR against the USD during the latter part of March 2026, This compares with a foreign exchange gain of Rs. 43 million in the prior year. These translation gains and losses are largely unrealised, arising from the restatement of foreign currency liabilities into the Company's LKR-denominated financial statements; a natural hedge exists between the Company's foreign-currency debt service commitments and the portion of accommodation revenue received in foreign currency, though the financial statements will continue to reflect this translation exposure as it arises.

As outlined in last year's review, the Group increased its investment in Suisse Hotel Kandy Pvt Ltd, committing Rs. 292.5 million alongside a complete restructuring of the Company's debt book, to strengthen its balance sheet following the stresses built up during the COVID-19 pandemic and the subsequent economic crisis.

LOOKING AHEAD

We enter the new financial year with confidence that our refurbishment and reinvestment programme will position the Group to capitalise on the continued growth of the tourism market and to drive long-term profitability. We will maintain our focus on preparing each property to its full revenue-earning potential, managing our financial resources carefully, and leveraging the sector's growth trajectory. Our priorities for the year ahead are clear to strengthen our competitive position, enhance operational efficiency, and broaden our market segments and customer base. By remaining disciplined in our investment strategy and responsive to market conditions, we are confident in our ability to deliver sustained value to shareholders over the long term.

ACKNOWLEDGEMENTS

In closing, I wish to thank my fellow Board members and the members of the Nomination and Governance, Audit, and Remuneration Committees for their guidance and counsel throughout the year, and the Company's associates for their dedication and resilience. I also extend my thanks to our valued guests, travel agents, suppliers, bankers, auditors and secretaries, and finally, to all our shareholders, for their continued confidence and support.

Sincerely,

(Sgd.)
Sanjeev Gardiner
Chairman

28th August 2026

Board of Directors

MR. SANJEEV GARDINER
(Chairman)
Mr. Sanjeev Gardiner was appointed to the Board of Ceylon Hotels Corporation PLC in 1996 and as the Chairman of the Company on 23rd August 2024. He is the Chairman and Chief Executive Officer of The Galle Face Hotel Group of Companies which includes The Galle Face Hotel Co Ltd, Galle Face Hotel 1994 (Pvt) Ltd, GFH Management Co. (Pvt) Ltd, Gardiner Group (Pvt) Ltd, Galle Face Group (Pvt) Ltd, Ceylon Hotels Holdings (Pvt) Ltd (holding Company of Ceylon Hotels Corporation Group) and The Kandy Hotels Company (1938) PLC.

Mr. Gardiner counts over 31 years of management experience in a diverse array of businesses. He holds a Bachelor's Degree in Business from the Royal Melbourne Institute of Technology, Australia and, a Bachelor's Degree in Business (Banking and Finance) from Monash University, Australia.

In addition to his work in the corporate sector, Mr. Gardiner is also a Director and Council member of HelpAge Sri Lanka and a member of many other charitable institutions.

MR. PRIYANTHA MADDUMAGE
Mr. Maddumage was appointed to the board of Ceylon Hotels Corporation PLC in 2005.

Mr. Priyantha Maddumage holds a Bachelor of Commerce Special Degree from the University of Sri Jayawardenapura and a Master of Business Management from the Edith Cowan University in Australia and counts over 29 years of Finance Management experience.

He is a Member of the Chartered Institute of Australia and New Zealand and also a Member of the Institute of Chartered Accountant of Sri Lanka and a Member of CPA Australia and a Fellow Member of CMA Sri Lanka.

Mr. Maddumage serves as a Director in all subsidiary Companies of Ceylon Hotels Corporation PLC. Currently, Mr. Maddumage is the Group Chief Investment Officer of the Gardiner Group of Companies.

MR. SHALIKE KARUNASENA
Mr. Shalike Karunasena presently serves as a Director and as the Group Chief Financial Officer of the Gardiner Group of Companies.

Mr. Karunasena is also a Board member and serves as the Chairman of the Board Audit Committee of Dankotuwa Porcelain PLC.

Mr. Karunasena has 27 years of experience in Financial Management, Treasury and Strategy in the fields of Commodities Trading, Overseas Plantations, Refining & Manufacturing and Leisure/ Hospitality with nearly 20 years of Senior Management experience, functioning within the South- East Asian Region. He is a Fellow Member of the Chartered Institute of Management Accountants, UK.

MR. NIRMAL DE SOYSA COOKE
Mr. Nirmal Cooke is a Sri Lankan–British business leader with nearly two decades of experience in infrastructure, energy, and cross-border investment advisory. He currently serves as an Executive Board Director of the Commonwealth Enterprise and Investment Council (CWEIC) and Chair of the Sri Lanka Hub. Mr. Nirmal is also a Senior Advisor at Singapore-based Private Equity Investment Advisory Plus94, focusing on unlocking value in Sri Lanka's emerging sectors.

He is also a Senior Advisor of LPO Solutions, a legal process outsourcing venture launched during Sri Lanka's economic crisis to deliver technology-enabled legal services globally. Mr. Nirmal introduced the UK's Quintessentially Group to Sri Lanka and the Maldives, later leading its expansion into Malaysia, positioning luxury tourism as a driver of investment and high-end service delivery.

Educated in the UK, Mr. Nirmal holds a BA (Hons) in International Business from Regent's Business School London and is a graduate member of the Sri Lanka Institute of Directors. His vision is to help transform Sri Lanka into a competitive, value-adding economy integrated into regional and global supply chains.

Mr. AJITH DEVASURENDRA

Mr. Ajith Devasurendra is a veteran in the financial services industry in Sri Lanka and overseas.

MR. MANGALA BOYAGODA

Mr. Mangala Boyagoda has over 40 years of experience in the fields of Banking and Treasury Management having worked at DFCC Bank, Standard Chartered Bank, Union Bank and Bank of Ceylon.

Mr. Boyagoda is the Chairman of Ambeon Securities (Private) Limited, Taprobane Capital Plus (Private) Limited and Wealth Lanka Management (Pvt) Limited. He is also a Director of Asset Trust Management (Pvt) Limited, Ambeon Holding PLC, Faber Capital (Pvt) Limited, United Hotels Co. Limited, Sherwood Capital (Private) Limited, Asset Holding Pvt Ltd, Wise World (Private) Limited, Sierra Construction (Pvt) Ltd, Sri Lanka Gateway Industries (Pvt) Ltd, and Safe Capital (Pvt) Ltd.

Mr. Boyagoda holds a MBA from Irish University – European.

Mr. SUTHEASH BALASUBRAMANIAM

Sutheash Balasubramaniam brings over 40 years of experience across consultancy, corporate, public sector, and NGOs. He is currently Managing Director – Sri Lanka at Bookingwhizz Ltd UK, a one-stop solution for hotels, and a Certified Transition Coach & Mentor.

Previously, he served as Managing Director of the Sri Lanka Tourism Promotion Bureau for 2 years and as Director of the Sri Lanka Tourism Institute of Hotel Management under the Sri Lanka Ministry of Tourism until October 2018. At Hayleys Group, he held various C-suite roles in multiple sectors over 25 years and was subsidiary companies' board director for a decade. Earlier, he worked in finance at CIC Holdings and Ernst & Young.

He was the first Chairman of the reconstituted Sri Lanka Governance Board of the Chartered Institute of Management Accountants (CIMA) UK, and recipient of CIMA Global' s prestigious Institute Silver Medal. He served as the Sri Lanka Network Representative of the UN Global Compact for five years and has served on the SLASSCOM ESG Forum Advisory Committee.

Sutheash has also been Technical Chair for the Sri Lanka Human Capital Summits in 2016 and 2024 and serves as a senior judge for the JASTICA Sustainability Awards since 2014.

MR. RANIL PATHIRANA

Mr. Ranil Pathirana has extensive experience in finance and management in financial, apparel and energy sectors and presently serves as a Director of Hirdaramani Apparel Holdings (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investment Holdings (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Private) Limited.

Mr. Pathirana is Chairman of WindForce PLC, and a Non- Executive Director of Hemas Holdings PLC, Dankotuwa Porcelain PLC, BPPL Holdings PLC, Access Engineering PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

MR. DINESH WEERAKKODY

Mr. Dinesh Weerakkody currently serves as Chairman of Union Bank of Colombo PLC and the Sri Lanka Institute of Directors (SLID). He also serves on the boards of several leading companies in Sri Lanka.

He is the former Chairman of the Colombo Port City Economic Commission, the Board of Investment of Sri Lanka (BOI), Hatton National Bank PLC, Commercial Bank of Ceylon PLC, and the Employers' Federation of Ceylon (EFC). He has also served as a Director of DFCC Bank PLC, Hemas Holdings PLC, Ceylon Tobacco Company PLC, CIC Holdings PLC, and Sri Lanka Telecom PLC.

In the public sector, Mr. Weerakkody has held several senior leadership and advisory positions, contributing to Sri Lanka's economic policy, investment, financial-sector development and institutional governance.

He holds a Graduate Diploma in Business Administration from the Association of Business Executives (ABE), United Kingdom, and a Master of Business Administration (MBA) from the University of Leicester, United Kingdom. He is a Fellow member of the Chartered Institute of Management Accountants (CIMA), United Kingdom, and a Fellow member of the Institute of Certified Management Accountants (CMA) Sri Lanka. He is also a Professional Member of the Singapore Human Resource Institute.

Mr. Weerakkody holds an Honorary Doctorate in Business Administration. In recognition of his contribution to the nation, he was conferred the national honour Sri Lanka Shikhamani in 2019

Management Discussion and Analysis

EXECUTIVE SUMMARY

Ceylon Hotels Corporation PLC ("the Company" or "CHC") and its subsidiaries ("the Group") delivered the strongest financial performance in the Group's post-crisis history during FY 2025/26. Consolidated net profit after tax rose 57% to Rs. 266 million from Rs. 171 million, with profit attributable to equity holders of the Company increasing 45% to Rs. 202 million and earnings per share improving to Rs. 1.12 from Rs. 0.77.

Group revenue expanded 42% year-on-year to Rs. 2,374 million, driven principally by the return of Hotel Suisse to full inventory following completion of its refurbishment, together with improved occupancy and average room rates across the wider portfolio. Profit from operations more than trebled to Rs. 337 million from Rs. 100 million, and the gross profit margin improved to 76% from 73%, confirming that incremental revenue was secured on improving rather than discounted margin.

This was achieved notwithstanding two material external disruptions within the financial year: Cyclone Ditwah, which struck in late November 2025 and severely affected access to the Central Highlands during the peak season; and the outbreak of conflict in the Middle East from late February 2026, which curtailed arrivals sharply in the final month of the year. The Group's share of results of equity-accounted investees moved to a loss of Rs. 36 million from a profit of Rs. 37 million, principally reflecting foreign exchange translation losses on US Dollar denominated borrowings within the Radisson Hotel Kandy joint venture as the Rupee depreciated in the closing weeks of the year.

MACROECONOMIC ENVIRONMENT

Economic Recovery and Stabilisation

The Sri Lankan economy sustained its recovery through FY 2025/26. The Central Bank of Sri Lanka reported GDP growth of 5% for calendar 2025, achieved despite the disruption caused by Cyclone Ditwah in the fourth quarter, and forecasts growth of 4% to 5% in 2026, with the Government targeting up to 6% supported by record public capital expenditure on post-cyclone reconstruction.

Monetary conditions remained accommodative throughout the year. The Overnight Policy Rate was held at 7.75% at every review. Headline inflation, having been in deflation for eleven consecutive months to July 2025, returned to positive territory in August 2025 and remained subdued thereafter at 1.6% in February 2026 and 2.2% in March 2026, with the Central Bank expecting the 5% target to be reached during the second quarter of 2026. For a capital-intensive, largely domestically funded hospitality group, this combination of low policy rates and price stability provided a favourable operating backdrop for the greater part of the year.

Tourism earnings for calendar 2025 are estimated at just over USD 3.2 billion, against USD 3.17 billion in 2024. The marginal improvement, set against arrivals growth of 15.1%, reflects a continued decline in average visitor spend; the SLTDA revised its estimated per-day tourist spend down to USD 148 in November 2025.

The external position deteriorated in the final quarter of the financial year. Following the escalation of the Middle East conflict from late February 2026, the Sri Lankan Rupee — which had traded near Rs. 300 to the US Dollar at the start of calendar 2026 — came under sustained pressure, depreciating 5.4% year-to-date by end-May 2026 and 7.8% by end-July 2026. Fuel import expenditure rose 149.9% year-on-year to USD 886 million in April 2026. The Central Bank has characterised the depreciation as externally driven and consistent with movements in peer regional currencies. The Government's commitment to structural reform under the IMF Extended Fund Facility programme was maintained, supplemented by a Rapid Financing Instrument disbursement of SDR 150.5 million (approximately USD 205 million) to meet post-cyclone reconstruction needs.

Cyclone Ditwah

Cyclone Ditwah made landfall on 28 November 2025, causing flooding and landslides across all 25 districts and resulting in more than 800 deaths. The World Bank's Global Rapid Post-Disaster Damage Estimation assessed direct physical damage at approximately USD 4.1 billion, equivalent to about 4% of GDP, and the Ministry of Tourism reported that 4,289 foreign guests were affected. The Central Highlands, the location of the Group's principal properties were among the worst affected areas, with road access disrupted well into December and further heavy rainfall between 19 and 23 December 2025 triggering additional landslides and road closures. Notwithstanding this, national arrivals in November and December 2025 grew 15.6% and 4.2% respectively, and December 2025 recorded 258,928 visitors, the highest monthly total in Sri Lanka's history.

INDUSTRY ANALYSIS: GLOBAL AND DOMESTIC TOURISM

International tourism set a new post-pandemic record in 2025. UN Tourism estimates that 1.52 billion international overnight visitors travelled worldwide, an increase of 4% and almost 60 million more than in 2024. This represents a return to the pre-pandemic long-term trend, in which arrivals grew at an average of about 5% per year between 2009 and 2019. International tourism receipts are estimated at approximately USD 1.9 trillion, a real-terms increase of 5% to 6%, confirming that value growth continued to outpace volume growth.

By region, Europe remained the largest destination market with 793 million arrivals, up 4% and 6% above 2019 levels. Asia and the Pacific recorded 331 million arrivals, up 6%, but remained 9% below pre-pandemic volumes and therefore continues to offer the greatest incremental recovery potential. The Americas grew 1% to 218 million, while Africa delivered the strongest relative growth at 8%. Demand held up through the year despite persistent inflation in tourism services and geopolitical uncertainty, though it softened somewhat towards the fourth quarter.

Global Tourism — January to June 2026

The environment changed materially in the first half of calendar 2026. UN Tourism reported 307 million international arrivals in the first quarter of 2026, an increase of 2% and about 6 million more than the corresponding period of 2025. Demand held up in January and February, with cumulative growth of 2.5%, before the outbreak of the Middle East conflict reduced March growth to 0.4%. Arrivals in the Middle East itself fell 14% in the quarter, while Europe grew 4%, Africa 4% and the Americas 2%.

UN Tourism has since indicated that the conflict is likely to reduce growth in international arrivals for 2026 by one to two percentage points below its original forecast of 3% to 4%, depending on the duration and scope of hostilities. Beyond disruption to flights within and around the Middle East, the wider transmission channels are reduced traveller confidence, higher airfares and constrained airline capacity arising from the spike in oil prices and jet fuel supply pressures, collectively encouraging a shift in demand towards shorter-haul destinations. The UN Tourism Confidence Index for the May to August 2026 period scored 105 out of 200, down from 117 earlier in the year.

The wider macroeconomic backdrop reflects the same shock. The IMF's April 2026 World Economic Outlook projected global growth of 3.1% for 2026, revised down from a pre-conflict expectation of 3.4%, with global headline inflation revised up to 4.4%, and set out adverse and severe scenarios in which growth falls to 2.5% and 2% respectively. Brent crude, trading at approximately USD 71 per barrel on 27 February 2026, exceeded USD 100 by early March following the closure of the Strait of Hormuz, an event the International Energy Agency described as the largest supply disruption in the history of the global oil market.

SRI LANKAN TOURISM SECTOR PERFORMANCE

Sri Lanka recorded its highest ever annual tourist arrivals in calendar 2025, welcoming 2,362,521 visitors, an increase of 15.1% over 2024 and 1.2% above the previous benchmark of 2,333,796 set in 2018. India remained the largest source market with 531,511 arrivals, followed by the United Kingdom (212,277), the Russian Federation (186,580), Germany (147,966) and China (132,035). Against the 2018 benchmark, several traditional Western markets remained materially below pre-crisis levels, with the United Kingdom down 16.5%, while emerging markets in Eastern Europe and South Asia recorded strong growth, indicating an ongoing recomposition of the source market portfolio.

Tourist Arrival Analysis (April 2025 – March 2026)

On a financial year basis, arrivals for the twelve months ended 31 March 2026 totalled 2,380,879, an increase of 11.3% over the 2,139,957 recorded in FY 2024/25.

Month	FY 2024/25	FY 2025/26	Growth (%)
April 2025	148,867	174,608	17.3%
May 2025	112,128	132,919	18.5%
June 2025	113,470	138,241	21.8%
July 2025	187,810	200,244	6.6%
August 2025	164,609	198,235	20.4%
September 2025	122,140	158,971	30.2%
October 2025	135,907	165,193	21.5%
November 2025	184,158	212,906	15.6%
December 2025	248,592	258,928	4.2%
January 2026	252,761	277,327	9.7%
February 2026	240,217	279,328	16.3%
March 2026	229,298	183,979	(19.8%)
Total	2,139,957	2,380,879	11.3%

Source: Sri Lanka Tourism Development Authority

The shape of the year is as important as the total. The first eleven months delivered uninterrupted double-digit or high single-digit growth, with September 2025 the strongest month at 30.2%. Growth moderated in December 2025 to 4.2%, reflecting the aftermath of Cyclone Ditwah and constrained access to the hill country during the peak season, before recovering strongly in January and February 2026 to record monthly highs of 277,327 and 279,328 arrivals.

March 2026 broke the trend decisively, falling 19.8% year-on-year to 183,979 arrivals and 21.2% below the 2018 comparative. This reversal is attributable to the escalation of the Middle East conflict from late February 2026 and its effect on aviation through the Gulf transit hubs on which Sri Lanka depends heavily. Approximately 30% of visitors to Sri Lanka transit through major Middle Eastern aviation hubs, and the resulting flight disruptions, capacity reductions and fare increases translated rapidly into cancelled and deferred bookings. The Group therefore entered FY 2026/27 with materially weaker forward demand than the full-year arrivals figure alone would suggest.

Management Discussion and Analysis

Tourist Arrival Analysis (April – June 2026)

Performance in the first quarter of the current financial year has been mixed and, on balance, weaker than the corresponding period of 2025.

Month (2026)	2025	2026	Growth (%)
April	174,608	135,643	(22.3%)
May	132,919	145,745	9.6%
June	138,241	124,551	(9.9%)
Total	445,768	405,939	(8.9%)

Source: Sri Lanka Tourism Development Authority, Monthly Tourist Arrivals Report, June 2026

Arrivals for the three months ended 30 June 2026 totaled 405,939, a decline of 8.9% against the 445,768 recorded in the same period of 2025. April 2026 was the most severe monthly contraction of the cycle at 22.3%, deviating sharply from Sri Lanka's normal seasonal pattern in which demand tapers gradually after the winter peak. May 2026 recovered 9.6%, indicating temporary stabilisation, before June 2026 declined again by 9.9%. Cumulative arrivals for the first half of calendar 2026 were 1,146,573, marginally below both 2025 (1,168,044) and 2018 (1,164,647).

Earnings have deteriorated further than volumes. Cumulative tourism earnings for the first half of 2026 fell 11.8% to USD 1,511 million, with April 2026 earnings down 38.8% and June 2026 down 10.8%. Average duration of stay also contracted across almost all long-haul markets in May 2026 before recovering in June as the Gulf conflict de-escalated. This combination of fewer visitors, shorter stays and lower spend is the most adverse configuration for a heritage and hill-country resort operator, since it compresses room nights and food and beverage capture simultaneously.

The composition of demand also shifted. For the first half of 2026, India grew 21.4% to 293,683 arrivals and China recovered 15.8% to 76,171, while the Russian Federation fell 31.1% to 77,349, Germany 6.5%, France 13.8% and the United States 4.2%. The Group's exposure is concentrated in exactly the long-haul European segment that weakened, while growth is concentrated in the Indian market, which records the shortest average stay of any major source market at approximately five nights.

FINANCIAL PERFORMANCE ANALYSIS
Consolidated Revenue Performance

The Group achieved consolidated revenue of Rs. 2,374 million for the year ended 31st March 2026, representing an increase of 42% over the Rs. 1,674 million recorded in the previous financial year. This growth was broad-based across the portfolio and primarily reflects:

- The return of Hotel Suisse to full inventory following completion of the refurbishment programme, the property having been withdrawn from June 2024
- Improved occupancy rates across the Group's portfolio, with national arrivals growth recorded in eleven of the twelve months of the financial year
- Higher average room rates achieved on a repositioned and upgraded product
- A full-year contribution from the renovated EKHO Surf Hotel, which relaunched during the prior financial year

Profitability and Operational Efficiency

Gross profit rose 47% to Rs. 1,805 million and the gross profit margin improved to 76% from 73%. Selling and distribution expenses increased 84% to Rs. 163 million, reflecting deliberate investment in reopening and repositioning Hotel Suisse and in rebuilding distribution channels, while administrative expenses rose 25% to Rs. 1,304 million, well below the rate of revenue growth. The Group accordingly recorded a consolidated profit from operations of Rs. 337 million, an increase of 235% over the Rs. 100 million of the prior year.

Net finance income of Rs. 22 million was recorded against a net finance cost of Rs. 22 million in the prior year. Finance income was Rs. 219 million (FY 2025: Rs. 205 million) and finance costs Rs. 231 million (FY 2025: Rs. 212 million). The movement was principally driven by a net foreign exchange gain of Rs. 34 million, against a loss of Rs. 15 million in the prior year, arising on the Group's net US Dollar denominated cash position as the Rupee depreciated towards the end of the financial year.

The same currency movement worked in the opposite direction within the Group's joint venture interests. The share of results of equity-accounted investees was a loss of Rs. 36 million against a profit of Rs. 37 million, a negative swing of Rs. 70 million, reflecting exchange losses on the US Dollar denominated borrowings of Suisse Hotel Kandy (Pvt) Ltd, the owning company of The Radisson Hotel Kandy. This reverses the pattern of the two preceding years, in which an appreciating Rupee generated exchange gains on the same exposure.

Profit before tax was Rs. 323 million against Rs. 115 million, an increase of 183%. After an income tax charge of Rs. 57 million, compared with a net reversal of Rs. 56 million in the prior year which flattered that comparative, the Group recorded a consolidated net profit after tax of Rs. 266 million, an increase of 56%. Of this, Rs. 202 million was attributable to equity holders of the Company (FY 2025: Rs. 139 million) and Rs. 64 million to non-controlling interests (FY 2025: Rs. 32 million).

Earnings per share improved to Rs. 1.12 from Rs. 0.77. Total equity grew 10% to Rs. 11,144 million, representing net assets per share of Rs. 45.18 compared to Rs. 43.98 in the previous year. At Company level, profit after tax was Rs. 41 million (FY 2025: Rs. 38 million) and net assets per share Rs. 15.49 (FY 2025: Rs. 15.26).

PERFORMANCE OF SUBSIDIARIES AND JOINT VENTURES

The Kandy Hotels Company (1938) PLC and Group

The Kandy Hotels Company (1938) PLC Group, comprising KHC together with United Hotels Company Limited, Suisse Hotel (Pvt) Ltd, Tissa Resort (Pvt) Ltd and Ceylon Hotels Maldives (Pvt) Ltd, recorded consolidated revenue of Rs. 2,216 million, an increase of 47% over Rs. 1,506 million. Operating profit rose 197% to Rs. 352 million from Rs. 119 million, and profit after tax increased 94% to Rs. 215 million from Rs. 112 million after absorbing the Rs. 44 million share of joint venture losses. Net assets per share improved to Rs. 14.76 from Rs. 13.34.

Within that result, revenue at KHC company level — Queen's Hotel and Hotel Suisse increased 75% to Rs. 920 million from Rs. 527 million, and the entity moved from an operating loss of Rs. 3 million to an operating profit of Rs. 50 million. It remained loss-making at the net line at Rs. 98 million after finance costs of Rs. 182 million, and returning the Company to net profitability is the principal unfinished item of the refurbishment cycle. The United Hotels Company Limited and Tissa Resort cluster contributed approximately Rs. 1,295 million of revenue, up about 32%, and combined operating profit of approximately Rs. 284 million against approximately Rs. 122 million.

Joint Ventures

The Group holds interests in three joint ventures: CHC Rest Houses (Pvt) Ltd, Ceylon Holidays Holdings (Pvt) Ltd and Suisse Hotel Kandy (Pvt) Ltd. The aggregate share of results was a loss of Rs. 36 million. Within this, the share of Suisse Hotel Kandy (Pvt) Ltd losses recognised at KHC Group level was Rs. 44 million, implying a positive contribution of approximately Rs. 8 million from the Group's directly held joint ventures, against approximately Rs. 29 million in the prior year. The carrying value of the Group's investment in joint ventures increased to Rs. 1,569 million from Rs. 746 million, reflecting the revaluation surplus recognised during the year.

BALANCE SHEET POSITION AND CAPITAL MANAGEMENT

Asset Base and Financial Position

Total Group assets were increased by 6% at Rs. 16,408 million (FY 2025: Rs. 15,510 million), Suisse Hotel Kandy (Pvt) Ltd, the joint venture has been carried out revaluation of freehold land and buildings during the year. Total equity strengthened by 10% to Rs. 11,985 million (FY 2025: Rs. 10,859 million), of which Rs. 8,725 million was attributable to equity holders of the Company and Rs. 3,260 million to non-controlling interests. Net assets per share improved to Rs. 45.18 from Rs. 43.98.

Capital Investment Programme

Capital expenditure normalised sharply following completion of the Hotel Suisse project, with additions to property, plant and equipment of Rs. 118 million during the year against Rs. 767 million in the prior year, which had included Rs. 723 million of refurbishment spend. The carrying value of property, plant and equipment was Rs. 12,297million (FY 2025: Rs. 12,357 million). With the major restoration cycle complete, the Group's focus moves from construction to yield.

Liquidity and Cash Management

Cash and cash equivalents increased to Rs. 410 million from Rs. 323 million, and net of bank overdrafts improved to Rs. 164 million from negative balance of Rs. 17 million. Net cash generated from operating activities was Rs. 449 million, against the Rs. 537 million of the prior year notwithstanding substantially stronger trading. The variance is principally attributable to working capital movements, in particular the unwinding of trade and other payables that had accumulated during the refurbishment programme, together with interest paid of Rs. 222 million. Improving the conversion of operating profit into operating cash flow is a management priority for the current year. Management maintains adequate liquidity buffers to support ongoing operations and strategic initiatives.

Debt Management and Capital Structure

The Group continued to reduce leverage. Total interest-bearing loans reduced 5% to Rs. 1,029 million (FY 2025: Rs. 1,080 million), and total debt including bank overdrafts fell 10% to Rs. 1,275 million (FY 2025: Rs. 1,421 million). Gearing measured as total debt to total equity reduced to 11% from 13%. Rs. 272 million of borrowings were repaid during the year against Rs. 200 million of new facilities drawn. The reduction in the interest burden supports continued improvement in profitability and preserves financial flexibility at a time of heightened demand uncertainty.

Management Discussion and Analysis

KEY PERFORMANCE INDICATORS

Metric	FY 2026	FY 2025	Change
Group Revenue (Rs. million)	2,373	1,674	+42%
Profit from Operations (Rs. million)	337	100	+235%
Profit Before Tax (Rs. million)	323	115	+181%
Net Profit after Tax (Rs. million)	266	171	+56%
Attributable to Equity Holders (Rs. million)	202	139	+45%
Gross Profit Margin	76%	73%	+3pp
Earnings per Share (Rs.)	1.12	0.77	+0.35
Net Assets per Share (Rs.)	45.18	43.98	+1.2
Total Assets (Rs. million)	15,733	15,510	+1%
Total Equity (Rs. million)	11,311	10,859	+4%
Total Debt incl. overdrafts (Rs. million)	1,275	1,421	(10%)

SHARE INFORMATION

The Company's share closed the financial year at Rs. 35.80 against Rs. 22.50 twelve months earlier, an increase of 59%, having traded as high as Rs. 52 during the December 2025 quarter. Market capitalisation at 31 March 2026 was approximately Rs. 6.45 billion, against approximately Rs. 4.05 billion a year earlier.

The number of registered shareholders increased to 8,322 from 7,643, while the public holding declined to 20.78% from 22.72%. Float-adjusted market capitalisation rose to Rs. 1,339 million from Rs. 920 million. As float-adjusted market capitalisation remains below Rs. 2.5 billion, the Company complies with the minimum public holding requirement under Option 5 of Listing Rule 7.14.1(a). The Board is conscious that a narrower float serves neither liquidity nor valuation and the position is kept under review. The Company holds 70.09% of The Kandy Hotels Company (1938) PLC.

OUTLOOK

The Group enters FY 2026/27 with a materially improved asset base and a materially more difficult demand environment.

The principal headwind is the Middle East conflict and its transmission through aviation. Sri Lanka's dependence on Gulf transit is structural rather than incidental: Doha, Abu Dhabi, Dubai and Sharjah together accounted for 21% of last departure ports in June 2026, and Gulf carriers for 23% of arrivals. Any prolonged disruption to these hubs directly constrains access from precisely the long-haul European and North American markets that generate the longest stays and the highest yield. The de-escalation observed towards the end of the June quarter, and the 18% month-on-month recovery in European arrivals in June 2026, are encouraging but not yet conclusive.

The second headwind is currency and cost. Rupee depreciation of 8% year-to-date to end-July 2026, combined with elevated energy prices, raises imported input costs, utilities and food costs across the portfolio. This is partially offset by the dollar-linked nature of a significant share of room revenue, but the pass-through is neither immediate nor complete, and depreciation is adverse for the joint venture's US Dollar denominated debt service.

Against these, the Group is better positioned than at any point since 2019. The major refurbishment cycle is complete, leaving an upgraded product that does not require significant further capital in the near term. Gearing has been reduced for a second consecutive year and the cash position has strengthened. Cost discipline held administrative expense growth well below revenue growth in the year under review, and that discipline is being maintained.

Management's priorities for FY 2026/27 are accordingly to defend average room rate rather than pursue volume at the expense of yield; to accelerate the conversion of operating profit into operating cash flow; to return Hotel Suisse to profitability at the net line; to reduce the currency exposure within the Radisson Hotel Kandy joint venture; and to broaden source market and distribution mix, with particular attention to extending length of stay in the Indian market and recovering share in the European markets that softened during the first half of 2026.

Beyond the immediate cycle, the structural issue for Sri Lanka remains value rather than volume. Arrivals recovered to a record in 2025 while earnings barely moved, and in the first half of 2026 earnings fell almost seven times faster than arrivals. Travellers increasingly seek immersive, meaningful and restorative experiences, whether through culinary exploration, wellness, off-peak travel or responsible tourism, and Sri Lanka's heritage and hill-country product is well suited to that demand. Sustained destination branding, the long-promised visa facilitation measures, improved airport capacity and route diversification away from a narrow set of transit hubs are the reforms that would most improve the operating environment for well-invested properties.

Risk Management

The Company aims to maximise shareholder value while minimising potential adverse effects on its business plans, brand reputation, operational performance, and financial position through an integrated risk management strategy.

The risk management framework is embedded within the Company's business planning and operational processes, with key management teams responsible for identifying, assessing, monitoring, and mitigating risks at an early stage. The Board of Directors provides overall oversight, while the Audit Committee supports the Board in reviewing internal controls, financial risks, and other significant exposures.

Within the tourism sector, risk management requires a proactive approach to anticipate, prepare for, respond to, and recover from events that may affect tourist safety, travel patterns, hotel operations, revenues, and stakeholder confidence. Key risks include operational, financial, environmental, geopolitical, technological, health, and reputational risks.

The Board of Directors and the Audit Committee continue to oversee the Company's risk management processes to ensure that material risks are managed within acceptable limits. Attention is required in relation to geopolitical developments, air connectivity, climate-related events, economic conditions, health and safety, workforce availability, competition, digital reputation, and property and investment valuations.

TOURISM INDUSTRY

The tourism sector continues to be influenced by economic conditions, geopolitical developments, political stability, socio-cultural trends, technological advancements, climate change, environmental sustainability, and changing consumer travel behaviour.

Sri Lanka's tourism industry experienced strong growth during 2025. Tourist arrivals increased by 15% year-on-year to approximately 2.36 million. Despite this positive performance, tourism remains highly exposed to external disruptions, including natural disasters, health emergencies, terrorism, geopolitical conflicts, economic downturns, aviation disruptions, and changes in international travel sentiment.

During 2026, geopolitical risk became particularly significant following the escalation of conflict in the Middle East. Disruptions to major Gulf aviation hubs affected important transit routes for tourists travelling to Sri Lanka from Europe, North America, Australia, and other long-haul markets. Flight cancellations, airspace restrictions, longer travel routes, increased airfares, and reduced traveller confidence created additional pressure on the tourism sector.

The monthly performance during 2026 demonstrates this vulnerability. Tourist arrivals increased by 10% in January and 16% in February compared with the corresponding months of 2025, but declined by 20% in March. Such fluctuations highlight the industry's sensitivity to geopolitical developments and international air connectivity.

Economic conditions in key source markets also remain an important risk. Inflation, disposable income, exchange rates, fuel prices, airline costs, and consumer confidence can affect international travel demand. Rising travel costs may encourage tourists to select shorter-haul or lower-cost destinations, increasing competitive pressure on Sri Lanka.

Domestic economic and policy conditions can also influence tourism. Changes in taxation, regulations, administrative procedures, operating costs, utility prices, and local purchasing power may affect both international and domestic tourism demand.

Health and environmental risks require continued attention. Disease outbreaks, food safety incidents, extreme weather, flooding, landslides, coastal hazards, and other natural or man-made disasters can adversely affect tourist confidence and hotel operations. Effective emergency preparedness, health and safety systems, business continuity plans, insurance coverage, and sustainable operating practices are therefore essential.

Climate change represents a growing long-term risk because Sri Lanka's tourism appeal depends heavily on beaches, marine ecosystems, wildlife, forests, mountains, and cultural heritage. Rising temperatures, irregular rainfall, flooding, droughts, coastal erosion, and other climate-related events may affect destinations, infrastructure, biodiversity, and operating costs.

The expansion of accommodation supply has also increased competition. Hotels, villas, homestays, international brands, independent properties, and online accommodation platforms compete for the same leisure and business travellers. The ability to attract and retain customers will increasingly depend on service quality, strategic location, value for money, digital marketing, customer loyalty, sustainability, personalised experiences, and operational efficiency.

OUR BUSINESS

The Company's business depends significantly on the quality, reputation, and customer perception of its properties and brands. Any decline in service standards, guest satisfaction, food safety, cleanliness, security, or environmental and social performance could negatively affect market share, revenues, profitability, and long-term brand value.

Social media and online travel platforms have increased reputational risk, as guest reviews, photographs, videos, and comments can reach international audiences rapidly and influence future booking decisions. Effective communication, complaint management, digital monitoring, and crisis response are therefore increasingly important.

Guest and employee safety remains a key operational priority. Hotels must maintain appropriate standards relating to fire safety, food hygiene, security, occupational health and safety, emergency response, cybersecurity, and business continuity. Major incidents could result in financial losses, legal liabilities, reputational damage, and reduced demand.

The ability to attract, develop, and retain skilled employees is critical to maintaining service quality. Shortages of skilled personnel or high employee turnover may increase labour costs, reduce service quality, affect employee morale, and constrain business expansion. Leadership continuity is also important, as the departure or underperformance of key executives may adversely affect strategic implementation and operational efficiency.

The Company's revenues remain exposed to fluctuations in tourist arrivals and hotel occupancy. The experience of 2026 demonstrates that geopolitical events can cause sudden changes in international travel flows even when underlying demand remains strong. The Company should therefore maintain adequate insurance coverage for property damage, business interruption, public liability, and other relevant risks.

GEOPOLITICAL AND AIR CONNECTIVITY RISK

The events of 2026 have highlighted the Company's exposure to geopolitical developments outside Sri Lanka. Conflicts in the Middle East can affect airline schedules, airspace availability, fuel prices, travel costs, and traveller confidence.

Sri Lanka's dependence on Gulf transit hubs creates particular vulnerability for long-haul markets. Prolonged disruptions could reduce arrivals from major source markets even where demand for Sri Lanka remains strong.

The tourism industry should therefore focus on diversifying source markets, strengthening direct air connectivity, developing alternative aviation routes, and maintaining relationships with airlines and travel partners.

ECONOMIC AND MARKET DEMAND RISK

Tourism demand remains sensitive to global and domestic economic conditions. Inflation, interest rates, exchange-rate movements, fuel prices, disposable income, and economic uncertainty can affect travel frequency, length of stay, accommodation selection, and tourist expenditure.

Sri Lanka recorded tourism earnings of approximately USD 3.2 billion in 2025, representing a 1.6% increase from 2024. The relatively modest growth in earnings compared with the stronger increase in arrivals highlights the importance of improving visitor spending, length of stay, and value generated per tourist.

The Company therefore needs to manage pricing, costs, promotional activities, and product offerings carefully while maintaining service quality and protecting margins.

COMPETITION AND SUPPLY RISK

The expansion of Sri Lanka's tourism accommodation sector is increasing competitive intensity. During 2025, tourism establishments increased by approximately 12.2%, while room capacity increased by approximately 11.6%.

Competition extends beyond traditional hotels to international hotel brands, independent hotels, boutique properties, villas, homestays, and online accommodation platforms. The Company's ability to remain competitive will depend on high service standards, effective revenue management, strategic positioning, customer loyalty, digital distribution, differentiated experiences, and efficient cost management.

CLIMATE, ENVIRONMENTAL AND NATURAL DISASTER RISK

Sri Lanka's dependence on natural and cultural attractions creates exposure to climate and environmental risks. Flooding, landslides, storms, droughts, coastal erosion, extreme temperatures, and other natural events can disrupt hotel operations, transportation, utilities, attractions, and supply chains.

Environmental degradation may also reduce the long-term attractiveness of tourism destinations. The Company should therefore incorporate sustainability through efficient energy and water use, waste reduction, responsible sourcing, biodiversity protection, and climate-resilient infrastructure.

Risk Management

Emergency preparedness and business continuity planning remain essential to protect guests, employees, assets, and surrounding communities during natural disasters and other disruptions.

HEALTH, SAFETY AND SECURITY RISK

Health and safety risks remain material to tourism. Disease outbreaks, food-borne illnesses, inadequate sanitation, accidents, and security incidents can negatively affect visitor confidence and hotel demand.

The Company should maintain strong hygiene and food safety standards, regular health and safety inspections, emergency response procedures, staff training, security systems, and appropriate communication protocols. Business continuity planning should also address sudden reductions in occupancy, supply-chain interruptions, staffing constraints, and changes in international travel requirements.

TECHNOLOGY, CYBERSECURITY AND DIGITAL REPUTATION RISK

The increasing reliance on online bookings, digital payments, property management systems, customer databases, social media, and online travel agencies creates additional technology and cybersecurity risks.

Cyberattacks, data breaches, system failures, payment fraud, or unauthorized access to customer information could result in financial losses, regulatory consequences, operational disruption, and reputational damage.

The Company should therefore continue strengthening cybersecurity controls, access management, data protection, system backups, employee awareness, incident response procedures, and monitoring of digital platforms.

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors ('the Board') of Ceylon Hotels Corporation PLC ('the Company) have pleasure in presenting the Annual Report together with the Audited Consolidated Financial Statements of the Company and its subsidiaries (collectively referred to as 'the Group') for the year ended 31st March 2026. The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007 and its amendments (Companies Act'), the Listing Rules of the Colombo Stock Exchange (CSE) and best accounting practices.

1. FORMATION

The Company is a public limited liability company incorporated and domiciled in Sri Lanka bearing company registration no. PB 3283 and the ordinary shares of the Company are listed on the main board the CSE. The registered office of the Company is located at No.327, Union Place, Colombo 02.

2. PRINCIPAL ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES

The Company's principal activity is investing in companies engaged in the hospitality industry.

Direct subsidiary companies of the group are listed below.

1) CHC Foods (Private) Limited
2) The Kandy Hotels Co. (1938) PLC
3) Airline Services (Private) Limited
4) Ceylon Holidays Holdings (Pvt) Ltd

There were no significant changes in the nature of the principal activities of the Company and its subsidiary during the financial year under review.

3. ANNUAL REPORT

The Board of Directors on 28th August 2026 approved the Company's Audited Financial Statements together with the reviews which form part of the Annual Report. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board, and the Registrar General of Companies within the given time frames to meet statutory deadlines.

4. REVIEW OF THE YEAR

Chairman's Review and the Management Discussion and Analysis on pages 3 to 5 and 8 to 13 describes the Company's affairs and highlights important events that occurred during the year, and up to the date of this report. The Group Financial Highlights on page 2 summarise the financial results of the Company. These reports together with the audited financial statements reflect the state of affairs of the Group.

5. FINANCIAL PERFORMANCE OF THE COMPANY

The financial statements which include statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the notes to the financial statements of the Company and the Group for the year ended 31st March 2026 and are prepared in compliance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 of the Companies Act No. 07 of 2007 are given on pages 58 to 133 in this annual report.

The aforementioned financial statements for the year ended 31st March 2026, are duly signed by the Financial Manager and two other Directors of the Company.

6. FINANCIAL RESULTS

The profit before tax of the Group was Rs.323 million on a turnover of Rs. 2,374 million for the year ended 31st March 2026 compared to net profit before tax Rs. 115 million on a turnover of Rs. 1674 million in 2024/2025.

An abridgement of the financial performance of the Company and Group is presented below.

Annual Report of the Board of Directors on the Affairs of the Company

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Profit for the year	266,411,247	171,317,386	40,601,170	37,919,164
Profit brought forward from the previous year	1,803,960,477	1,603,833,262	(16,040,865)	(53,960,029)
Other comprehensive income	19,152,775	868,062,021	-	-
Transfer of excess depreciation on revaluation	107,320,096	62,240,012	-	-
Retained earnings carried forward	2,115,873,760	1,803,960,477	24,560,305	(16,040,865)

7. AUDITORS' REPORT

The Independent Auditors of the Company are Messrs. KPMG, Chartered Accountants. KPMG carried out the audit of the financial statements of the Company for the year ended 31st March 2026 and their report on the financial statements is set out on pages 55 to 57 of this Annual Report.

8. SIGNIFICANT ACCOUNTING POLICIES

The details of the accounting policies adopted by the Company in preparation of the financial statements and the impact thereon, of changes in the Sri Lanka Accounting standard made during the year are disclosed on pages 69 to 86 of the Annual Report. There were no changes in accounting policies adopted by the Company during the year under review other than those disclosed in the financial statements.

9. RESPONSIBILITIES OF DIRECTORS AND AUDITORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act, the Sri Lanka Accounting and Auditing Standard Act and the Continuing Listing Rules of the Colombo Stock Exchange.

The detailed Statement of Directors' Responsibilities for Financial Reporting is set out on pages 24 to 25 of this Annual Report.

10. STATED CAPITAL AND RESERVES

The Company's stated capital as of 31st March 2026 was Rs. 362,610,821/- represented by 180,030,942 ordinary shares and 1,200,000 preference shares at 6%. There was no change in the stated capital during the year under review.

The total capital and reserves for the group stood at Rs. 11,985 million as of 31st March 2026. (2025: Rs.10,859 million).

As at 31st March 2026, there were 8,322 registered ordinary shareholders. The Company has ensured at all times that all shareholders are treated fairly and equitably.

11. SHAREHOLDERS' FUND

The total equity of the Group as at 31st March 2026 was Rs. 11,144 million (2024/2025: Rs. 10,859 million) comprising of retained earnings of Rs. 2,116 million (2024/2025: Rs. 1,804 million) and other reserves of Rs. 5,657 million (2024/2025: Rs. 5,753 million). The movements are shown in the Statement of Changes in Equity given on pages 62 to 63.

12. DIVIDEND

The Board of Directors have not recommended a final dividend for the year ended 31st March 2026.

13. GOING CONCERN

The Directors, after making necessary inquiries and reviews including the reviews of the budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed under the Code of best practice issued by the Institute of Chartered Accountants of Sri Lanka are satisfied that the Company has adequate resources to continue operations in the foreseeable future.

Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

14. PROPERTY PLANT AND EQUIPMENT

The details of property, plant and equipment, investment properties, of the Company and the Group where applicable, are given in Notes 14 to the Financial Statements on pages 94 to 98

15. MARKET VALUE OF PROPERTIES

Freehold land and buildings were revalued by an independent professional valuer during the year ended March 31, 2025. The valuation basis/ techniques and the assumptions used therein have been deliberated and agreed by the Management.

The carrying value of freehold land and buildings and building on leasehold land reflected in the Financial Statements as at 31st March 2026 is Rs. 11,835 million (2024/2025– Rs. 11,890 million). The details of freehold land and building and buildings on leasehold land valuation are given in note 14 on pages 94 to 97 to the Financial Statements.

The Directors are of the view that the carrying value of the properties stated in note 14 to the financial statements reflect the fair value.

16. INVESTMENTS IN SUBSIDIARIES

Details of long-term Investments held by the Company are given in note 17 to the financial statements on pages 100 to 104.

a) Investment in Financial Instruments

Investments in financial instruments of the Company represent investments in fair value through other comprehensive income (FVOCI) financial assets, categorised into,

- Fair value hierarchy Level 01 – quoted securities/unit trusts
- Fair value hierarchy Level 03 – unlisted entity

The details of financial instruments categorised into levels in the fair value hierarchy are given in note 17 to the financial statements.

17. IMPAIRMENT TESTING

All asset classes have been tested for impairment and Group/ Company has made the provisioning where necessary. Details of which are given in note 17.1 to the financial statements on page 100.

18. STATUTORY PAYMENTS

To the best of their knowledge and having made adequate inquiries from the management, the Directors are satisfied and confirm that all statutory payments in relation to the Government and on behalf and in respect of the Employees have been duly settled to date or wherever relevant have been provided for in the books of the company.

19. CONTINGENT LIABILITIES AND OUTSTANDING LITIGATION

The Contingent liabilities as at 31st March 2026 are given in note 35 to the Financial Statements.

In the opinion of the Directors, the Company's lawyers have confirmed that litigation currently pending against the Company will not have a material impact on the reported financial results or future operations of the Company. There were no outstanding litigations as at the reporting date other than those disclosed in note 35.

20. CAPITAL COMMITMENTS

The capital commitments as at 31st March 2026 are given in note 36 on page 120 to the Financial Statements.

21. ENVIRONMENTAL PROTECTION

The Company makes every endeavour to comply with the relevant environmental laws, regulations and best practices applicable in the country. After making adequate inquiries from the management, the Directors are satisfied that the Company operates in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on customers and the communities within which the Company operates.

To the best of the knowledge of the Board of Directors, the Company has not engaged in any activity which is harmful and hazardous to the environment and complies with the relevant environmental laws and regulations.

22. POST BALANCE SHEET EVENTS

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment to or disclosure in, the financial statements other than stated in note 37 on page 120.

23. DIRECTORS

The Board of Directors of Ceylon Hotels Corporation PLC comprises nine (09) directors with wide commercial knowledge and experience and three (03) of them serve as Independent Non-Executive Directors. The qualification and experience of the Directors are given on pages 6 to 7 of the Annual Report.

The classification of Directors into Executive (ED), Non-Executive (NED) and Independent (IND), Non-Independent Directors (NID) is given against the names as per the Listing Rules of the CSE.

Annual Report of the Board of Directors on the Affairs of the Company

The names of the Directors who held office during the year under review are as follows:

Name of the Director	Status
Mr. Sanjeev Gardiner	Non-Independent, Executive Director
Mr. Priyantha. P. Maddumage	Non-Independent, Non-Executive Director
Mr. C. Shalike Karunasena	Non-Independent, Executive Director
Mr. E. M. Mangala Boyagoda	Non-Independent, Non-Executive Director
Mr. D. S. Kamantha Amarasekera*	Non-Independent, Non-Executive Director
Mr. Ajith L. Devasurendra	Non-Independent, Non-Executive Director
Mr. Ranil P. Pathirana	Non-Independent, Non-Executive Director
Mr. Nirmal D. S. Cooke	Independent, Non-Executive Director
Mr. D. S. Weerakkody	Independent, Non-Executive Director
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director

*Retired on 26th September 2025.

The Company obtained an annual declaration from the Directors as per Rule 9.7.3. and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out in the Rules during the Financial year and as at the reporting date. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

Each of the Independent Directors of the Company has submitted a signed declaration on Independence / Non-Independence as per Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange (CSE). Based on the declarations made by the Directors, the Board is satisfied that the Independent Directors have fulfilled the independence criteria.

23.1 Changes in the Directorate

All the Directors named above held office as Directors of the Company as at 31 March 2026, except Mr. D. S. Kamantha Amarasekera, who vacated office upon retiring by rotation and not offering himself for re-election.

23.2 Recommendation for Re-election of Directors

In terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association of the Company, Mr. Priyantha Maddumage and Mr. Ajith Devasurendra who retire by rotation and being eligible to offer themselves for re-election with the unanimous consent of the Board of Directors. Further, in terms of Rule 9.7.2. of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Mr. Priyantha Maddumage and Mr. Ajith Devasurendra, are fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

23.3 Re-appointment of Directors who are over seventy years of age

Mr Mangala Boyagoda Director who is over seventy years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of he Companies Act No. 7 of 2007 offers himself for re-election, with the unanimous consent of the Board of Directors. Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange, the Board has ensured that Mr Mangala Boyagoda is fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

23.4 Directors of Subsidiaries

The names of the Directors of Subsidiary Companies are given below.

Name of the Company	Name of the Directors
CHC Foods (Private) Limited	Mr. Asela Iddawala Mr. Priyantha Maddumage Mr. Shalike Karunasena (Alternate Director to Mr. Priyantha Maddumage)
The Kandy Hotels Co (1938) PLC	Mr. Sanjeev Gardiner Mr. Shalike Karunasena Mr. Priyantha Maddumage Mr. Nilanga Dela Bandara Mr. Indrajith Fernando Mr. Nirmal De Soya Cooke
United Hotels Company Limited	Mr. Sanjeev Gardiner Mr. Shalike Karunasena (Alternate Director Mr. Priyantha Maddumage) Mr. Priyantha Maddumage Mr. Mangala Boyagoda Mr. Revantha Devasurendra

Name of the Company	Name of the Directors
Tissa Resort (Pvt) Limited	Mr. Priyantha Maddumage Mr. Shalike Karunasena (Alternate Director Mr. Priyantha Maddumage)
Ceylon Hotels Maldives (Pvt) Limited	Mr. Sanjeev Gardiner Mr. Priyantha Maddumage Mr. Shalike Karunasena

Name of the Company	Name of the Directors
Airline Services (Pvt) Ltd	Mr. Sanjeev Gardiner Mr. Priyantha Maddumage
Suisse Hotel (Pvt) Ltd	Mr. Sanjeev Gardiner Mr. Priyantha Maddumage Mr.Jayantha Lalith Chandra Rodrigo

24. DIRECTORS' MEETINGS

There were two (02) board meetings held during the year under review Details of the attendance at meetings of the Board of Directors are given below.

Name of the Director	Directorship Status	Eligibility for Board Meeting	Attendance
Mr. Sanjeev Gardiner	Non-Independent, Executive Director	02	02
Mr. Priyantha. P. Maddumage	Non-Independent, Non-Executive Director	02	01
Mr. C. Shalike Karunasena	Non-Independent, Executive Director	02	02
Mr. E. M. Mangala Boyagoda	Non-Independent, Non-Executive Director	02	02
Mr. D. S. Kamantha Amarasekera*	Non-Independent, Non-Executive Director	01	0
Mr. Ajith L. Devasurendra	Non-Independent, Non-Executive Director	02	02
Mr. Ranil P. Pathirana	Non-Independent, Non-Executive Director	02	01
Mr. Nirmal D. S. Cooke	Independent, Non-Executive Director	02	02
Mr. Dinesh Weerakkody	Independent, Non-Executive Director	02	01
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director	02	02

*Retired on 26th September 2025.

25. BOARD SUBCOMMITTEES

The Board, while assuming the highest level of responsibility and accountability for the management of the Company, has also appointed board sub-committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices.

In line with corporate governance standards of listing rules and the industry best practices, the following sub-committees have been constituted by the board.

- Audit Committee
- Remuneration Committee
- Related Party Transaction Review Committee
- Nominations and Governance Committee

The following Directors served as members of these subcommittees during the year under review.

25.1 Audit Committee

The Audit Committee of the Company comprises the following members.

1. Mr. Sutheash Balasubramaniam– Independent, Non-Executive Director (Chairman)
2. Mr. Nirmal De Soysa Cooke – Independent, Non- Executive Director
3. Mr. E. M. Mangala Boyagoda – Non-Independent, Non-Executive Director

25.2 Remuneration Committee

The Remuneration Committee of the Company comprises the following members.

1. Mr. Dinesh Weerakkody – Independent, Non-Executive Director (Chairman)
2. Mr. Nirmal De Soysa Cooke – Independent, Non-Executive Director
3. Mr. Mangala Boyagoda – Non-Independent, Non-Executive Director
4. Mr. Ranil Pathirana – Non-Independent, Non-Executive Director

Annual Report of the Board of Directors on the Affairs of the Company

25.3 Nominations and Governance Committee

The Nominations and Governance Committee of the Company comprises the following members.

1. Mr. Dinesh Weerakkody – Independent, Non-Executive Director (Chairman)
2. Mr. Sutheash Balasubramaniam – Independent, Non-Executive Director
3. Mr. Mangala Boyagoda - Non-Independent, Non-Executive Director
4. Mr. Ranil Pathirana - Non-Independent, Non-Executive Director

25.4 Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the Company comprises the following members.

1. Mr. Sutheash Balasubramaniam – Independent, Non-Executive Director (Chairman)
2. Mr. Nirmal D. S. Cooke – Independent, Non- Executive Director
3. Mr. E. M. Mangala Boyagoda – Non-Independent, Non-Executive Director

26 RELATED PARTY TRANSACTIONS

26.1 Recurrent Related Party Transactions

All recurrent related party transactions, whose aggregate value exceeds 10% of the gross revenue/income of the Company as per the audited financial statements of 31st March 2026, are disclosed under Note 38.1 on pages 120 to 123 to the Financial Statements as required in Section 9.14.8(2) of the listing rules.

26.2 Non-Recurrent Related Party Transactions

All non-recurrent related party transactions entered into the Company where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per the audited financial statements as at 31st March 2026, are disclosed under Note 38.1.2 on pages 124 to the Financial Statements as additional disclosures are required in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 (1) and the 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.

26.3 Directors' Declaration on Related Party Transactions

The Directors declare that they are in compliance with Section 9.14.8(4) of the listing rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st March 2026. The Directors of the Company declare that there were no related party transactions required to be disclosed under the listing rules of the CSE other than those disclosed in the financial statements.

27. DIRECTORS DEALINGS WITH THE SHARES OF THE COMPANY

Directors shareholdings in the company for the period under review are as follows:

Directors' Shareholding in the Company

	Name	31st March 2026	31st March 2025
1.	Mr. Sanjeev Gardiner	Nil	Nil
2	Mr. Priyantha Maddumage	1	1
3.	Mr. Mangala Boyagoda	Nil	Nil
4.	Mr. Kamantha Amarasekera	Nil	Nil
5.	Mr. Ajith Devasurendra	Nil	Nil
6.	Mr. Ranil Pathirana	Nil	Nil
7.	Mr. Shalike Karunasena	Nil	Nil
8.	Mr.Nirmal De Soysa Cooke	Nil	Nil
9.	Mr.Dinesh Weerakkody	Nil	Nil
10.	Mr.Sutheash Balasubramaniam	Nil	Nil

As at 31st March 2026, there were 8,322 registered ordinary shareholders. The number of ordinary shares held by the public as per the Colombo Stock Exchange rules as of 31st March 2026 was 37,415,803 shares equivalent to 20.78%.

The Company has ensured at all times that all shareholders are treated fairly and equitably.

28. INTEREST REGISTER

In terms of the Companies Act No.07 of 2007, the company maintained an Interest Register and the entries have been made therein. All related party transactions during the period are recorded in the Interest Register.

29. REMUNERATION OF DIRECTORS

Remuneration received by the Directors is set out in note 38.2 to the financial statements on page 124.

30. DIRECTORS INTEREST IN CONTRACTS

Directors of the Company have made necessary declarations of their interest in the contract or proposed contracts, in terms of Section 192(1) and 192(2) of the Companies Act. These interests have been recorded in the interest register which is available for inspection in terms of the Companies Act.

The Directors have no direct or indirect interest in contracts and proposed contracts, other than disclosed in note 38.4 to the Financial Statements.

31. DIRECTORS' DECLARATION

The Board of Directors declares as follows:

i. The Company has not engaged in any activity which contravenes laws and regulations

ii. All material interests in contracts involving the Company were disclosed and any interested party refrained from voting on matters in which they were materially interested.

iii. The Company has made all endeavours to ensure the equitable treatment of shareholders.

iv. The business is a going concern, with supporting assumptions or qualifications as necessary; and they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith

32. CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE), subject to Corporate Governance Report given in page no. 26.

33. SUBSTANTIAL SHAREHOLDING

Names of the twenty largest shareholders, percentages of their respective holdings as at 31st March 2025 and 31st March 2026, are given in the section on "Investor Information" on pages 134 to 137.

34. SHARE INFORMATION AND INFORMATION ON EARNINGS, DIVIDENDS, NET ASSETS AND MARKET VALUE

Information relating to earnings, dividends, net assets and market value per share is given in "Financial Highlights" on page 2 Information on the shares traded and movement in the number of shares represented by the stated capital of the company is given in the section on "Investor Information" on Pages 134.

35. DONATION

The sum of contributions made to charities by the company during the financial year ended 31 March 2026 is Rs. 61,296 (2025: Rs. 150,983).

36. RISK MANAGEMENT

Risk Management is embedded in the day-to-day management of the Company and also part of the Corporate Governance processes.

The Directors of the Company have taken reasonable steps to safeguard the financial operation of the Company to prevent and detect fraud and any other irregularities. For this purpose, the Directors consider that the system of internal controls is appropriately designed for identifying, recording, evaluating, and managing the significant risks faced by the Company throughout the year and it is being regularly reviewed by the Board of Directors. The Directors further confirm that an on-going process to identify, evaluate and manage significant business risk.

37. MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

The Company assesses the importance and impact of each employee and accordingly, relevant managerial actions are implemented. Being in the leisure sector, the company has wider stakeholder groups who can be significantly affected by its business activities. The company gives important considerations to its relations with employees and other stakeholder groups within the marketplace. Accordingly, material issues that can substantially affect the company it's sustainability over the short, medium and long terms are determined through a process and actions are taken accordingly.

38. AUDITORS RELATIONSHIP

Messrs. KPMG Chartered Accountants who are willing to continue in office are recommended for re-appointment, at a remuneration to be decided by the Board of Directors.

The audit and non-audit fees paid to auditors are disclosed in note 11 to the financial statements.

Based on the declaration provided by Messrs. KPMG and as far as the Directors are aware, the Auditors do not have any relationship or interest with the company other than those disclosed above which may reasonably be thought to have a bearing on their independence in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

39. NOTICE OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 25th September 2026 at 3.30 pm via audio visual technology. The Notice of Meeting is given on page 142 of the Annual Report.

40. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT

As required by Section 168(1) (k) of the Companies Act No. 07 of 2007, the Board of Directors do hereby acknowledge the content of this Annual Report.

Signed in accordance with the resolution of the Board of Directors.

For and on behalf of the Board

(Sgd.)

Sanjeev Gardiner
Chairman

(Sgd.)

Shalike Karunasena
Director

(Sgd.)

By Order of the Board,
Deloitte Corporate Services (Private) Limited,

28th August 2026

Statement of Directors' Responsibilities for the Preparation of Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of Ceylon Hotels Corporation PLC ('the Company') and the Consolidated Financial Statements of the Company and its subsidiaries ('the Group') is set out in the following statement.

In terms of Sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No. 07 of 2007, the Directors of the Company are responsible for ensuring that the Company keeps proper books of account of all the transactions and prepares Financial Statements that give a true and fair view of the financial position of the Company and its subsidiaries, as at the end of each financial year and of the financial performance of the Company for each financial year and places them before a general meeting.

The Financial Statements comprise:

- The Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year
- The Statement of Comprehensive Income
- The Statement of Changes in Equity
- The Statement of Cash Flows
- Notes to the Financial Statements.

Accordingly, the Directors confirm that the Financial Statements of the Company and the Group give a true and fair view of:

(a) the financial position of the CHC as at the reporting date; and

(b) the financial performance of the CHC for the financial year ended on the reporting date.

In terms of Section 150(1)(b) and Section 152(1)(b) of the Companies Act these Financial Statements of the Company have been certified by the Company's Financial Controller, the Officer responsible for their preparation. In addition, the Financial Statements of the Company and the Group have been signed by two Directors of the Company on 28th August 2026 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements. In terms of Section 148(1) of the Companies Act, the Directors are also responsible for ensuring that proper accounting records that correctly record and explain the Company's transactions are maintained to facilitate a proper audit of the Financial Statements. Accordingly, the Directors have taken reasonable steps to ensure that the Company and the Group maintain proper books of account and review the financial reporting system through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release to the Colombo Stock Exchange, upon a review and recommendation by the Board Audit Committee.

The Directors confirm that these Financial Statements for the year ended 31st March 2026, prepared and presented in this Annual Report are in agreement with

a) Appropriate accounting policies have been selected and applied in a consistent manner and material departures if any have been disclosed and explained.

b) All applicable accounting standards (SLFRS/LKAS) that are relevant, have been followed and are consistent with the underlying books of accounts.

c) Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected.

d) and information required by the Companies Act No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC) have been disclosed.

e) The companies within the Group maintain sufficient accounting records to disclose the financial position of the Group with reasonable accuracy.

The External Auditors, Messrs. KPMG, who were reappointed in terms of Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data and minutes of shareholders' and Director's meetings and expressed their opinion which appears as reported by them on pages 55 to 57.

As required by Section 166(1) and 167(1) of the Companies Act, this Annual Report has been prepared and the Company has met all the requirements under Rule 7.6 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable.

The Directors are responsible for taking reasonable measures to safeguard the assets of the Company and its subsidiaries and in this regard to give proper consideration to the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems with a view of preventing and detecting frauds and other irregularities relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising an internal audit function directly reporting to the Board.

The Directors are also reporting to the Board Audit Committee of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these financial statements.

COMPLIANCE REPORT

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 date of the statement of financial position have been duly paid or, where relevant, provided for, except as disclosed in note 35.2 to the financial statements covering contingent liabilities.

The Directors confirm that based on their assessment, the accounting controls are adequate, and nothing has come to their attention to indicate any breakdown in the functioning of these controls that may result in a material loss to the Company. The Directors also confirm that the Company has adequate resources to continue in its operational existence and continue as a going concern for the foreseeable future.

Accordingly, the Directors are of the view that they have discharged their responsibilities as set out in the statement.

By Order of the Board of Directors of Ceylon Hotels Corporation PLC

(Sgd.)
Deloitte Corporate Services (Private) Limited,
Secretaries to the Company

28th August 2026

Corporate Governance

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholder,

The companies' performance has been supported by competent directors, governance structures, and institutionalised processes that support effective strategic guidance and resource allocation. As done in the past, CHCO duly complied with the Colombo Stock Exchange Listing Rule No. 9 on Corporate Governance.

Ceylon Hotels Corporation PLC duly complied with the Colombo Stock Exchange Listing Rule No. 9 on Corporate Governance and accordingly, ensured compliance with the policies established and maintained in compliance with the Listing Rules.

Compliance Statement On behalf of the Board of Ceylon Hotels Corporation PLC,
I declare that the principles of good Corporate Governance are applied consistently across the Group and that the Corporate Governance Report provides a fair account of Corporate Governance practices within the Group. We are also pleased to report that the Group complies with the relevant sections of the Listing Rules of the Colombo Stock Exchange (CSE) pertaining to Corporate Governance and the provisions of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

Sgd.

Sanjeev Gardiner

Chairman

28th August 2026

Colombo

Corporate governance is the process through which businesses operate in order to promote corporate fairness, transparency, accountability, delegation, and sound and prudent decision-making. The Company's Board of Directors is responsible for implementing robust corporate governance mechanisms and practices for the benefit of all stakeholders with a view to achieving the proper segregation of duties and responsibilities between the board and corporate management, supporting the efficient use of resources, promoting accountability and responsible stewardship, compliance with all legal and regulatory requirements, and promoting ethical leadership, good corporate citizenship, and sustainable development for the best interest of all stakeholders.

The corporate governance framework regulates the application of policies and standards and ensures that legal and regulatory compliance, internal controls, risk management, internal audit, information management, stakeholder relationships, ethics, and sustainability are complied with. It also defines the roles and responsibilities at each level of authority within the Company.

The Company's governance structure includes but is not limited to compliance with the following.

STATUTORY & REGULATORY REQUIREMENTS

- Continuing listing rules of the Colombo Stock Exchange
- Companies Act No. 07 of 2007 and its amendments.
- The Securities and the Exchange Commission of Sri Lanka Act No. 19 of 2021
- The Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.
- The Inland Revenue Act No. 24 of 2017 and its amendments
- The Shop and Office Employees Act No. 28 of 2024 and its amendments
- All other applicable regulations

INTERNAL

- Articles of Association
- Code of conduct for employees
- Board-approved policies

VOLUNTARY CODES

- The Code of Best Practice of Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL)
- The Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

BOARD OF DIRECTORS

The Board of Directors of the Celyon Hotels Corporation PLC takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic direction and oversees business and connected affairs of the Company and it also formulates the policy framework for the Company. The composition satisfies the listing rules of the Colombo Stock Exchange.

BOARD COMPOSITION

The composition of the Board of Directors as of 31st March 2026, was as follows.

Name of the Director	Type
Mr. Sanjeev Gardiner - Chairman	Non-Independent, Executive Director
Mr. Priyantha Maddumage	Non-Independent, Non-Executive Director
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director
Mr. Ajith Devasurendra	Non-Independent, Non-Executive Director
Mr. Ranil Pathirana	Non-Independent, Non-Executive Director
Mr. Shalike Karunasena	Non-Independent, Executive Director
Mr. Nirmal D. S. Cooke	Independent, Non-Executive Director
Mr. Dinesh Weerakkody - Senior Independent Director	Independent, Non-Executive Director
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director

DIVERSITY OF THE BOARD

The profiles of the Board of Directors are given on pages 6 to 7.

As of 31st March 2026, the Company's board comprised nine (09) Directors, of which seven (07) function in a non-executive capacity. The two (02) Executive Directors are also considered to be Key Management Personnel (KMP) of the Company. Three (03) out of nine (09) Directors are independent bringing independent judgement and objectivity to the board deliberations.

Recognising the importance of diversity at the Board level, the Company has adopted a more inclusive strategy to promote diversity in order to induce fresh viewpoints that will foster robust debate and effective decision-making. The Non-Executive Directors collectively provide a considerable depth of knowledge gained from their experience and have the necessary skills to bring an objective and sound judgment to bear on issues of strategy, performance and resources.

The Board of Directors have determined that all the directors are satisfied with the 'Fit and Proper Assessment Criteria set out in the amended corporate governance rules.

INDEPENDENCE OF DIRECTORS

Independence of Directors is determined by the Board, based on annual declarations submitted by the Independent Directors in compliance with the Listing Rules of the CSE. The Board has determined that three (03) of the Non-Executive Directors are 'independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange. The composition satisfies the listing rules of the Colombo Stock Exchange.

Mr. Nirmal D. S. Cooke, Mr. Dinesh Weerakkody and Mr. Sutheash Balasubramaniam met the criteria of independence set out in the Listing Rules of the CSE and are considered as Independent, Non-Executive Directors.

Name of Director	Board Seats Held in Other Listed Sri Lankan Companies - Executive Capacity	Board Seats Held in Other Listed Sri Lankan Companies - Non-Executive Capacity	Board Seats Held in Other Unlisted Sri Lankan Companies	Key Management Personnel
Mr. Sanjeev Gardiner	1. Kandy Hotels Company (1938) PLC 2. Kerner Haus Global Solutions PLC	None	1. Airline Services (Pvt) Ltd 2. C H C Residencies (Pvt) Ltd 3. Ceylon Hotel Holdings (Pvt) Ltd 4. Ceylon Hotels Investment (Pvt) Ltd 5. Ceylon Hotels Maldives (Pvt) Ltd 6. Cyril Gardiner (Pvt) Ltd 7. Deepthi (Pvt) Ltd 8. Capital Land and General (Pvt) Ltd 9. G F H Investment Holdings (Pvt) Ltd 10. Galle Face Group (Pvt) Ltd 11. Galle Face Hotel 1994 (Pvt) Ltd 12. Galle Face Hotel International Management Company (Pvt) Ltd 13. Galle Face Hotel Management Services (Pvt) Ltd 14. Gardiner Capital (Pvt) Ltd 15. Gardiner Consolidated Holdings (Pvt) Ltd 16. Gardiner Group (Pvt) Ltd 17. Gardiner Strategic (Pvt) Ltd 18. GFH Management Company (Pvt) Ltd 19. Great Northern Hotels (Pvt) Ltd 20. I S N Gardiner C K D U Fund 21. Seven 77 (Pvt) Ltd 22. Studio Clay (Pvt) Ltd 23. Suisse Hotel (Pvt) Ltd 24. Suisse Hotel Kandy (Pvt) Ltd 25. Sutherland Holdings (Pvt) Ltd 26. The Galle Face Hotel Company Limited 27. Unionco (Pvt) Ltd	None

Corporate Governance

Name of Director	Board Seats Held in Other Listed Sri Lankan Companies - Executive Capacity	Board Seats Held in Other Listed Sri Lankan Companies - Non-Executive Capacity	Board Seats Held in Other Unlisted Sri Lankan Companies	Key Management Personnel
			28. United Hotels Company Limited 29. Gardi & Matt (Pvt) Ltd. 30. TIER Innovation Labs (Pvt) Ltd. 31. Lanka Energy Resources (Pvt) Ltd. 32. Kalamazoo Industries (Pvt) Ltd 33. C.P. Groups Investments (Pvt) Ltd 34. Sutherland Hotels (Pvt) Ltd 35. Kerner 1 (Pvt) Ltd	
Mr. Priyantha. P. Maddumage	1. Kandy Hotels Company (1938) PLC	None	1. Galle Face Hotel – 1994 (Pvt) Ltd. 2. United Hotels Company Ltd. 3. CHC Foods (Pvt) Ltd. 4. Tissa Resort (Pvt) Ltd. 5. Capital Land and General (Pvt) Ltd. 6. Cyril Gardiner (Pvt) Ltd. 7. Deepthi (Pvt) Ltd. 8. Gardiner Capital (Pvt) Ltd. 9. Gardiner Consolidated (Pvt) Ltd. 10. Gardiner Strategic (Pvt) Ltd. 11. Seven 77 (Pvt) Ltd. 12. Sutherland Holdings (Pvt) Ltd 13. Unionco (Pvt) Ltd. 14. Galle Face Group (Pvt) Ltd. 15. Airline Services (Pvt) Ltd. 16. Ceylon Hotel Holdings (Pvt) Ltd. 17. Ceylon Hotels Investments (Pvt) Ltd. 18. Ceylon Hotel Maldives (Pvt) Ltd. 19. CHH Investments (Pvt) Ltd. 20. DOH Investment Lanka (Pvt) Ltd. 21. GFH Investment Holdings (Pvt) Ltd. 22. GFH Management Company (Pvt) Ltd. 23. Great Eastern Hotels (Pvt) Ltd. 24. Great Southern Hotels (Pvt) Ltd. 25. Great Western Hotels (Pvt) Ltd. 26. Lanka Land & Housing (Pvt) Ltd. 27. Spectrum Global Ventures (Pvt) Ltd. 28. Suisse Hotel (Pvt) Ltd. 29. CHC Residencies (Pvt) Ltd. 30. Ceylon Tourism Promotion & Development (Pvt) Ltd. 31. Ceylon Holidays Holdings (Pvt) Ltd.	None

Name of Director	Board Seats Held in Other Listed Sri Lankan Companies - Executive Capacity	Board Seats Held in Other Listed Sri Lankan Companies - Non-Executive Capacity	Board Seats Held in Other Unlisted Sri Lankan Companies	Key Management Personnel
Mr. C. Shalike Karunasena	1. Kandy Hotels Company (1938) PLC	1. Dankotuwa Porcelain PLC.	1. Galle Face Hotel - 1994 (Pvt) Ltd 2. Suisse Hotel (Pvt) Ltd. 3. Suisse Hotel Kandy (Pvt) Ltd. 4. Blue Ceylon Pharma (Pvt) Ltd. 5. Unionco (Pvt) Ltd. 6. Galle Face Group Management Services (Pvt) Ltd. 7. Studio Clay (Pvt) Ltd. 8. Blue Ceylon Investment Holdings (Pvt) Ltd. 9. Ceylon Hotel Holdings (Pvt) Ltd. 10. Ceylon Hotels Maldives (Pvt) Ltd. 11. GFH Management Company (Pvt) Ltd. 12. Tissa Resort (Pvt) Ltd. 13. CHC Rest Houses (Pvt) Ltd. 14. Sutherland Holdings (Pvt) Ltd. 15. Smart Lottery Solutions (Pvt) Ltd. 16. Great Western Hotels (Pvt) Ltd. 17. CHC Foods (Pvt) Ltd. 18. United Hotels Company Ltd.	None
Mr. E. M. Mangala Boyagoda	None	1. Ambeon Holdings PLC	1. Wealth Lanka Management (Pvt) Ltd 2. SAFE Capital (Pvt) Ltd 3. Asset Trust Management (Pvt) Ltd 4. Ceylinco General Insurance Limited 5. Sierra Construction (Pvt) Ltd 6. Faber Capital (Pvt) Ltd 7. United Hotel (Pvt) Ltd 8. Sri Lanka Gateway Industries (Pvt) Ltd 9. Asset Holding (Pvt) Ltd 10. Taprobane Capital Plus (Pvt) Ltd 11. Ambeon Securities (Pvt) Ltd 12. Sherwood Capital (Pvt) Ltd 13. Wiseworld (Pvt) Ltd 14. Sutherland Hotels (Pvt) Ltd	None
Mr. Ajith L. Devasurendra	None	None	None	None
Mr. Ranil P. Pathirana	1. Wind Force PLC	1. Hemas Holdings PLC 2. Dankotuwa PLC 3. Access Engineering PLC 4. B P P L Holdings PLC	1. Hirdaramani International Exports (Pvt) Ltd 2. Hirdaramani Apparel Holdings (Pvt) Ltd 3. Hirdaramani Investment Holdings (Pvt) Ltd 4. Hirdaramani Leisure Holdings (Pvt) Ltd 5. Rosewood (Pvt) Ltd 6. Hirdaramani Industries (Pvt) Ltd 7. Ceylon Knit Trend (Pvt) Ltd 8. Hirdaramani (Pvt) Ltd 9. HI Fashion Holdings (Pvt) Ltd 10. Union Residencies (Pvt) Ltd 11. Star Packaging (Pvt) Ltd	None

Corporate Governance

Name of Director	Board Seats Held in Other Listed Sri Lankan Companies - Executive Capacity	Board Seats Held in Other Listed Sri Lankan Companies - Non-Executive Capacity	Board Seats Held in Other Unlisted Sri Lankan Companies	Key Management Personnel
Mr. Sutheash Balasubramaniam	None	None	1. Bookingwhizz ISL (Pvt) Ltd	None
Mr. D. S. Weerakkody	1. Union Bank of Colombo PLC	1. Lanka Ashok Leyland PLC 2. Kerner Haus Global Solutions PLC 3. Abans PLC 4. Lanka Aluminum Industries PLC	1. Life Insurance Corporation (Lanka) Ltd 2. Abans Retails Holdings (Pvt) Ltd 3. Galle Face Hotel Management Co. Ltd 4. Cornucopia Lanka Ltd 5. Haleon Lanka (Pvt) Ltd 6. Sri Lanka Institute of Directors	None
Mr. Nirmal D. S. Cooke	None	1. Kandy Hotels Company (1938) PLC 2. Kerner Haus Global Solutions PLC	1. 1705 Studio (Pvt) Ltd 2. Apex GNA Consulting (Pvt) Ltd 3. Asia Dredging (Pvt) Ltd 4. Capstone Merchant (Pvt) Ltd 5. Ceylon Merchant Capital (Pvt) Ltd 6. CHCH Rest Houses (Pvt) Ltd 7. Corporate Securities (Pvt) Ltd 8. Dukes Investments (Pvt) Ltd 9. Infini Restaurant Management (Pvt) Ltd 10. Island Influencer (Pvt) Ltd 11. Kings Investments (Pvt) Ltd 12. Queens Investments (Pvt) Ltd 13. Quintessentially Ceylon (Pvt) Ltd 14. Seaeway enterprises (Pvt) Ltd 15. Techno Park Development Company (Pvt) Ltd 16. Kalamazoo Industries (Pvt) Ltd 17. C.P.Groups Investments (Pvt) Ltd 18. Airlines Services (Pvt) Ltd 19. Plus94 Labs (Pvt) Ltd 20. Kerner Haus 2203 (Pvt) Ltd 21. Vidhya Consulting (Pvt) Ltd 22. NK Ceylon Capital (Pvt) Ltd 23. Clean Serendip (Pvt) Ltd	None

BOARD MEETINGS AND ATTENDANCE

The Board meets regularly to discuss the company's performance and evaluate its strategic direction. There were two (02) board meetings held during the year under review.

The attendance of Directors at the aforesaid meetings is set out on the table below. All meetings held during the year ensured that the Board has adequate time to discuss the actual and potential impact to the Company from the macro-economic environment and to decide on the way forward.

Name of the Director	Directorship Status	Year of Appointment	Tenure on the Board (Years)	Age	Eligibility for Board Meeting	Attendance
Mr. Sanjeev Gardiner	Non-Independent, Executive Director	2007	18 Years+	57	02	02
Mr. Priyantha. P. Maddumage	Non-Independent, Non-Executive Director	2007	18 Years+	54	02	01
Mr. C. Shalike Karunasena	Non-Independent, Executive Director	2017	08 Years+	52	02	02
Mr. E. M. Mangala Boyagoda	Non-Independent, Non-Executive Director	2011	14 Years+	75	02	02
Mr. Ajith L. Devasurendra	Non-Independent, Non-Executive Director	2015	10Years+	65	02	02
Mr. Ranil P. Pathirana	Non-Independent, Non-Executive Director	2016	10 Years+	60	02	01
Mr. Nirmal D. S. Cooke	Independent, Non-Executive Director	2024	1 Year+	41	02	02
Mr. D. S. Weerakkody	Independent, Non-Executive Director	2025	1 Year+	63	02	01
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director	2025	1 Year+	68	02	02
Mr. D. S. Kamantha Amarasekera*	Non-Independent, Non-Executive Director	2013	12 Years	55	01	00

*Retired on 26th September 2025.

The routine agenda for board meetings is developed by the Chairman in consultation with all the Directors and the Company Secretary. Agenda items include but are not limited to strategy, industry performance, financial performance, risk management, and human resources. The Company Secretary is responsible for circulating agenda items and board papers to all the Directors.

The company's Senior Management offers all the information essential for the Board of Directors to make decisions. Directors seek independent advice from legal and accounting professionals when needed to gain a broader view of important issues.

Minutes are circulated by the Company Secretary. The significant matters that require further discussion are incorporated into the agenda items for the next meeting. Board members are free to request any additional information on matters that are being discussed at the board level.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board provided stewardship and strategic direction to guide Corporate Management in achieving the growth objectives of the Company whilst ensuring that the necessary resources are made available, culturally aligned, proper internal control systems, and appropriate reporting functions to measure and report the performance.

The Board has a key role in formulating the strategy and establishing the strategic direction for the Company. Board-approved policies and procedures serve as the basis for operationalising the strategy. The board recognizes its accountability towards a wide range of stakeholders, provides information, and places a high reliance on financial statements and accounting systems for monitoring performance.

THE CHAIRMAN OF THE BOARD

The Chairman's primary role is to lead the Board to ensure that it effectively functions in achieving the strategic direction. Currently, the company does not have a Chief Executive Officer (CEO), and the Chairman plays an executive role. The Chairman ensures that there is a proper balance between non-executive directors and executive directors.

SENIOR INDEPENDENT DIRECTOR

The Board has appointed Mr. Dinesh Weerakkody as the Senior Independent Director (SID) due to the Chairman holding an executive role, in accordance with the amended Corporate Governance Rules of the CSE. The justification for the Chairman's executive role was communicated to the CSE along with the SID appointment.

Corporate Governance

This position aims to enhance the independent element of the Board of Directors, ensuring that board members maintain independent judgment and objectivity in all deliberations and that decisions are made in the best interest of the company. The profile of the SID is provided on page 7, and the explanatory report by the SID demonstrating the effectiveness of his duties is on page 45.

BOARD SUB-COMMITTEES

Sub-committees play a crucial role in the Company's governance. They function under the delegated authority of the board. The board is supported by the sub-committees that are established to meet the regulatory requirements, namely, Audit Committee, Related Party Transactions Review Committee, Remuneration Committee and Nominations and Governance Committee.

The aforementioned committee's function is in accordance with the Board approved policies which include membership and composition, scope of duties and responsibilities etc.

The composition of committees as at 31st March 2026 is shown below.

MANAGING CONFLICTS OF INTEREST

All Directors are expected to act in good faith and maintain transparency regarding matters that could potentially be in conflict of interest. Directors are excused from meetings if an agenda item refers to a matter in which they have an interest, allowing the board to deliberate on the matter without undue influence.

COMPANY SECRETARIES

The Company Secretary, Deloitte Corporate Services (Private) Limited, provides secretarial services to the Company. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time. All Directors have access to the advice and services of the Secretaries, as necessary. The shareholders can also contact the Company Secretaries during office hours for company-related information requirements. Appointment and removal of the Company Secretaries is a matter for the Board.

SHAREHOLDER RELATIONS

The board is committed to its responsibility for upholding shareholders' rights. The Company's shareholders and their interests are always equally safeguarded by the Company. Multiple channels are available to encourage shareholders' active engagement such as the corporate websites, the annual report,

BOARD SUB-COMMITTEES FOR THE COMPANY

Name of Director	Status	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee	Nominations and Governance Committee
Mr. Sanjeev Gardiner	Non-Independent, Executive Director	-	-	-	-
Mr. Priyantha. P. Maddumage	Non-Independent, Non-Executive Director	-	-	-	-
Mr. C. Shalike Karunasena	Non-Independent, Executive Director	-	-	-	-
Mr. E. M. Mangala Boyagoda	Non-Independent, Non-Executive Director	Member	Member	Member	Member
Mr. Ajith L. Devasurendra	Non-Independent, Non-Executive Director	-	-	-	-
Mr. Ranil P. Pathirana	Non-Independent, Non-Executive Director	-	Member	-	Member
Mr. Nirmal D. S. Cooke	Independent, Non-Executive Director	Member	Member	Member	-
Mr. D. S. Weerakkody	Independent, Non-Executive Director	-	Chair	-	Chair
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director	Chair	-	Chair	Member

interim financial statements, CSE announcements and press releases. The Company's website https://www.chcplc.com contains information on the Company's performance and other important corporate information.

The Annual General Meeting (AGM) is the main platform for the shareholders to meet the board, giving them reasonable opportunity to communicate about various matters affecting the Company. All shares have equal voting rights, and shareholders are notified of the annual general meeting well in advance of the mandatory period. AGM notices are uploaded to the Company's website, and the CSE website and shareholders are encouraged to use the AGM constructively to discuss matters. Senior management and external auditors attend the AGM.

The Company provides its annual financial statements to all shareholders within the required period, and the unaudited provisional financial statements are released to the CSE in compliance with the CSE's Listing Rules. Quarterly financial results and other important announcements are promptly disclosed to CSE in compliance with the listing rules.

ACCOUNTABILITY AND AUDIT

The Board has the task of presenting a balanced and understandable assessment of the company's performance, financial position and outlook. A summary of Directors' responsibilities in respect of preparation of financial statements are given on page 24 to 25.

The board is responsible for establishing a holistic risk control framework for proactive identification and effective management of risks. A well-defined internal control system is vital for the effective management of risk and preventing and detecting fraud and/or other irregularities. The risk management report is detailed on page 14 of the annual report.

The report of the Audit Committee is given on page 46 of the annual report.

The Audit Committee reviews the financial reporting process, internal controls, and external audit functions to ensure the integrity and quality of the financial statements. The audit committee ensures the independence of external auditors, the timely delivery of the audited financial statements, and the effectiveness of internal audit procedures. The Audit Committee meet at least once a quarter with the management to review quarterly financial statements prior to release to shareholders and with the internal auditors to review the internal audit reports and findings. The Audit Committee also meets with external auditors to discuss the external audit plan prior to the commencement of the external audit and meets with them after the completion of the audit to discuss the financial statements and key audit findings.

Statutory compliance statements demonstrating the extent to which the company complies with the rules and regulations are distributed among the Directors for the board's information at all audit committee and board meetings.

The Board of Directors confirms that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the notes to the financial statements. The Board of Directors further confirms that suitable accounting policies consistently applied and supported by reasonable and prudent judgment and estimates, have been applied in the preparation of the financial statements. They further confirm that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all payments made to related parties have been reflected in the financial statements.

ENVIRONMENTAL, SOCIAL GOVERNANCE AND PROMOTING ETHICS

The board placed strong emphasis on strengthening ESG credentials by establishing a framework of policies and procedures to drive principles of sustainable business. The board sets the tone for promoting cultural ethics and good business conduct. Every board member complies with the Code of Conduct and governance requirements in executing their duties ethically and in alignment with the business values.

Through sustainable and eco-friendly practices, the Board is cognisant of its relationship with all stakeholders, including the community in which it operates. Through frequent training and enhanced facilities, the hotels raise and improve staff standards and morale. This enables service level improvements, enhancing the guests' experience. Satisfied guests not only provide repeat business but also serve as ambassadors for the hotels.

DECLARATIONS BY THE BOARD AND GOVERNANCE DISCLOSURES

The Annual Report includes the following reports of the Board and its Committees providing key declarations on effective discharge of their duties.

- Annual Report of the Board of Directors
- Statement of Directors' Responsibilities
- Reports of the Board Committees
- Corporate Governance Report

Corporate Governance

The Board acknowledges its responsibility for ensuring the integrity of this Annual Report, which is in the opinion of the Board, addresses all the concerns that are mentioned to the Company's ability to create sustainable value and reflects a fair presentation of the integrated performance of the Company.

CORPORATE GOVERNANCE COMPLIANCE DISCLOSURES

The tables shown here summarise the Company's level of compliance with the regulatory requirements. The extent to which the Company has met the requirements specified by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange's listing guidelines as amended are also covered in this report. The following declaration outlines the main factors of corporate governance that the Company implemented during the financial year under review.

Statement of Compliance with Companies Act No. 07 of 2007.

Section Reference	Applicable Requirement	Status of Compliance	Annual Report Reference
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Complied	Annual Report of the Board of Directors
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Complied	Financial Statements
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Complied	Independent Auditors' Report
168 (1) (d)	Accounting Policies and any changes made during the accounting period.	Complied	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Complied	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Complied	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Complied	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period.	Complied	Annual Report of the Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Complied	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest in the Company and its Subsidiaries.	Complied	Annual Report of the Board of Directors
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Complied	Annual Report of the Board of Directors

Statement of compliance under section 7.6 of the listing rules of the Colombo Stock Exchange on Annual Report Disclosure.

	Requirement	Status of Compliance	Reference
(i)	Names of persons who were Directors of the Entity.	Complied	Page 6 to 7
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Complied	Page 66
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Complied	Page 136 to 137
(iv)	The public holding percentage.	Complied	Page 134
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Complied	Page 134
(vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied	Pages 14 to 16
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Complied	Pages 14 to 16
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Complied	Pages 95 to 96
(ix)	Number of shares representing the Entity's stated capital.	Complied	Page 134
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Complied	Page 134
(xi)	Financial ratios and market price information.	Complied	Pages 2 and 135
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Complied	Pages 95 to 97
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	N/A	N/A
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	N/A	N/A
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Complied	Pages 35 to 44
(xvi)	Related Party transactions exceeding 10 percent of the equity or 5 percent of the total assets of the Entity as per audited financial statements, whichever is lower.	Complied	Pages 120 to 124

Corporate Governance

Statement of compliance under Section 9 of the listing rules of the Colombo Stock Exchange (CSE).

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.1 Corporate Governance Rules			
9.1.1 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Complied	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is given is this table
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a. Policy on the matters relating to the Board of Directors b. Policy on Board Committees c. Policy on Corporate Governance, Nominations and Re-election d. Policy on Remuneration e. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f. Policy on Risk management and Internal controls g. Policy on Relations with Shareholders and Investors h. Policy on Environmental, Social and Governance Sustainability i. Policy on Control and Management of Company Assets and Shareholder Investments j. Policy on Corporate Disclosures k. Policy on Whistleblowing l. Policy on Anti-Bribery and Corruption	Complied	The Company has formulated the policies
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	N/A	N/A
9.2.3	• List of policies in place as per Rule 9.2.1, with reference to website and • Any changes to policies adopted	Complied	www.chcplc.com

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Complied	N/A
9.3 Board Committees			
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: a. Nominations and Governance Committee b. Remuneration Committee c. Audit and Risk Committee d. Related Party Transactions Review Committee	Complied	N/A
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	Complied	Refer to each Committee Report
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Complied	Refer to each Committee Composition and refer to page 21 to 22
9.4 Principles of democracy in shareholder dealings			
9.4.1.	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (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	N/A
9.4.2	a. Listed Company should have a policy on effective communication and relations with shareholders and investors b. Listed Company should disclose the contact person for such communication c. The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders d. Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Complied	N/A

Corporate Governance

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	Complied	N/A
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	Complied	N/A
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	Complied	Chairperson is an Executive Director hence a Senior Independent Director appointed.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/ or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/ or combination of the said roles falls subsequent to the implementation of these Rules	Complied	Market Announcement made
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	Complied	Refer to the Report of the Senior Independent Director in this Annual Report
9.6.4	Rationale for appointing Senior Independent Director	Complied	Refer to the Report of the Senior Independent Director in this Annual Report
9.7 Fitness of Directors and CEOs			
9.7.1	Listed Company 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 the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	Complied	The Company obtained an annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	Complied	N/A

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	N/A	N/A
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	Complied	N/A
9.7.5	a. Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria b. Any non-compliance/s and remedial action taken	Complied	N/A
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	Complied	Refer Board Composition on page 26
9.8.2	Minimum Number of Independent Directors: a. The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher b. Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Complied	N/A
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules.	Complied	N/A
9.8.5	a. Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein. b. Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report c. If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	Complied	Signed declaration received from all the Directors. Directors who failed to full fill the independence criteria were identified as Non-Independent Directors

Corporate Governance

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.9 Alternate Directors			
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	N/A	N/A
9.10 Disclosures relating to Directors			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships if its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	Complied	N/A
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: • A brief resume of such Director; • His/her capacity of directorship; and, • Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	N/A	N/A
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 of the Listing Rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	N/A	N/A
9.10.4	Directors details a. Name, qualifications and brief profile b. Nature of his/her expertise in relevant functional areas c. Whether either the Director or Close Family Members has any material business relationships with other Directors d. Whether Executive, Non-Executive and/or independent Director e. Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f. Number of Board meetings attended g. Names of Board Committees in which the Director serves as Chairperson or a member h. Attendance of board committee meetings	Complied	N/A

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.11 Nominations and Governance Committee			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	Complied	N/A
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Complied	N/A
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	Refer Nominations and Governance Committee Report on page 51
9.11.4	1. The members of the Nominations and Governance Committee shall; a. Comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company b. Not comprise of Executive Directors of the Listed Company. 2. An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors 3. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	Complied	Refer Nominations and Governance Committee Report on page 51
9.11.5	The functions of the Nominations and Governance Committee	Complied	Refer Nominations and Governance Committee Report on page 51 to 52
9.11.6	The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.	Complied	Refer Nominations and Governance committee report on page 51 to 52
9.12 Remuneration Committee			
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	Complied	Refer Remuneration Committee Report on page 50
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Complied	Refer Remuneration Committee Report on page 50
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	Complied	Refer Remuneration Committee Report on page 50
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Complied	Refer Remuneration Committee Report on page 50

Corporate Governance

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.12.6	1. The members of the Remuneration Committee shall; a. Comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company b. Not comprise of Executive Directors of the Listed Company 2. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors	Complied	Refer Remuneration Committee Report on page 50
9.12.7	The functions of the Remuneration Committee	Complied	Refer Remuneration Committee Report on page 50
9.12.8	Remuneration Committee Report shall contain the following: a. Names of chairperson and members with nature of directorship b. Remuneration Policy c. The aggregate remuneration of the Executive and Non-Executive Directors	Complied	Refer Remuneration Committee Report on page 50
9.13 Audit Committee			
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	Complied	Refer Audit Committee Report on page 46
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Complied	Refer Audit Committee Report on page 46
9.13.3	1. The members of the Audit Committee shall; a. Comprise of a minimum of three (03) directors of the Listed 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 of the Listed Company. 2. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3. The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 5. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation. 6. The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body	Complied	Refer Audit Committee Report on page 46 to 47

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.13.4	The functions of the Audit Committee	Complied	Refer Audit Committee Report on page 46 to 47
9.13.5	Disclosures in the Annual Report 1. Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report 2. The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	Complied	Refer Audit Committee Report on page 46 to 47
9.14 Related Party Transactions Review Committee			
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Complied	N/A
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	Complied	Refer Related Party Transactions Review Committee Report on page 48
9.14.3	The functions of the Related Party Transactions Review Committee	Complied	Refer Related Party Transactions Review Committee Report on page 48
9.14.4	1. The Related Party Transactions Review Committee shall meet at least once a calender quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2. The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3. Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4. If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: a. be present while the matter is being considered at the meeting; and, b. vote on the matter	Complied	Refer Related Party Transactions Review Committee Report on page 48

Corporate Governance

Rule Reference	Requirement	Status of Compliance	Comment / Reference
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied	N/A
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	N/A	N/A
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	N/A	N/A
9.14.8 (1)	Related Party Disclosures, Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	Complied	Refer page 124
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Complied	Refer page 120 to 123
9.14.8 (3)	Related Party Transactions Review Committee Report • Names of the Directors comprising the Committee • Statement that committee has reviewed RPTs and communicated comments/observations to the Board • Policies and procedures adopted by the Committee	Complied	Refer Related Party Transactions Review Committee Report on page 48
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Complied	Refer Related Party Transactions Review Committee Report on page 48 to 49
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	N/A	N/A
9.17 Additional Disclosures			
9.17	Additional disclosures by Board of Directors Declaration on following • All material interests in contracts and have refrained from voting on matters in which they were materially interested • Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; • Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; • Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Complied	N/A

Statement by the Senior Independent Director

I am pleased to present my report as the Senior Independent Director of Ceylon Hotels Corporation PLC. I was appointed as the Senior Independent Director (SID) of Ceylon Hotels Corporation PLC in the financial year of 2024/2025, in accordance with Rule 9.6.3(a)(ii) of the Listing Rules of Colombo Stock Exchange as a result of the Chairman of the Company being an Executive, Non-Independent Director. It is and has been a privilege to serve in this role, overseeing independent judgment and objectivity in the board's deliberations.

The Executive Chairman is responsible to provide leadership to the Board whilst the SID is responsible to review the effectiveness of the Board’s activities. Therefore, the presence of the SID will add value to the performance of the Board and support the Chairman performing his duties and responsibilities. With regard to governance related matters, as the SID, I am consulted by the Chairman and I make myself available to any Director to have confidential discussions on affairs of the Company, as and when required. In order to create long-term value for our stakeholders, I firmly believe that responsible leadership, an engaged and capable Board, an extensive policy framework, efficient controls, and an organisational culture are essential.

In the upcoming year, I will oversee and chair meetings of Independent and Non-Executive Directors, enabling discussions and communication on governance related matters, ensuring that their perspectives are communicated effectively to the Chairperson and the Board. I remain committed to enhancing the governance framework and contributing to the sustainable growth of the Company.

(Sgd.)
Dinesh Weerakkody
Senior Independent Director
Ceylon Hotels Corporation PLC

28th August 2026

Report of the Audit Committee

The Board has established a Audit Committee which complies with Section Rule 9.13 of the Listing Rules of Colombo Stock Exchange. The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee. The Committee comprises three Non-Executive Directors, the majority of whom are independent.

COMPOSITION

The Composition of the Audit Committee (AC) is as follows: The profiles of the members are given on pages 6 to 7.

Name of Member	Nature of Directorship Held	Date of Appointment to the Committee
Mr. Sutheash Balasubramaniam - Chairman	Independent, Non-Executive Director	24th March 2025
Mr. Mangala Boyagoda	Non-Independent, Non-Executive	28th January 2025
Mr. Nirmal De Soysa Cooke	Independent, Non-Executive Director	24th March 2025

MEETINGS

The committee met 05 times during the financial year. The attendance of members at these meetings is given below:

Name of Member	Nature of Directorship Held	Attendance/ Eligibility
Mr. Sutheash Balasubramaniam - Chairman	Independent, Non-Executive Director	05/05
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	05/05
Mr. Nirmal De Soysa Cooke	Independent, Non-Executive Director	04/05

RESPONSIBILITIES

The Audit Committee is primarily responsible for supporting the Board by independently overseeing the accuracy and integrity of the financial statements, the effectiveness of internal control systems, and compliance with policies and relevant legal and regulatory requirements.

1. FINANCIAL REPORTING

As part of its responsibility to oversee the Company's financial reporting process on behalf of the Board of Directors, the Committee assists the Board in effectively carrying out its supervisory responsibilities with the following reviews:

- Reviewing and discussing the financial information of the Company with the management on behalf of the board of directors in order to monitor the integrity of its quarterly and annual financial statements, annual reports, and periodic reports prepared for disclosure requirements.
- Assessing the acceptability and appropriateness of accounting policies and the reasonableness of significant estimates and judgments
- Assessing the reasonableness of the underlying assumptions based on which estimates and judgments are made when preparing the financial statements.
- Review of the policy decisions relating to the adoption of Sri Lanka Accounting Standards (SLFRSs and LKASs) applicable to the Company and monitor compliance with relevant accounting standards.

2. INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Committee is satisfied that the financial reporting system is effectively designed to provide the Board, regulatory authorities, and management with accurate, appropriate, and timely information, and that the adequacy, efficiency, and effectiveness of risk management measures, internal controls, and governance processes are sufficient to avoid, mitigate, and transfer current and evolving risks.

3. EXTERNAL AUDIT

Overseeing the appointment, compensation, resignation, and dismissal of external auditors is vested in the Committee. The functions include the review of the external audit function, its costs and effectiveness, and monitoring of the external auditor's independence. The Committee reviewed and monitored the independence and objectivity of the External Auditors and also assessed the effectiveness of their audit process, considering the relevant professional and regulatory requirements.

The independence and objectivity of the external auditors were reviewed by the Committee and concluded that the services outside the scope of the statutory audit provided by the external auditors have not impaired their independence.

Prior to the start of the audit for the financial year, the Committee addressed with the External auditors their audit plan, scope, and methodology for performing the annual audit. There was no scope limitation, and management provided all the information and explanations sought by the auditors.

Messrs. KPMG, Chartered Accountants were re-appointed as external auditors of the Company at the Annual General Meeting held on 26th September 2025.

KEY FUNCTIONS PERFORMED

- Discussed with external auditors the scope of the audit, audit approach, and procedures.
- Determined that Messrs. KPMG, Chartered Accountants were independent based on written representation.
- Obtained an assurance from the management that financial reports have been properly maintained and the financial statements provide true and fair view.
- Ensured that prudent accounting practices are applied to provide stakeholders with the most accurate and meaningful financial information.
- Reviewed the Financial statements together with the External auditors, Messrs. KPMG, prior to release to the regulators, shareholders, and the general public.
- Clarify the existing disclosures and level of compliance with financial reporting standards such as those specified under the Companies Act No. 7 of 2007 and any other relevant financial and governance reporting requirements.
- Reviewed the Letter of Representation issued to the External Auditors by the management.
- Concluded that the non-audit services obtained from the auditors do not impair the independence and objectivity of the auditors.
- Evaluated external auditors based on the audit deliverables and the quality assurance initiatives and recommendations.
- Met with the auditors to review the management letter and the responses from the management and followed up on the issues raised.

Having reviewed the effectiveness of the external auditors, the members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2027, subject to the approval of the shareholders at the 60th Annual General Meeting.

REPORTING TO THE BOARD

The proceedings of the Committee meetings with adequate details were discussed and regularly reported to the Board of Directors providing board members with access to the Committee’s deliberations.

The Board is apprised the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations if deemed appropriate.

PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advice from time to time on matters within its purview.

On behalf of the Audit Committee

(Sgd.)
Sutheash Balasubramaniam
Chairman of the Audit Committee

28th August 2026

Report of the Related Party Transactions Review Committee

The Board has established a Related Party Transactions Review Committee which complies with Section 9.14 of the Listing Rules of Colombo Stock Exchange. The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee. The Committee comprises three Non-Executive Directors, the majority of whom are independent.

COMPOSITION

The Composition of the Related Party Transactions Review Committee (RPTRC) is as follows: The profiles of the members are given on pages 6 to 7.

Name of Member	Nature of Directorship Held	Date of Appointment to the Committee
Mr. Sutheash Balasubramaniam - Chairman	Independent, Non-Executive Director	24th March 2025
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	28th January 2025
Mr. Nirmal De Soysa Cooke	Independent, Non-Executive Director	24th March 2025

MEETINGS

The committee met 04 times during the financial year. The attendance of members at these meetings is given below:

Name of Member	Nature of Directorship Held	Attendance/ Eligibility
Mr. Sutheash Balasubramaniam - Chairman	Independent, Non-Executive Director	04/04
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	04/04
Mr. Nirmal De Soysa Cooke	Independent, Non-Executive Director	03/04

RESPONSIBILITIES

The Committee's primary focus is to review all proposed Related Party Transactions in accordance with Rule 9.14 of the Colombo Stock Exchange Listing Rules, ensuring compliance prior to transaction completion. Key responsibilities including;

- Evaluating proposed Related Party Transactions quarterly and recommending actions to ensure
- Compliance with the Listing Rules.
- Reviewing post-quarter confirmations of Related Party Transactions.
- Reviewing thresholds for transactions requiring shareholder approval or immediate market disclosure.
- Assessing the criteria for Key Management Personnel.
- Regularly reporting the Committee's activities to the Board.

KEY FUNCTIONS PERFORMED

- Quarterly disclosures were obtained from the Key Management Personnel of any proposed party transactions related and confirmations of any post-quarter transactions.
- Quarterly disclosures were obtained from all Group companies of any proposed related party transactions and confirmations of any post-quarter transactions, and all disclosures are tabled at each Related Party Transactions Review Committee Meeting.
- Non-recurrent related party transactions which in aggregate value exceeding 10% of the equity or 5% of the total assets whichever is lower as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee.
- Recurrent related party transactions exceeding 10% of the gross revenue/income of the company as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee.
- Reviewed all proposed related party transactions as well as post quarter confirmations.

RECURRENT RELATED PARTY TRANSACTIONS

All recurrent related party transactions, whose aggregate value exceeds 10% of the gross revenue/income of the Company as per the audited financial statements of 31st March 2026, are disclosed under Note 38.1 on pages 120 to 123 to the Financial Statements as required in Section 9.14.8(2) of the listing rules. None of the related party transaction exceeded 10% of the gross revenue during the reporting period.

NON-RECURRENT RELATED PARTY TRANSACTIONS

All non-recurrent related party transactions entered into the Company where the aggregate value of the Non-Recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per the audited financial statements as at 31st March 2026, are disclosed under Note 38.1.2 on page 124 to the Financial Statements as additional disclosures are required in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 (1) and the 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. There were no non - recurrent transactions with related parties for the year 31st March 2026.

REPORTING TO THE BOARD

The proceedings of the Committee meetings were regularly presented to the Board of Directors with comments and observations allowing board members access to the Committee's deliberations.

The Board appraised the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations if deemed appropriate.

DECLARATION

Declarations are obtained from each Key Management Personnel (KMP) of the Company and its subsidiaries for the purpose of identifying related parties on a quarterly and annual basis to determine Related Party Transactions and to comply with the disclosure requirements, if any. Self-declarations are obtained from each Director/Key Management Personnel of the Company for the purpose of identifying parties related to them.

The Directors declare that they are in compliance with Section 9.14.8(4) of the listing rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st March 2026.

The Directors of the Company declare that there were no related party transactions required to be disclosed under the listing rules of the CSE other than those disclosed in the financial statements.

On behalf of the Related Party Transactions Review Committee

(Sgd.)
Sutheash Balasubramaniam
Chairman of the Related Party Transactions Review Committee

28th August 2026

Report of the Remuneration Committee

The Board has an established Remuneration Committee which complies with Section 9.12 of the Listing Rules of Colombo Stock Exchange. The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee The Committee comprises four Non-Executive Directors, the half of whom are independent.

COMPOSITION

The Composition of the Remuneration Committee (RC) is as follows: The profiles of the members are given on pages 6 to 7.

Name of Member	Nature of Directorship Held	Date of Appointment to the Committee
Mr. Dinesh Weerakkody - Chairman	Independent, Non-Executive Director	28th January 2025
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	28th January 2025
Mr. Ranil Pathirana	Non-Independent, Non-Executive Director	28th January 2025
Mr. Nirmal De Soysa Cooke	Independent, Non-Executive Director	24th March 2025

MEETINGS

Aggregate remuneration paid to the directors of the Company is disclosed in Note 38.2 to the financial statements on page 124 of the Annual Report.

RESPONSIBILITIES

The Committee has the power to evaluate, decide, and recommend to the Board of Directors any items relevant to the Company's human resource management, which shall explicitly include the following.

- Formulating remuneration policies for Directors and Key Management Personnel (KMP) and recommendations for salary, benefits, and other performance-based incentives.
- Advising the KMP heading HR department of guidelines, policies and procedures pertaining to the remuneration structure of all staff and overseeing the implementation thereof.
- Ensure that the performance-related component of remuneration is designed and adjusted to align employees' interests with the interests of the company's key stakeholders and to support its sustainable growth.
- Advise on major organisational changes and succession planning.
- Reviewing, commenting on, and reporting to the Board on HR-related matters, including development plans, talent retention, and the career development of potential successors.
- Make recommendations to the Board of Directors on new managerial expertise that is required. Evaluate the Committee's performance, based on the requirements.
- Periodically review the committee's Terms of Reference to ensure they reflect industry best practices at all times.

Furthermore, the Committee may seek external companies to conduct salary surveys in order to make well-informed decisions about the Company's salaries and standards.

REPORTING TO THE BOARD

The proceedings of the Committee meetings will be presented to the Board of Directors with comments and observations allowing board members access to the Committee’s deliberations.

The Board is apprised of the key issues considered, recommended, and approved by the Committee, and it analyses and accepts the Committee's recommendations if deemed appropriate.

On behalf of the Remuneration Committee

(Sgd.)
Dinesh Weerakkody
Chairman - Remuneration Committee

28th August 2026

Report of the Nomination and Governance Committee

The Board has an established Nomination and Governance Committee which complies with Section 9.11 of the Listing Rules of Colombo Stock Exchange. The Committee comprises four Non-Executive Directors of whom two are Independent Non-Executive Directors. The Committee operates in accordance with its Terms of Reference and supports the Board in fulfilling its responsibilities relating to Board composition, succession planning, performance evaluation and corporate governance

The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee taking into consideration the Corporate Governance requirements set out in the section 9.11.6 of listing Rules of the Colombo Stock Exchange. The details relating to the implementation of such policies available in the Company on its website.

COMPOSITION

The Composition of the Nomination and Governance Committee (NGC) is set out below: Profiles of the Committee members are provided on pages 6 to 7 of this Annual Report.

Name of Member	Nature of Directorship Held	Date of Appointment to the Committee
Mr. Dinesh Weerakkody - Chairman	Independent, Non-Executive Director	28th January 2025
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	30th September 2024
Mr. Ranil Pathirana	Non-Independent, Non-Executive Director	30th September 2024
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director	24th March 2025

MEETINGS

During the year under review, the Committee convened once. The meeting considered the performance evaluation of Directors, the re-election of Directors retiring at the Annual General Meeting in 2025, and recommendations relating to the extension of Directors' terms beyond the age of 70 years, where applicable. The attendance of Committee members was as follows,

Name of Member	Nature of Directorship Held	Attendance/ Eligibility
Mr. Dinesh Weerakkody - Chairman	Independent, Non-Executive Director	01/01
Mr. Mangala Boyagoda	Non-Independent, Non-Executive Director	00/01
Mr. Ranil Pathirana	Non-Independent, Non-Executive Director	01/01
Mr. Sutheash Balasubramaniam	Independent, Non-Executive Director	01/01

RESPONSIBILITIES

The Committee operates under a documented policy and established procedures for nominating Directors to the Board. The responsibilities of the Nomination Committee include:

- Ensuring that the Board of Directors has an appropriate balance of skills, experience, and diversity to effectively fulfil its responsibilities.
- Identifying and recommending suitably qualified candidates for appointment to the Board and its Committees, having regard to the Company's strategic objectives and future requirements.
- Evaluating the performance of individual Directors, Board Committees and the Board as a whole and recommending appropriate measure for improvement where necessary.
- Developing and overseeing succession plans for Board members and key management positions to ensure continuity of leadership and the availability of appropriate talent.
- Promoting and supporting high standards of corporate governance and ensuring compliance with applicable laws, regulations, listing requirements and recognised governance standards.
- Periodically reviewing and recommending amendments to governance-related policies and documents, including the Company's Articles of Association, where appropriate.
- Identifying training and continuing professional development needs for Directors and key management personnel to enhance Board and management effectiveness.

Report of the Nomination and Governance Committee

- Promoting and maintaining high standards of ethics, integrity and professional conduct across the Board and the Company.
- Supporting effective communication and engagement between the Board and stakeholders, with a view to promoting transparency, accountability and confidence in the Company's governance practices.

The Committee also considers the independence, suitability and continued contribution of Directors as part of its oversight of Board composition and succession.

INDEPENDENCE OF DIRECTORS

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the revised Listing Rules of the Colombo Stock Exchange. The Committee determined that as at 31st March 2026 three out of nine Directors were Independent as per the criteria set out in the Listing Rules of the Colombo Stock Exchange for determining independence.

REPORTING TO THE BOARD

The proceedings of the Committee meetings, including key matters considered, observations and recommendations, are reported to the Board of Directors. This ensures that all Directors are appropriately informed of the matters considered by the Committee and have access to the relevant deliberations.

The Board is apprised of significant matters reviewed and recommendations made by the Committee and, following due consideration, determines whether to approve and implement such recommendations.

The Committee remains committed to maintaining a well-balanced, effective and diverse Board, supported by robust governance practices and appropriate succession arrangements, thereby contributing to the Company's long-term sustainable growth

The Committee affirms that the Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Section and the Code are given on pages 26 to 44 of the Corporate Governance Report of this Annual Report.

On behalf of the Nominations and Governance Committee

(Sgd.)
Dinesh Weerakkody
Chairman – Nominations and Governance Committee

28th August 2026

Financial Reports

Independent Auditors' Report

KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF CEYLON HOTELS CORPORATION PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis of 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 Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

IMPAIRMENT ASSESSMENT OF INVESTMENTS IN SUBSIDIARIES

Refer Accounting Policies Note 17 to the Financial Statements.

Risk Description	Our Response
The Company hold investments in subsidiaries amounting to Rs. 2,037 Mn and as at 31st March 2026. The carrying amount of each investment in subsidiary has been tested for impairment as individual Cash Generating Units. The carrying amount of these investments could be materially misstated if inappropriate judgments and estimates were used by the Directors in calculating the recoverable amount for each cash generating unit ('CGU') and recoverable amounts of the identified CGUs have been determined based on the value-in-use calculation. Investments which have not generated adequate returns may be an indication of impairment. Due to the investments being material it will have a significant impact on financial performance of the Company/ Group. We have identified the impairment assessment of investments in subsidiaries as a key audit matter since that is based on forecasting and discounting cash flows, which are inherently judgemental.	Our audit procedures included, • Obtaining an understanding of management's impairment process. • Assessing the impairment indications of investments made in subsidiaries and assessing the reasonableness of the discounted cash flow model (Value in use computations), key assumptions, principles, and accuracy of the forecasts. • Comparing the actual results of the current year with management's assumptions and estimates in the discounted cash flow forecast for the previous year to assess the historical accuracy of the management's forecasting process. • Evaluating the discounted cash flow forecast prepared by management of the Group by comparing with the relevant data, including forecast revenue, cost of sales and other operating expenses, contained in the financial budget of subsidiaries which was approved by management and taking into account our understanding, experience and knowledge. • Assessing the adequacy of disclosures in the financial statements.

Independent Auditors' Report

KPMG

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism 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 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 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 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

31st August 2026

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue	7	2,373,652,401	1,674,316,805	-	-
Cost of sales		(568,548,397)	(449,107,579)	-	-
Gross profit		1,805,104,004	1,225,209,226	-	-
Other operating income	8	6,076,908	21,167,929	2,311	94,833
Distribution expenses		(163,237,591)	(88,679,710)	-	-
Administrative expenses		(1,304,712,144)	(1,043,008,608)	(18,832,996)	(13,926,376)
Other operating expenses	9	(6,558,200)	(14,256,776)	(4,642,661)	(5,880,290)
Profit/(loss) from operations		336,672,977	100,432,061	(23,473,346)	(19,711,833)
Finance income	10.1	219,295,464	204,755,935	47,147,746	54,113,683
Finance cost	10.2	(231,268,997)	(211,773,442)	(818,298)	(48,545)
Net foreign exchange gain/(loss)	10.3	34,155,983	(15,126,937)	-	-
Net finance income /(cost)	10	22,182,450	(22,144,444)	46,329,448	54,065,138
Share of profit of equity accounted investees (net of tax)	17.4.1	(35,934,890)	36,679,966	-	-
Profit before income tax	11	322,920,537	114,967,583	22,856,102	34,353,305
Income tax (expense)/ reversal	12	(56,509,290)	56,349,803	17,745,068	3,565,859
Profit from continuing operations		266,411,247	171,317,386	40,601,170	37,919,164

Figures in the brackets indicate deductions.

The accounting policies and notes set out on pages 66 to 133 form an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit for the year		266,411,247	171,317,386	40,601,170	37,919,164
Other comprehensive income					
Items that will be not reclassified to profit or loss					
Revaluation of property, plant & equipment	14.1	-	1,047,840,070	-	-
Deferred tax on revaluation	12.3	-	(314,352,021)	-	-
Remeasurement loss of defined benefit plans	28	2,319,495	(2,389,984)	-	-
Deferred tax on defined benefit plans	12.3	(695,848)	716,995	-	-
Equity Accounted Investees - Share of other comprehensive income, net of tax	17.4.1	17,529,128	136,246,961	-	-
				-	
Total other comprehensive income for the year, net of tax		19,152,775	868,062,021	-	-
Total comprehensive income for the year, net of tax		285,564,022	1,039,379,407	40,601,170	37,919,164
Profit attributable to:					
Equity holders of the Company		202,216,026	139,106,351	40,601,170	37,919,164
Non controlling interests		64,195,221	32,211,035	-	-
Profit for the year		266,411,247	171,317,386	40,601,170	37,919,164
Total comprehensive income attributable to :					
Equity holders of the Company		216,138,631	747,521,972	40,601,170	37,919,164
Non controlling interests		69,425,391	291,857,435	-	-
Total comprehensive income for the year		285,564,022	1,039,379,407	40,601,170	37,919,164
Basic/diluted earnings per share	13	1.12	0.77	0.23	0.21

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 66 to 133 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	Group		Company	
		As at 31 March 2026 Rs.	As at 31 March 2025 Rs.	As at 31 March 2026 Rs.	As at 31 March 2025 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	12,296,772,898	12,357,303,254	-	-
Intangible assets	15	3,232,154	3,616,956	-	-
Right of use assets	16.1	98,220,621	103,578,328	-	-
Investments in subsidiaries	17	-	-	2,037,724,775	2,037,724,775
Investment in joint venture	17.4	727,562,506	745,968,268	125,330,153	125,330,153
Other financial investments	18	955,351,848	894,930,148	-	-
Deferred tax assets	29.2	35,178,691	24,611,236	43,662,300	25,917,232
Total Non-Current Assets		14,116,318,718	14,130,008,190	2,206,717,228	2,188,972,160
Current Assets					
Inventories	19	155,748,709	140,917,213	-	-
Trade and other receivables	21	345,049,901	373,902,382	600,554	422,247
Amounts due from related companies	22	538,263,940	539,790,751	592,249,438	562,760,005
Income tax recoverable	23	1,752,301	1,752,301	-	-
Cash & cash equivalents	24	409,672,184	323,265,510	49,750	4,106,697
Total Current Assets		1,450,487,035	1,379,628,157	592,899,742	567,288,949
Total Assets		15,566,805,753	15,509,636,347	2,799,616,970	2,756,261,109
EQUITY AND LIABILITIES					
Equity					
Stated capital	25	362,610,821	362,610,821	362,610,821	362,610,821
Reserves	26	5,657,247,917	5,753,060,067	2,403,058,512	2,403,058,512
Retained earnings		2,115,873,760	1,803,960,477	24,560,305	(16,040,865)
Total equity attributable to equity holders of the company		8,135,732,498	7,919,631,365	2,790,229,638	2,749,628,468
Non controlling interest		3,008,640,589	2,939,215,198	-	-
Total Equity		11,144,373,087	10,858,846,563	2,790,229,638	2,749,628,468
Non-Current Liabilities					
Interest-bearing-borrowings	27	808,309,446	721,070,128	-	-
Employee benefit obligation	28	25,885,624	29,497,013	-	-
Deferred tax liabilities	29.1	2,313,770,250	2,309,556,311	-	-
Lease liabilities	30	103,718,659	110,679,574	-	-
Total Non-Current Liabilities		3,251,683,979	3,170,803,026	-	-

	Note	Group		Company	
		As at 31 March 2026 Rs.	As at 31 March 2025 Rs.	As at 31 March 2026 Rs.	As at 31 March 2025 Rs.
Current Liabilities					
Trade and other payables	31	535,738,229	670,686,382	2,939,409	2,817,426
Contract liabilities	32	10,635,859	12,788,416	-	-
Interest-bearing-borrowings	27	220,962,474	359,094,670	-	-
Lease liabilities	30	20,879,268	21,931,109	-	-
Amounts due to related companies	33	73,168,370	75,145,027	-	3,815,215
Income tax payable	34	63,558,655	-	-	-
Bank overdrafts	24	245,805,832	340,341,154	6,447,923	-
Total Current Liabilities		1,170,748,687	1,479,986,758	9,387,332	6,632,641
Total Equity & Liabilities		15,566,805,753	15,509,636,347	2,799,616,970	2,756,261,109
Net assets per share (Rs.)		45.18	43.98	15.50	15.26

The accounting policies and notes set out on pages 66 to 133 form an integral part of these financial statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Kowshika Vijithan
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved & signed for and on behalf of the Board of Directors.

Sanjeev Gardiner
Chairman

Shalike Karunasena
Director

Colombo
31st August 2026

Statement of Changes in Equity

Group	Note	Attributable to Equity Holders of the Company						Non controlling Interest	Total Equity
		Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Retained earnings	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1 April 2024		362,610,821	5,030,495,139	8,128,011	167,079,660	1,603,833,262	7,172,146,893	2,647,357,763	9,819,504,656
Total comprehensive income									
Profit for the year		-	-	-	-	139,106,351	139,106,351	32,211,035	171,317,386
Other comprehensive income									
Actuarial gain /(loss) on retirement benefit obligation, net of tax		-	-	-	-	(1,181,648)	(1,181,648)	(491,341)	(1,672,989)
Gain on revaluation of property, plant and equipment, net of tax		-	514,101,774	-	-	-	514,101,774	219,386,275	733,488,049
Equity-accounted investees share of other comprehensive income	17.4.1	-	95,495,495	-	-	-	95,495,495	40,751,466	136,246,961
Total comprehensive income for the year		-	609,597,269	-	-	137,924,703	747,521,972	291,857,435	1,039,379,407
Transactions with owners of the company									
Dividends-(15% Cumulative preference shares)		-	-	-	-	(37,500)	(37,500)	-	(37,500)
Transfer of excess depreciation on revaluation		-	(62,240,012)	-	-	62,240,012	-	-	-
Total transactions with owners of the company		-	(62,240,012)	-	-	62,202,512	(37,500)	-	(37,500)
Balance at 31 March 2025		362,610,821	5,577,852,396	8,128,011	167,079,660	1,803,960,477	7,919,631,365	2,939,215,198	10,858,846,563
Balance at 1st April 2025		362,610,821	5,577,852,396	8,128,011	167,079,660	1,803,960,477	7,919,631,365	2,939,215,198	10,858,846,563
Total comprehensive income									
Profit for the year		-	-	-	-	202,216,026	202,216,026	64,195,223	266,411,247
Other comprehensive income									
Actuarial gain /(loss) on retirement benefit obligation, net of tax		-	-	-	-	1,427,493	1,427,493	196,154	1,623,647
Gain on revaluation of property, plant and equipment, net of tax		-	-	-	-	-	-	-	-
Equity-accounted investees - share of other comprehensive income	17.4.1	-	11,507,946	-	-	987,168	12,495,114	5,034,014	17,529,128
Total comprehensive income for the year		-	11,507,946	-	-	204,630,687	216,138,631	69,425,391	285,564,022
Transactions with owners of the company									
Dividends-(15% Cumulative preference shares)		-	-	-	-	(37,500)	(37,500)	-	(37,500)
Transfer of excess depreciation on revaluation		-	(107,320,096)	-	-	107,320,096	-	-	-
Total transactions with owners of the company		-	(107,320,096)	-	-	107,282,596	(37,500)	-	(37,500)
Balance at 31 March 2026		362,610,821	5,482,040,246	8,128,011	167,079,660	2,115,873,760	8,135,732,496	3,008,640,589	11,144,373,087

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 66 to 133 form an integral part of these financial statements.

Company	Stated Capital	Capital Reserve	Equity Reserve - Acquisition under common control	Fair value through OCI Reserve	General Reserve	Retained earnings	Total equity
Balance at 1 April 2024	362,610,821	8,128,011	2,228,212,108		166,718,393	(53,960,029)	2,711,709,304
Total comprehensive income							
Profit for the year	-	-	-	-	-	37,919,164	37,919,164
Total comprehensive income for the year	-	-	-	-	-	37,919,164	37,919,164
Balance at 31 March 2025	362,610,821	8,128,011	2,228,212,108	-	166,718,393	(16,040,865)	2,749,628,468
Balance at 1st April 2025	362,610,821	8,128,011	2,228,212,108		166,718,393	(16,040,865)	2,749,628,468
Total comprehensive income							
Profit for the year	-	-	-	-	-	40,601,170	40,601,170
Total comprehensive income for the year	-	-	-	-	-	40,601,170	40,601,170
Balance at 31 March 2026	362,610,821	8,128,011	2,228,212,108	-	166,718,393	24,560,305	2,790,229,638

Figures in brackets indicate deductions.

The Notes on pages 66 to 133 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow

For the Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flows from operating activities					
Profit before income tax		322,920,537	114,967,583	22,856,102	34,353,305
Adjustment for:					
Depreciation on Property, plant and equipment	14	164,490,626	154,707,630	-	2,201
Amortisation of Intangible assets	15.1	1,278,602	773,877	-	-
Amortisation of Right of use assets	16.1	5,357,707	5,357,707	-	-
Provision for Employee benefit obligation	28 (b)	6,671,276	5,928,676	-	-
Provision / (reversal) for impairment - Trade and other receivables	21.3	7,039,569	(966,713)	-	(290,495)
Provision for / (reversal of) Inventory	9	(1,868,226)	2,031,137		-
Provision for / (reversal of) amounts due from related companies		(828,053)	12,225,639	4,642,661	5,880,290
Profit from disposal of property plant and equipment	8	(722,931)	-	-	-
Writeback of creditors and advances	8	(1,915,773)	(2,015,958)	-	-
(Gain) / loss on foreign currency transactions	27	28,704,150	(9,123,684)	-	-
Share of profit of equity-accounted investee	17.4.1	35,934,890	(36,679,966)	-	-
Interest income	10.1	(219,295,464)	(198,718,435)	(47,147,746)	(48,076,183)
Interest expenses	10.2	231,268,997	211,773,442	818,298	48,545
Gain on disposal of investment in shares	10.1	-	(6,037,500)	-	(6,037,500)
Operating profit/ (loss) before working capital changes		579,035,907	254,223,435	(18,830,685)	(14,119,837)
(Increase)/decrease in inventories		(12,963,270)	(29,523,383)	-	-
(Increase)/decrease in trade and other receivables		21,812,913	18,986,459	(178,307)	(131,752)
(Increase)/decrease in amounts due from related companies		2,354,864	(31,658,820)	(34,132,094)	17,550,457
Increase/(decrease) in trade & other payables		(136,644,345)	297,315,651	121,983	(355,980)
Increase/(decrease) in contract liabilities		(2,152,557)	5,539,539	-	-
Increase/(decrease) in amounts due to related companies		(1,976,657)	21,635,504	(3,815,215)	(30,923,779)
Cash generated from/ (used in) operating activities		449,466,854	536,518,385	(56,834,318)	(27,980,891)
Interest paid		(221,614,158)	(217,251,841)	(818,298)	(48,545)
Employee benefit obligations paid	28	(4,387,843)	(4,774,838)	-	-
Net cash generated from/ (used in) operating activities		223,464,853	314,491,706	(57,652,616)	(28,029,436)

For the Year Ended 31 March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flows from investing activities					
Interest income received		219,295,464	198,718,435	47,147,746	-
Proceed from disposal of PPE		722,931			
Net disposal of FVTPL investments	20	-	32,375,000	-	32,375,000
Increase/(Decrease) in Fixed deposits		(60,421,700)	285,980,156		-
Acquisition of property, plant and equipment		(103,961,127)	(767,047,671)	-	-
Addition of Intangible assets	15.1	(893,800)	(1,435,000)	-	-
Investment in joint venture	17.4.1	-	(292,500,000)	-	-
Net cash generated from/ (used in) investing activities		54,741,768	(543,909,080)	47,147,746	32,375,000
Cash flows from financing activities					
Principal element of lease payments	30	(24,800,573)	(2,806,569)	-	-
Repayment of borrowings	27	(272,464,051)	(272,955,639)	-	-
Loan obtained	27	200,000,000	-		
Net cash generated from / (used in) financing activities		(97,264,624)	(275,762,208)	-	-
Net increase / (decrease) in cash & cash equivalents		180,941,996	(505,179,582)	(10,504,870)	4,345,564
Cash & cash equivalents at the beginning of the year		(17,075,644)	488,103,938	4,106,697	(238,867)
Cash & cash equivalents at the end of the year (Note A)		163,866,352	(17,075,644)	(6,398,173)	4,106,697
Note A					
Cash and cash equivalents at the end of the financial year consist of the following.					
Cash at banks and in hand	24	409,672,184	323,265,510	49,750	4,106,697
Bank overdraft	24	(245,805,832)	(340,341,154)	(6,447,923)	-
		163,866,352	(17,075,644)	(6,398,173)	4,106,697

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 66 to 133 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1. Reporting Entity

Ceylon Hotels Corporation PLC ("the Company"), which was incorporated and domiciled in Sri Lanka by an Act of parliament in 1967. The Act was replaced in 2008 and the entity was registered under the Companies Act No. 7 of 2007. Shares of the Company are listed on the Colombo Stock Exchange and are publicly traded. The registered office of the Company and its Subsidiaries are situated at 327, Union Place, Colombo 02.

1.2. Consolidated Financial Statements

The Consolidated financial statements of the Group for the year ended 31 March 2026 comprise Ceylon Hotels Corporation PLC and all its subsidiaries (together referred to as "the Group") namely United Hotels Company (Private) Limited ('UHCL'), Tissa Resort (Private) Limited ('TRL'), CHC Foods (Private) Limited ('CHCF'), The Kandy Hotels Co. (1938) PLC ('KHC'), Suisse Hotels (Private) Limited ('SH'), Air Line Services (Private) Limited ('ALS'), Ceylon Hotels Maldives (Private) Limited ('CHML') and the Group's interest in equity accounted investees.

Suisse Hotel Kandy (Pvt) Ltd, Ceylon Holidays Holdings (Private) Limited ('CHOH') and its fully owned subsidiary CHC Rest House (Private) Limited ('CHCRH') are the joint venturers for the Group.

1.3. Principal activities and nature of the operations

The principal activity of the Company is that of an investment holding company and the subsidiary companies are engaged in the business of food, beverage, lodging and other hospitality- industry related activities and there has been no change in the nature of such activities during the year.

1.4. Parent entity and ultimate parent entity

The Company's parent undertaking is Ceylon Hotel Holdings (Private) Limited and the ultimate parent Company and controlling party is the Galle Face Hotel Company Limited, which is incorporated in Sri Lanka.

1.5. Responsibilities for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs & LKASs). The Directors' responsibility over financial statements is set out in detail in the Statement of Directors' Responsibility.

1.6. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31 March 2026 were authorised for issue in accordance with resolution of the Board of Directors on 28th August 2026.

2. BASIS OF ACCOUNTING

2.1. Statement of Compliance

The Financial Statements of the Group and the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows together with accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards which comprise Sri Lanka Financial Reporting Standards (SLFRS), Sri Lanka Accounting Standards (LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka, relevant interpretations of the Standing Interpretations Committee ('SIC') and International Financial Reporting Interpretations Committee ('IFRIC') and further complied with the requirements of the Company's Act No. 07 of 2007. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

2.2. Statement of Presentation

These Financial Statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange (CSE).

2.3. Basis of Measurement

The Consolidated financial statements have been prepared on an accrual basis and the historical cost basis, except for the following material items in the statement of financial position. Where appropriate, the specific policies are explained in the succeeding notes.

Items	Basis of Measurement	Note
Land and Buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	14
Financial Assets at FVTPL	Measured at fair value	20
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation.	28

2.4. Functional and Presentation Currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'), which is the Sri Lankan Rupee.

These financial statements are presented in Sri Lankan Rupees. All financial information presented has been rounded to the nearest rupee except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

2.5. Materiality and aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by Sri Lanka accounting Standard - LKAS 1, Presentation of Financial Statement.

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

2.6. Use of Estimates and Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS and LKAS) requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Critical accounting assumptions and estimation uncertainties	Note
Revaluation of land and buildings	3.4.(a)
Useful lifetime of property, plant and equipment	3.4.(d)
Impairment of non-financial assets	3.3(g)
Valuation of investment property	3.7
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	3.3(g)
Measurement of defined benefit obligation: key actuarial assumptions	28 (c)
Recognition of deferred tax assets	29
Measurement of contingent liabilities	35

Revaluation of land and buildings

The Company measures lands and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed at a regular interval to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. The Company engages independent professional valuer to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, lands and building were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the building, and sensitivity analysis are provided in Note 14.1.7 and 14.1.8

Estimated useful lives of PPE and intangible assets.

The Group and the Company review annually the estimated useful lives of PPE and intangible assets based on factors such as business plan and strategies, expected level of usage. Future results of operations could be materially affected by changes in these estimates brought by changes in the factors mentioned. A reduction in the estimated useful lives of PPE and intangible assets would increase the recorded depreciation and amortisation charge and decrease the carrying value.

Estimation of income taxes in relation to uncertain tax position

Judgement is involved in determining the Company's and the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these taxes result in a difference in the amounts initially recognised, such differences will impact the income tax and/ or deferred income tax provisions in the period in which such determination is made.

Recognition of deferred income 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.

This involves significant management judgement regarding future financial performance 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.

The Group has tax losses carried forward as of 31 March 2026 amounting to Rs. 1,079,811,275/- (2025- 1,713,488,338/-).

Impairment of non-financial assets

The Group and the Company test annually the indicators to ascertain whether non-financial assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in the financial statements. These calculations require the use of estimates.

Estimation of the defined benefit obligations

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 28 (c) for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 28.1.

Estimation of contingent liabilities

Determination of the treatment of contingent liabilities in the financial statement is based on the management's view of the expected outcome of the applicable contingency.

The Group and the Company consult with legal counsel on matters related to litigation and other experts both within and outside the Group and the company with respect to matters in the ordinary course of business.

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Group and the Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's and the Group's past history and existing market conditions, as well as forward-looking estimates are end of each reporting period.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2.7. Going Concern

When preparing the financial statements, the Board of Directors made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors, including the business impact of the overall tourism industry and they do not intend either to liquidate or to cease trading.

The management has formed the judgement that the Company, its subsidiaries, and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

Based on the publicly available information at the date these financial statements were authorised for issue, management considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its expected impact on the entity and the economic environment, in which the entity operates, including the measures already taken by the Sri Lankan government.

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of the prevailing macroeconomic conditions, on the Group and the appropriateness of the use of the going concern basis. The Group evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, revision of interest rates, higher taxes, depreciation of the Sri Lankan Rupee ('LKR') and negative impact of the Group's working capital cycle if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

In management's view, the Group will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group and the Company continued to be prepared on a going concern basis.

2.8. Changes in material accounting policies

Group does not have changes in material accounting policies in the current annual reporting period.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. The Group and the Company have consistently applied the following accounting policies to all periods presented in these Financial Statements.

3.1. Basis of Consolidation

The Group's financial statements comprise the financial statements of the Company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements and Share of Profit and Loss and Net Assets of Equity Accounted Investees prepared in terms of Sri Lanka Accounting Standard (LKAS 28) - Investments in Associates and Joint Ventures.

(a) Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised as profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct relevant activities of the entity. The financial statements of subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Adjustments required to the accounting policies of subsidiaries have been changed wherever necessary to align them with the policies adopted by the Group.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognise the investment in the subsidiary at cost.

A listing of the Group's principal subsidiaries is set out in note 17 to the financial statements.

(c) 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 interest "in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non- controlling interest even if doing so causes the non- controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed by these companies is reflected under the heading "Non – controlling interest" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non-controlling interest arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(d) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non- controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently, it is accounted for as equity accounted investee or as financial asset measured as FVOCI, depending on the level of influence retained.

(e) Interests in equity-accounted investees (investments in joint ventures)

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is a jointly controlled entity whereby the Group and other parties have a contractual arrangement that establishes joint control over the economic activities of the entity. The arrangement requires unanimous agreement for financial and operating decisions among the ventures. This is an entity in which the Group has significant influence, and which is neither a subsidiary nor an associate.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in joint ventures are accounted for using the equity method in the Consolidated financial statement. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(f) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity- accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(g) Financial statements of subsidiaries and joint venture companies included in consolidated financial statements

Audited financial statements are used for consolidation. All Financial statements included in the consolidation are presented for a common financial year, which ends on 31 March.

(h) Significant transactions and events during the period between date of financial statements of subsidiaries and date of financial statements of the Group

No adjustments to the results of subsidiary companies have been made as they were not significant.

3.2. Foreign Currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non- monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at which the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation are generally recognised in the income statement. However, the following items are recognised in the other comprehensive income.

- Differences arising on the retranslation of fair value through other comprehensive income equity investments that were recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.
- Gains and losses arising from translating the financial statements of foreign operations

3.2.2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Rupees at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI (Non-Controlling Interest).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3. Financial instruments

3.3.1 financial assets

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (E.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(c) Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(d) Financial liabilities - Classification, subsequent

Measurement and gains and losses financial liabilities are classified as measured at amortised. 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.

(e) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(f) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

(g) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market to a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: Non-financial assets

Assets that have an indefinite life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The carrying amount of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recognised for the amount by which the asset's carrying amount of an asset or CGU exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Impairment losses are charged in Profit or Loss. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating assets). Asset that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis. Any subsequent increase in recoverable amount is recognised in comprehensive income.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4. Property, Plant & Equipment

(a) Recognition and measurement

Property, plant & equipment are tangible items that are held for servicing, or administrative purposes and are expected to be used during more than one period.

Recognition

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

Measurement

Items of property, plant and equipment are measured at their historical cost/ fair value less accumulated depreciation and any accumulated impairment losses.

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset into working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

If a significant part of an item of Property Plant & Equipment has different useful lives, then they are accounted for as separate items (major components) of Property Plant & Equipment. Any gain or loss on disposal of Property Plant & Equipment is recognised in profit or loss. Purchased software that is integrated into the functionality of the related equipment is capitalised as part of that equipment. Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

Subsequent measurement - Cost model

The Group applies the Cost Model to all property, plant and equipment except for freehold land and freehold buildings and records at the cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

The Group applies the Revaluation Model for the entire class of freehold land and freehold buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and Buildings do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in income statement, in which case the credit to that extent is recognised in income statement. Any deficit on revaluation is recognised in income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in other comprehensive income. Therefore, revaluation increases, and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in the locations of properties being valued, value the land and Buildings owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The details of land valuation are disclosed in Notes 14.1.7 & 14.1.8 to the financial statements.

(b) Subsequent cost

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the Income Statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to comprehensive income during the reporting period in which they are incurred.

(c) De-recognition

An item of property, plant & equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition (disposal or retirement) of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of the assets are recognised net within 'other income' in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

When replacement costs are recognised in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognised as required by LKAS 16 – Property, Plant & Equipment.

(d) Depreciation

The Group provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in the Income statement.

The estimated useful lives of buildings on leasehold land have been revised with effect from 1st April 2025 and necessary adjustments to financial statements have been made prospectively.

Revised estimated useful lives of significant items of Property, Plant and Equipment are as follows:

	Estimated useful life (in years)	
	From 1st April 2025	Before 1st April 2025
Buildings on Leasehold Land	50	40-50
Freehold Buildings	20	20
Plant & Machinery	20	20
Tools & Implements	10	10
Furniture & Office equipment	15	15
Freehold Motor Vehicles	10	10
Leasehold Motor Vehicles	10	10
Leasehold Equipment	10	10
Swimming pool	20	20
Computer Equipment	5	5
Other Equipment	8	8

As a result of the change in estimated useful lives of buildings on leasehold land, the decrease in the Group's depreciation expenses for the year 2025/2026 is Rs. 10,856,495/-

Depreciation of an asset begins when it is available for use or, in respect of self – constructed assets, from the date that the asset is completed and ready for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Asset exchange transaction

PPE may be acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets and is measured at fair value unless;

- The exchange transaction lacks commercial substance;

or

- The fair value of neither the asset received, nor the assets given up can be measured reliably

The acquired item is measured in this way even if the Group and the Company cannot immediately derecognised the assets given up. If the acquired item cannot be reliably measured at fair value, its cost is measured at the carrying amount of the asset given up.

(f) Repairs and maintenance

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the Company. This cost is depreciated over the remaining useful life if the related asset.

3.5. Intangible assets

3.5.1 Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree, the resulting gain is recognised in profit or loss.

Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated toe ach of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of the goodwill is compared to the recoverable amount, which is higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.5.2 Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 5 years.

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

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

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

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

3.5.3. Other intangible assets

Other Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Leasehold rights are shown at historical cost. Leasehold rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight- line method to allocate the cost of leasehold rights over their estimated useful lives.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use other than goodwill. The estimated useful life of software is five years. Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6. Accounting for leases where the Group and the Company are the lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

3.6.1. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(a) ROU assets

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right- of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain to exercise purchase option, the ROU asset is depreciated over the underlying asset's useful life. The ROU assets are adjusted for certain measurement of the lease liabilities. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(b) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

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

- Lease payments included in the measurement of the lease liability comprise of the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant rate of return on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right of use asset' and 'lease liabilities' in the statement of financial position.

3.6.2. Short-term leases and leases of low-value assets

Short-term leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. Payments associated with short-term leases of low value assets are recognised on a straight-line basis as an expense in profit or loss.

3.6.3. Lease modifications

The Group shall account for a lease modification as a separate lease if both:

a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the group shall:

a) Allocate the consideration in the modified contract

b) Determine the lease term of the modified lease

c) Remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.

b) making a corresponding adjustment to the right- of-use asset for all other lease modifications.

3.7. Investment Property

Investment Property, principally comprise freehold land and buildings held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

The cost includes expenditures that are is directly attributable to the acquisition of the investment property. The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for its intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment Property is carried at its fair value determined annually by an independent valuer. A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition and determined on a weighted average basis. Accordingly, the costs of inventories are accounted as follows:

Food and Beverage - At weighted average cost

Packeted Snacks - At actual cost on FIFO basis

Other Consumables - At actual cost on FIFO basis

Cutlery, Crockery, Linen & Glassware - At weighted average cost

Notes to the Financial Statements

3.9 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise of cash in hand and short-term deposits with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statement of financial position, Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent in the statement of cash flows.

3.10 Share Capital

(a) Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of a financial instrument is classified as an equity instrument charged directly to equity.

Where any Group company purchases the Company's equity share capital, the consideration paid, including directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(b) Share issue expenses

Incremental costs directly attributable to the issuance of new shares are deducted against equity.

(c) Dividends to shareholders of the Company

Dividends distribution is recognised as a liability in the Company's and the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Distribution to holders of an equity instrument is recognised directly in equity.

3.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation is specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group and the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.11.1 Borrowing costs

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

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

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

(a) Interest expense calculated using the effective interest method as described in SLFRS 09 Financial Instruments: Recognition and Measurement;

(b) Finance charges in respect of finance leases recognised in accordance with SLFRS 16 Leases; and

(c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group then recognises other borrowing costs as an expense in the period in which it incurs them.

3.12 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment plan under which the Group and the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Such contributions to defined contribution plans are recognised as employee benefit expenses for the profit and loss in the period during which related services are rendered by employees. The Company and its employees are members of these defined contribution plans.

Employees' Provident Fund

The Group and Employees contribute 12% & 8% respectively on the basic or consolidated wage or salary of each eligible employee to the Employee Provident Fund.

Employees Trust Fund

The Group contributes 3% of the basic or consolidated wage or salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(b) Defined benefit plans - Retiring Gratuity

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, "Employee Benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yield rate of long-term government bond that have terms to maturity approximating to the terms of the related defined benefit obligation.

The qualifying remuneration of all permanent employees is considered in the calculation of the defined benefit obligation. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act are determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are recognised in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position. The assumptions based on which the results of the actuarial valuation were determined are included in note 28 (c) to the financial statements. This liability is not externally funded, and the item is grouped under non- current liabilities in the statement of financial position.

The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Short-term employee benefits

Wages, salaries, bonuses and non-monetary benefits that are expected to be settled in full within twelve (12) months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognises termination benefits at the earlier of the following dates:

(a) When the entity can no longer withdraw the offer of those benefits; and

(b) When the entity recognises costs for a restructuring that is within the scope of LKAS 37 and involves the payments of termination benefits

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees who are expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.13 Liabilities and Provisions

3.13.1. Liabilities

A liability is current when it is:

- Expected to be settled within the normal operating cycle
- Held primarily for the purpose of trading
- Due to be selected within 12 months after the reporting period, or
- It does not have a right at the reporting date to defer the statement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period

The Group and the Company classify all other liabilities are non-current.

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

3.13.2. Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

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

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

3.13.3. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company and the Group does not recognise a contingent liability but discloses its existence in the financial statements. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company and the Group. The Company and the Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Revenue recognition

Revenue from contracts with customers

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

(a) Revenue recognition

Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate performance obligations they are aggregated with other goods and/or services in the agreement until a separate performance obligation is identified.

Revenue is recognised when the respective obligations in the contract are delivered to the customer and payment remain probable.

The Group recognises, in the contract interception, whether it has to fulfil its performance obligation over time or at a point in time. In an occasion where the performance obligation fulfils overtime then the Group recognise the revenue overtime based on the progress towards satisfaction of that performance obligation.

(b) Disaggregation of recognition

The disaggregated revenue is presented based on the revenue recognition timing and major product /service line which comes under the revenue note in the financial statement.

(c) Contract Balances

Contract liabilities are considered to be the hotel's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer. Short-term advances are included in the contract liabilities that are received to render certain services. Contract liabilities of the Group have been disclosed in other current liabilities Note 32.

(d) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or services to a customer.

The Group considers services in each contract as one performance obligation for packages offered to customers. Revenue in relation to package services are usually recognises during the period of stay of the customer. The transaction price is determined in the context of the contracts. Further, the Group recognise individual identified services offered to customers as separate performance obligation and the revenue is recognised at the point of satisfying the performance obligations.

The specific recognition criteria described below must also be met before revenue is recognised. Following nature of revenues from contract with customers are involved in the Group operations;

1. Room revenue

The main obligation in the customer contract is to provide rooms for guests' accommodation. This is represented in the Room Revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.

The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of booking. The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night.

2. Food and beverages revenue

The contract is established when the customer orders the food or beverage item, and the performance obligation is the provision of food and beverage by the Group and the Company. The performance obligation is satisfied when the food and beverage is delivered to the customer (at a point of time), and revenue is recognised at this point at the price in the items purchased.

- Provision of BB/HB/FB meals for guests occupying the hotels which is part and parcel of the contract entered into. Revenue is recognised at the time of sale and invoiced to the customers on completion of the duration of the stay.

- Provision of extra food and beverages - Revenue is recognised at the time of sale and invoiced to the customers at the time of consumption.

3. Other hotel related revenue (Spa income, Laundry income etc.)

These services are provided to customers as they are implied as business practices in the industry and create a valid expectation for the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time service is consumed.

4.2. Other Income

Following specific criteria are used for the purpose of recognition of other income.

a) Dividend income from investments is recognised when the right to receive is established.

b) Interest income is recognised on an accrual basis.

For all financial instruments measured at amortised cost, interest income is recognised using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Interest income on bank balances and bank deposits are recognised on an accrual basis and included under finance income in the income statement.

4.3. Revenue Expenditure

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of the presentation of the income statement, the Directors are of the opinion that the function of the expense method presents fairly the elements of the enterprise's performance, hence such a presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

The profit incurred by the Group before taxation as shown in the Comprehensive Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

4.4. Finance income & Finance cost

Finance income comprises interest income on funds invested in fixed deposits, savings accounts and intercompany loans. Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method and impairment gains recognised on financial assets (other than trade receivables if any).

Finance costs comprises interest expenses on loans and borrowings, impairment losses recognised on financial assets (other than trade receivables if any).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

4.5. Income Tax Expenses

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a.) Current tax

The current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial Statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

(b.) Deferred tax

Deferred tax is provided using liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

The carrying amount of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed.

Tax withheld on dividend income from the subsidiary is recognised as an expense in the consolidated statement of Profit or Loss at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(c) Tax exposures

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group and the Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of uncertainty.

Turnover based taxes include Value Added Tax, Social Security Contribution Levy and Tourism Development Levy. The Company pays such taxes in accordance with respective statutes.

4.6. Value added Tax

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authorities in which case the VAT is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of VAT included. The amount of VAT recoverable or payable in respect of taxation authorities is included as a part of receivable and payable in the statement of financial position.

4.7. Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social Security Contribution Levy Act No 25 of 2022, at the rate of 2.5%.

4.8. Segment Reporting

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks & rewards that are different from those of the segment. However, there are no distinguishable components to be identified as segments for the Company or Group.

4.9. Earnings Per Share

The basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the financial year.

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

4.10. Statement of Cash Flows

The Cash Flow Statements have been prepared using the “indirect method”. Interest paid is classified as an operating cash flow, interest and dividends received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting a cash flow statement.

5. DETERMINATION OF FAIR VALUES

A number of the Group’s accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

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

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

The principal or most advantageous market must be accessible to 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 takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group measures Land and Buildings, Investment Properties and investment in equity shares at fair value. Fair value related disclosures for financial and non-financial assets that are measured at fair value are summarised in the following notes:

- Land and Buildings under revaluation model Note 14.1.7
- Investments in quoted equity shares Note 20

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

- Level 1 - Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from price
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs.)

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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group’s management determines the policies and procedures for recurring fair value measurement, such as for lands and buildings and Investments in unquoted equity shares.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair value is included in note 41

6. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 01st April 2026 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Group's consolidated financial statements.

6.1 SLFRS S 1 – Sustainability Disclosure Standard – General Requirements for Disclosure of Sustainability- related financial information

The objective of SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

An entity shall apply this standard in preparing and reporting sustainability related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards.

An entity may apply SLFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with Sri Lanka Accounting Standards or other generally accepted accounting principles or practices (GAAP).

6.2 SLFRS Sustainability Disclosure Standard – Climate related disclosures

The objective of SLFRS S2 Climate-related Disclosure is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standard applies to:-

Climate-related risks to which the entity is exposed, which are:

- Climate-related physical risks; and

- Climate-related transition risks; and

- Climate-related opportunities available to the entity

- Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this standard.

6.3 * SLFRS 18: PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

The Group is in the process of assessing the potential impact of SLFRS 18 on its consolidated financial statements and related disclosures. A comprehensive evaluation of the standard, including transition and implementation considerations, is currently underway and is expected to be completed prior to its effective date. At this stage, the Group has not yet quantified the impact of adopting SLFRS 18.

6.4. Amendments to SLFRS 9 and SLFRS 7: Classification and Measurement of Financial Instruments

The amendments clarify certain requirements relating to the classification and measurement of financial assets and introduce enhanced disclosure requirements for financial instruments. The Group is currently assessing the potential impact of these amendments on its financial statements and related disclosures. At this stage, the impact of adoption has not yet been determined.

* SLFRS 19: Subsidiaries without Public Accountability: DisclosuresSLFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply the recognition, measurement, and presentation requirements of other SLFRSs. The Group is currently assessing the applicability of the standard and its potential impact on the disclosures included in the financial statements. At this stage, the impact of adoption has not yet been determined.

Notes to the Financial Statements

7 REVENUE

a) Revenue Streams

The companies in the group are primarily involved in hoteliering and generate revenue from provision of accommodation, food, beverages and other related services to customers.

For the Year Ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Revenue from contracts with customers (Note 7b)	2,373,652,401	1,674,316,805	-	-
	2,373,652,401	1,674,316,805	-	-

b) Disaggregation of revenue from contract with customers

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

For the year ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Major products/service lines				
Room revenue	1,211,151,674	767,199,934	-	-
Food and Beverage revenue	1,069,938,909	841,782,816	-	-
Spa Income	30,398,782	19,059,877	-	-
Other revenue	62,163,036	46,274,178	-	-
Total Revenue	2,373,652,401	1,674,316,805	-	-

The Group and the Company derives revenue from provision of services over time/the period of stay and at a point in time through the following business lines.

Timing of revenue recognition				
Products & services transferred at a point in time	1,162,500,727	907,116,871	-	-
Products & services transferred over time	1,211,151,674	767,199,934	-	-
Total revenue	2,373,652,401	1,674,316,805	-	-

8 OTHER OPERATING INCOME

For the year ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit from disposal of property plant and equipment	722,931	-	-	-
Writeback of creditors and advances	1,915,773	2,015,958	-	-
Reversal of impairment loss on related party balances	2,105,760	-	-	-
Sundry income	1,332,444	19,151,971	2,311	94,833
	6,076,908	21,167,929	2,311	94,833

9 OTHER OPERATING EXPENSES

Provision for slow moving stocks (Note 19)	(1,868,226)	2,031,137	-	-
Provision for trade and other receivables (Note 21.3)	7,039,569	-	-	-
Impairment provision on amounts due from related companies	1,386,857	12,225,639	4,642,661	5,880,290
	6,558,200	14,256,776	4,642,661	5,880,290

10 NET FINANCE (COST)/ INCOME

10.1 Finance income

For the Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest income on				
Intercompany loan	48,047,527	48,784,182	47,147,746	48,076,183
Short term instrument	126,335,713	92,951,753	-	-
Fixed Deposits, Savings Accounts	44,912,224	56,982,500	-	-
Disposal gain on sales of quoted equity securities (Note 20)	-	6,037,500	-	6,037,500
	219,295,464	204,755,935	47,147,746	54,113,683

Notes to the Financial Statements

10.2 Finance Cost

Interest expense on

For the Year Ended 31 March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Overdrafts	110,533,831	71,030,016	818,298	48,545
Lease (Note 30)	16,787,817	17,423,691	-	-
Loans (Note 27)	99,138,335	119,785,679	-	-
Bank Charges	4,809,014	3,534,056	-	-
	231,268,997	211,773,442	818,298	48,545

		Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
10.3	Net gain/ (loss) on translation of foreign currencies	34,155,983	(15,126,937)	-	-
	Net finance (cost) /income	22,182,450	(22,144,444)	46,329,448	54,065,138

11 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging all expenses including the following:

	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Directors' emoluments	4,005,000	3,470,000	4,005,000	3,470,000
Auditors' remuneration				
Statutory audit	4,097,742	4,581,823	1,450,000	1,000,000
Non audit services	360,000	745,000	400,000	385,000
Depreciation on property, plant & equipment (Note 14.1)	164,490,626	154,707,630	-	-
Amortisation of intangible assets (Note 15.1)	1,278,602	773,877	-	-
Amortisation of right-of-use assets (Note 16.1)	5,357,707	5,357,707	-	-
Provision / (reversal) for impairment of trade receivables (Note 21.1)	7,039,568	(966,713)	-	(290,495)
Donations	61,296	150,983	44,000	54,463
Management fees	69,426,974	11,795,118	759,474	666,564
Professional fees & legal fee	9,390,625	12,347,401	2,104,530	1,285,406
Staff costs (Note 11.1)	377,698,074	436,045,362	2,921,161	659,855

11.1 Staff costs

	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Wages, salaries and staff expenses	236,038,016	309,377,443	-	659,855
Defined contribution plan cost- EPF & ETF	37,545,630	24,201,230	-	-
Defined benefit plan cost- Retiring gratuity (Note 28(b))	5,427,379	5,928,676	-	-
Other staff expenses	98,687,050	96,538,013	-	-
	377,698,075	436,045,362	-	659,855

12 INCOME TAX EXPENSE / (REVERSAL)

12.1 Amounts recognised in profit or loss

For the Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current tax				
Income tax expense for the year (Note 12.4)	63,558,654	-	-	-
Over provision in respect of previous year	-	(5,947,558)	-	-
	63,558,654	(5,947,558)	-	-
Deferred tax				
Reversal of temporary differences (Note 12.3)	(7,049,364)	(50,402,245)	(17,745,068)	(3,565,859)
Total income tax expense / (reversal) for the year	56,509,290	(56,349,803)	(17,745,068)	(3,565,859)

12.2 Amounts recognised in other comprehensive income

Deferred tax				
Reversal of temporary differences (Note 12.3)	(695,848)	(313,635,026)	-	-
	(695,848)	(313,635,026)	-	-

12.3 Deferred Tax Charged to;

Profit or loss	(7,049,364)	(50,402,245)	(17,745,068)	(3,565,859)
Other comprehensive income				
On revaluation gain	-	(314,352,021)	-	-
On actuarial gain	(695,848)	716,995	-	-
	(7,745,211)	(364,037,271)	(17,745,068)	(3,565,859)

12.4 Reconciliation between accounting profit and taxable income

For the Year Ended 31 March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting profit before income tax	322,920,537	114,967,583	22,856,102	34,353,305
Non business income	(165,521,662)	(48,800,353)	(47,147,746)	(48,076,183)
Adjustment on disallowable expenses	277,508,464	208,688,105	-	7,581
Adjustment on allowable expenses	(230,157,978)	(229,782,323)	(4,642,661)	(12,138,506)
Exempt income	(317,995,096)	(351,239,733)	-	-
Tax profit/(loss) for the year	(113,245,735)	(306,166,720)	(28,934,305)	(25,853,803)
Tax profit /(loss incurred) during the year	214,967,605	343,567,641	28,934,305	25,853,803
Taxable other income	355,103,206	315,981,210	47,147,746	48,076,183
Tax losses utilised during the year	(244,962,897)	(353,382,130)	(47,147,746)	(48,076,183)
Taxable income	211,862,180	-	-	-
Income tax provision for the year is made up of the following.				
Statutory tax rate				
Income tax @ 30%	63,558,654	-	-	-
Income tax on current year profits	63,558,654	-	-	-

12.5 Movement of brought forward tax losses

Tax loss brought forward	1,713,488,338	1,569,900,215	274,027,205	218,080,431
Adjustments to brought forward balance	(454,666,527)	1,071,648,839	-	444,024,887
Losses expired /write-off during the year	(47,293,403)	(918,246,227)	-	(365,855,733)
Tax losses utilised during the year (Note 12.4)	(244,962,897)	(353,382,130)	(47,147,746)	(48,076,183)
Tax losses during the year (Note 12.4)	113,245,735	343,567,641	28,934,305	25,853,803
Tax losses carried forward	1,079,811,245	1,713,488,338	255,813,764	274,027,205

12.6 Applicable Income Tax Rates

(a). The income tax provision of Ceylon Hotels Corporation PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and Act No. 45 of 2022 and its amendments thereto.

(b). The subsidiaries, being a company engaged in the promotion of tourism is liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. 45 of 2022 and its amendments thereto.

13 EARNINGS/(LOSS) PER SHARE

13.1 Basic earnings per share

Basic earnings/(loss) per ordinary share has been calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
For the Year Ended 31 March	2026	**2025**	2026	**2025**
Profit attributable to equity holders of the company (Rs.)	202,216,026	139,106,351	40,601,170	37,919,164
Weighted average number of ordinary shares	180,030,942	180,030,942	180,030,942	180,030,942
Profit per share (Rs.)	1.12	0.77	0.23	0.21

13.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares.

As at 31st March 2026 & as at 31st March 2025 there were no dilutive potential ordinary shares. Hence diluted earnings per share is same as basic earnings per share.

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

	Freehold land	Free hold buildings	Building on leasehold land	Plant and machinery	Furniture and office equipment	Motor vehicles	Equipment	Computers	Swimming pool	WIP	Total 2026	Total 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1st April 2025	6,987,655,000	2,979,945,002	1,974,075,000	246,615,591	303,920,792	22,649,000	286,680,246	61,386,091	36,445,780	10,133,883	12,909,506,385	11,227,907,842
Additions during the year	-	13,699,085	-	17,221,734	16,174,717	-	16,916,920	6,226,525	-	47,421,233	117,660,214	1,508,460,830
Revaluations	-	-	-	-	-	-	-	-	-	-	-	1,047,840,070
Transfers during the year	-	-	29,822,987	-	9,305,376	-	2,615,771	-	-	(55,443,221)	(13,699,087)	(874,464,357)
Disposals during the year	-	-	-	(12)	(665,000)	-	(3,558,994)	(1,260,795)	-	-	(5,484,801)	(238,000)
As at 31st March 2026	6,987,655,000	2,993,644,087	2,003,897,987	263,837,313	328,735,885	22,649,000	302,653,943	66,351,821	36,445,780	2,111,895	13,007,982,711	12,909,506,385
Accumulated depreciation												
As at 1st April 2025	-	-	51,197,914	115,956,742	132,912,672	463,999	178,412,525	51,361,080	21,898,197	-	552,203,129	530,712,217
Charge for the year	-	59,615,672	39,240,955	15,199,517	18,307,945	-	24,238,588	7,174,461	713,488	-	164,490,626	154,707,630
Transfers during the year	-	-	-	-	-	-	-	-	-	-	-	(132,978,716)
Disposals during the year	-	-	-	-	(665,000)	-	(3,558,147)	(1,260,795)	-	-	(5,483,942)	(238,000)
As at 31st March 2026	-	59,615,672	90,438,869	131,156,259	150,555,617	463,999	199,092,966	57,274,746	22,611,685	-	711,209,813	552,203,131
Net book value as at 31st March 2026	6,987,655,000	2,934,028,415	1,913,459,118	132,681,054	178,180,268	22,185,001	103,560,977	9,077,075	13,834,095	2,111,895	12,296,772,898	
Net book value as at 31st March 2025	6,987,655,000	2,979,945,002	1,922,877,086	130,658,849	171,008,120	22,185,001	108,267,721	10,025,011	14,547,583	10,133,883		12,357,303,254

14.1.1 Based on the assessment carried out internally, it has been identified that there is no permanent impairment of plant and equipment which requires provision in the financial statements based on reassessment as at 31 March 2026.

14.1.2 There were no capitalised borrowing costs related to the acquisition of Property Plant and Equipment during the year (2024/25 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2026.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2026 other than disclosed in Note 27.1.

14.1.5 On 31 March 2026, property, plant, and equipment included fully depreciated assets that are still in use, the cost of which amounted to Rs. 146,469,200/-, (2024/25 - Rs. 139,346,381/-).

14.1.6 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 117,660,214/- (2024/2025 - Rs. 767,047,671/-) by means of cash.

14.1.7 Freehold Land & Buildings of the group were revalued as at 31st March 2025 and Buildings on leasehold land of the group were revalued as at 31st March 2024 by an independent professional valuer Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, on the basis of Market Approach.

The following table provides the fair value measurement hierarchy of the Group's Non financial assets.

As at 31 March 2026

Name of the Company	Asset Category	Date of valuation	Level 1	Level 2	Level 3	Total
The Kandy Hotels Company (1938) PLC	Freehold land	31 March 2025	-	-	6,987,655,000	6,987,655,000
	Freehold buildings	31 March 2025	-	-	2,979,945,002	2,979,945,002
United Hotels Co. Ltd	Buildings on leasehold land	31 March 2024	-	-	1,571,125,000	1,571,125,000
Tissa Resort (Pvt) Ltd	Buildings on leasehold land	31 March 2024	-	-	300,000,000	300,000,000
CHC Foods (Pvt) Ltd	Buildings on leasehold land	31 March 2024	-	-	102,950,000	102,950,000

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used for the Group in measuring Level 3 fair values, and the significant unobservable inputs used.

Name of the Company	Non financial assets	No of Buildings / Land	Location	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
The Kandy Hotels (1938) PLC	Freehold land	1	Hotel Suisse at 30, Sangaraja Mawatha, Kandy	Open market value method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Price per perch of land Rs. 8,000,000/- - 16,500,000/-	Estimated fair value would increase/ (decrease) if ;- Price per perch increases/ (decreases)
		1	Hotel Queens at 04, Dalada veediya , Kandy				
	Building	1	Hotel Suisse at 30, Sangaraja Mawatha, Kandy	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Range Rs. 12,000/- - Rs.32,000/- per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
		1	Hotel Queens at 04, Dalada veediya , Kandy	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Range Rs. 12,000/- - Rs.32,000/- per sq. ft	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Notes to the Financial Statements

Name of the Company	Non financial assets	No of Buildings / Land	Location	Valuation technique	Property valuer & Qualification	Significant unobservable inputs	Sensitivity of the input to the fair value
United Hotels Co. Ltd	Building	01	EKHO Lake house hotel Parakrama Samudraya Pedesa, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.32,000 per sq. ft Depreciation rate - 42.5% Rate of Return - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
	Building	01	EKHO Surf at Beach Road, Bentota	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.8,500/= to Rs.32,000/= per sq. ft depreciation rate - 35% Rate of Return - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
	Building	01	The Lake at Pothgul Pedesa, New Town, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.12,000/= to Rs.30,000/= per sq. ft depreciation rate - 45% Rate of Return -13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
CHC Foods (Pvt) Ltd	Building	01	Hanwella Rest House Low Level Road, Hanwella	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 4,500 - Rs. 8,250 per sq. ft Depreciation rate - 55%-70% Rate of Return - 13%	" The estimated fair value would increase / (decrease) if: • cost per square foot was higher / (lower) • depreciation rate (increase)/decrease • discount rate (increase)/decrease "
	Building	01	The Heritage Kandy Rd, Ambepussa, Warakapola	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 3,750 - Rs. 26,000 per sq. ft Depreciation rate - 40% Rate of Return - 13%	" The estimated fair value would increase / (decrease) if: • cost per square foot was higher / (lower) • depreciation rate (increase)/decrease • discount rate (increase)/decrease "
Tissa Resort (Pvt) Ltd	Building	01	EKHO Safari at Kataragama Road, Tissamaharama	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 9,000 - Rs. 26,500 per sq. ft Depreciation rate - 47.5% Rate of Return - 17.5%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Open Market Value

The Open Market Value Method of valuation is a real estate appraisal approach used to determine the price a property would likely achieve if sold on the open market. This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market price of similar assets, making appropriate adjustments for difference in size, nature and location of the property. This method assumes that the property is sold under normal market conditions, where both the buyer and seller are motivated but not under any undue pressure to complete the transaction.

Depreciated replacement cost method

The Depreciation Replacement Cost Method of valuation is a real estate valuation approach used to estimate the value of a property based on the cost to replace or reproduce the property, minus depreciation. The Depreciated replacement cost method works on the basis that property's value can be equated to its cost, Valuer assesses the cost of the building if it would have constructed in the current year, and deduct margin for usage of the property.

Investment Method (Income approach, Income capitalisation approach)

The Investment Method of Valuation, also known as the Income Approach or Income Capitalisation Approach, is a real estate valuation method that determines the value of a property based on its ability to generate income. This approach is commonly used for income-producing properties like rental buildings, office spaces, or commercial real estate.

14.1.8 Value of land and building ownership

Name of the Company	Location	Property	Ownership	Extent	Carrying value As at 31st March 2026
The Kandy Hotels Co. (1938) PLC	Hotel Suisse - No 30, Sangaraja Mawatha, Kandy.	Land	Freehold	429.85 Perches	3,439,000,000
		Building	Freehold	80,861.5 Sq.ft	1,697,724,333
	Hotel Queen's - No 04, Dalada Vidiya, Kandy.	Land	Freehold	215.07 Perches	3,548,655,000
		Building	Freehold	114,885.5 Sq.ft	1,236,304,082
United Hotels Co. Ltd	EKHO Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Building	Leasehold	15,344 Sq ft	101,889,530
	The Lake at Pothgul Pedesa, New Town, Polonnaruwa	Building	Leasehold	31,533 Sq ft	164,396,938
	EKHO Surf Hotel, Beach Road, Bentota	Building	Leasehold	89,487 Sq ft	1,232,491,296
CHC Foods (Pvt) Ltd	Heritage Ambepussa & Avanhala Kandy road, Ambepussa Warakapola	Building	Leasehold	29,035 Sq ft	90,018,367
	Hanwella Rest House Low Level Road Hanwella	Building	Leasehold	9,531 Sq ft	8,309,388
Tissa Resort (Pvt) Ltd	EKHO Safari, Kataragama Road, Tissamaharama	Building	Leasehold	48,497.5 Sq ft	316,353,599

14.1.9 The carrying amount of revalued assets that would have been included in the Financial Statements, had the assets been carried at cost less accumulated depreciation is as follows,

As at 31st March	2026			2025
	Cost Rs.	Accumulated depreciation Rs.	Carrying value Rs.	Carring value
Freehold land	1,956,262,500	-	1,956,262,500	1,956,262,500
Freehold buildings	1,301,050,095	438,545,898	862,504,197	874,826,114
Building on leasehold land	1,759,399,326	123,157,953	1,636,241,373	1,671,429,360
Total	5,016,711,921	561,703,851	4,455,008,070	4,502,481,974

Notes to the Financial Statements

14.2 Company

As at 31st March	Furniture fittings and fixtures Rs.	Computers Rs.	Total 2026 Rs.	Total 2025 Rs.
Cost/ Valuation				
As at 1st April	36,171	14,500	50,671	50,671
Additions during the year	-	-	-	26,900
Transfers during the year	-	-	-	(26,900)
As at 31st March	36,171	14,500	50,671	50,671
Accumulated Depreciation				
As at 1st April	36,171	14,500	50,671	48,470
Charge for the year	-	-	-	7,581
Transfers during the year		-	-	(5,380)
As at 31st March	36,171	14,500	50,671	50,671
Carrying Amount				
As at 31st March 2026	-	-	-	
As at 31st March 2025	-	-		-

14.2.1 At 31 March 2026, property, plant and equipment includes fully depreciated assets that are still in use, the cost of which amounted to 2025/2026 - Rs. 50,671/- and (2024/25 - 50,671/-) .

15 INTANGIBLE ASSETS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Computer Software (Note 15.1)	2,780,295	3,165,097	-	-
Goodwill on Acquisition (Note 15.2)	451,859	451,859	-	-
Total	3,232,154	3,616,956	-	-

15.1 Computer Software

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cost				
At the beginning of the year	58,219,844	56,784,844	23,460	23,460
Acquired/ incurred during the year	893,800	1,435,000	-	-
At the end of the year	59,113,644	58,219,844	23,460	23,460
Amortisation				
At the beginning of the year	55,054,747	54,280,870	23,460	23,460
Amortisation for the year	1,278,602	773,877	-	-
At the end of the year	56,333,349	55,054,747	23,460	23,460
Net book Value as at 31st March	2,780,295	3,165,097	-	-

15.2 Goodwill

As at 31st March	2026 Rs.	Total Rs.
Ceylon Hotels Maldives (Pvt) Ltd	451,859	451,859
	451,859	451,859

15.2.1 The Group has recognised goodwill of Rs. 451,859 as a result of acquisition of subsidiary Ceylon Hotels Maldives (Pvt) Ltd.

As required by LKAS 36 - " Impairment of Assets ", goodwill is tested for impairment on annual basis and assessed for any indication of impairment as at each reporting date to ensure that carrying amount does not exceed the recoverable amount. Accordingly, the management of the Group/Company conducted an assessment and concluded that there is no indication of the impairment of the goodwill as at 31st March 2026.

The Group undertakes an annual test for impairment of its Cash-Generating Units (CGUs) which is the lowest level of assets for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered for the impairment test.

The recoverable amount of CGUs are determined based on the Value in Use ('VIU') calculations. These forecasts and projections reflect management expectations of revenue growth, operating costs and margins for each CGU based on past experience and future plans and strategies.

Discounted Cash Flow ('DCF') method
VIU is calculated by applying DCF model using cash flow projections based on the forecasts and projections approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates do not exceed the long-term average growth-rate for the business in which the CGU operates.

Free cash flow (FCF)
FCF projections are based on EBITDA and capital expenditure projections.

Pre-tax discount rate
The Group's long term Weighted Average Cost of Capital (WACC) is representative of discount rate and is used as the pre-tax discount rate to discount cash flow projections. 2026 - 14%.

Terminal growth rate
Terminal growth reflects the management expectations on the growth potential in Sri Lanka for the foreseeable future (2026 - 5%).

16 LEASES

16.1 Right of use assets

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	103,578,328	108,936,035	-	-
Remeasurement of Right of use asset	-	-	-	-
Amortisation during the year	(5,357,707)	(5,357,707)	-	-
At the end of the year	98,220,621	103,578,328	-	-

16.1.1 Right of Use Assets are in respect of following properties, which are currently on lease with Sri Lanka Tourism Development Authority.

EKHO Safari - Tissamaharama

EKHO Surf – Bentota

The Lake – Polonnaruwa

EKHO Lake House – Polonnaruwa

Hanwella - CHC Food

Ambepussa - CHC Food

Notes to the Financial Statements

17 INVESTMENTS IN SUBSIDIARIES

As at 31st March	Market Value	No. of shares Company		Effective Holding %		Company	
	2026	2026	2025	2026	2025	2026	2025
	Rs.					Rs.	Rs.
Direct - Subsidiaries							
The Kandy Hotels Co. (1938) PLC.	4,282,154,124	528,661,003	528,661,003	70.09%	70.09%	1,902,724,765	1,902,724,765
Airline Services (Pvt) Ltd.		150,003	150,003	100.00%	100.00%	300,000	300,000
CHC Foods (Pvt) Ltd.		13,500,001	13,500,001	100.00%	100.00%	135,000,010	135,000,010
						2,038,024,775	2,038,024,775
Provision for impairment (Note 17.1)						(300,000)	(300,000)
						2,037,724,775	2,037,724,775

17.1 Provision for Impairment

At the beginning of the year	300,000	300,000
At the end of the year	300,000	300,000

17.2 Principal Subsidiaries

The following disclosure except highlights the group composition and the proportion of ownership interests held by NCI as at 31st March 2026.

Company and country of incorporation/operation	Principal activities	Class of shares held	2026			2025		
			Proportion of interest held by the company	Group interest (%)	Non-controlling interest (%)	Proportion of interest held by the company	Group Interest (%)	Non-controlling interest (%)
Sri Lanka								
United Hotels Co. Ltd.	Hotel Services	Ordinary	-	70.09%	29.91%	-	70.09%	29.91%
Tissa Resort (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	70.09%	29.91%
The Kandy Hotels Co.(1938) PLC	Hotel Services	Ordinary	70.09%	70.09%	29.91%	70.09%	70.09%	29.91%
Suisse Hotel (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	70.09%	29.91%
Ceylon Hotels Maldives (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	70.09%	29.91%

17.3 Summary financial information for subsidiaries that have non-controlling interests that are material to the Group.

The following table summarises the information relating to the Group's subsidiaries that have material NCI, before any intra-group eliminations.

As at 31st March 2026	Ceylon Hotels Maldives (Pvt) Ltd Rs.	United Hotels Co. Ltd Rs.	Tissa Resort (Pvt) Ltd Rs.	The Kandy Hotels Co.(1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	29.91%	29.91%	29.91%	29.91%	29.91%
Total Assets	3,073,349,144	4,678,685,439	471,844,905	15,458,298,673	507,671,612
Total Liabilities	57,048,837	2,975,901,083	248,578,845	4,450,488,836	16,091,215
Net Assets	3,016,300,307	1,702,784,356	223,266,060	11,007,809,837	491,580,397
Net Assets attributable to NCI	902,175,422	509,302,801	66,778,879	3,292,435,922	147,031,697
Revenue	-	928,765,260	366,565,187	920,299,712	-
Profit/(loss) for the year	232,855,968	38,601,358	69,676,094	(97,801,061)	(403,345)
OCI	-	791,871	310,982	(447,040)	-
Total Comprehensive Income/(expense)	232,855,968	39,393,229	69,987,076	(98,248,101)	(403,345)
Profit/(loss) attributable to NCI	69,647,220	11,545,666	20,840,120	(29,252,297)	(120,640)
OCI attributable to NCI	-	236,849	93,015	(133,710)	-
Cash flows from/(used in) operating activities	(291,303,078)	257,806,846	75,113,860	73,197,141	(7,520,901)
Cash flows from/(used in) investment activities	329,259,584	(22,203,358)	(42,189,015)	(36,781,742)	-
Cash flows from/(used in) financing activities	-	(157,160,247)	(8,808,000)	73,674,042	-
Net increase/ (decrease) in cash and cash equivalents	37,956,506	78,443,242	24,116,845	110,089,441	(7,520,901)
Dividends paid to NCI during the year	-	-	-	-	-

As at 31st March 2025	Ceylon Hotels Maldives (Pvt) Ltd	United Hotels Co. Ltd Rs.	Tissa Resort (Pvt) Ltd Rs.	The Kandy Hotels Co.(1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	29.91%	29.91%	29.91%	29.91%	29.91%
Total Assets	2,783,527,339	4,520,977,549	418,111,453	15,501,097,309	501,792,731
Total Liabilities	83,000	2,857,586,424	264,832,469	4,395,001,872	9,808,989
Net Assets	2,783,444,339	1,663,391,125	153,278,984	11,106,095,437	491,983,742
Net Assets attributable to NCI	832,528,202	497,520,285	45,845,744	3,321,833,145	147,152,337
Revenue	-	725,178,831	262,067,988	527,146,828	-
Profit/(loss) for the year	183,393,687	(25,289,376)	39,866,280	(89,933,824)	(257,246)
OCI	-	(845,658)	(458,915)	733,149,889	-
Total Comprehensive Income/(expense)	183,393,687	(26,135,034)	39,407,365	643,216,065	(257,246)
Profit/(loss) attributable to NCI	54,853,052	(7,564,052)	11,924,004	(26,899,207)	(76,942)
OCI attributable to NCI	-	(252,936)	(137,261)	219,285,132	-
Cash flows from/(used in) operating activities	(953,444,079)	89,190,085	(82,172,174)	910,306,536	(23,019,251)
Cash flows from/(used in) investment activities	258,914,256	(19,361,164)	(21,604,604)	(732,100,039)	30,500,000
Cash flows from/(used in) financing activities	(6,952,750)	(99,340,389)	94,345,000	(240,990,579)	-
Net increase/ (decrease) in cash and cash equivalents	(701,482,574)	(29,511,468)	(9,431,778)	(62,784,082)	7,480,749
Dividends paid to NCI during the year	-	-	-	-	-

17.4 Investment in Equity Accounted Investees

17.4.1 Principal joint Venture As at 31st March 2026

The following disclosure except highlights for material joint venture and the proportion of ownership interests held by joint venturer.

Company and country of incorporation/ operation	Principal Activities	Class of shares held	2026		2025		2024	
			Proportion of class held by the company	Group interest (%)	Proportion of class held by the company	Group interest (%)	Proportion of class held by the company	Group interest (%)
Sri Lanka								
Suisse Hotel Kandy (Pvt) Limited	Hotel Services	Ordinary	-	35%	-	35%	-	35%
Ceylon Holiday Holdings (Pvt) Limited	Hotel Services	Ordinary	50%	50%	50%	50%	50%	50%

As at 31st March	Suisse Hotel Kandy (Pvt) Ltd 2026 (Rs.)	Suisse Hotel Kandy (Pvt) Ltd 2025 (Rs.)	Ceylon Holiday Holdings (Pvt) Ltd 2026 (Rs.)	Ceylon Holiday Holdings (Pvt) Ltd 2025 (Rs.)	Total 2026 (Rs.)	Total 2025 (Rs.)
No of Shares	191,701,814	191,701,814	198,800,129	198,800,129		
Effective rate %	50%	50%	50%	50%		
At the beginning of the year	582,519,725	145,383,158	163,448,543	135,158,183	745,968,268	280,541,341
During the year investment	-	292,500,000	-	-	-	292,500,000
Share of operating profit / (loss) for the year	(44,062,336)	8,389,606	8,127,446	28,290,360	(35,934,890)	36,679,966
Share of other comprehensive income/(expenses), net of tax	16,830,539	136,246,961	698,589	-	17,529,128	136,246,961
At the end of the year	555,287,927	582,519,725	172,274,578	163,448,543	727,562,505	745,968,268
(A) Summary financial information of Joint Ventures						
Current Asset	180,854,201	168,887,008	87,126,982	131,932,194	267,981,183	300,819,202
Non Current Asset	4,334,236,127	1,738,387,656	1,026,831,127	860,695,155	5,361,067,254	2,599,082,811
Current Liabilities	(351,977,606)	(253,495,840)	(570,905,171)	(467,075,992)	(922,882,777)	(720,571,832)
Non Current Liabilities	(3,052,536,868)	(2,205,640,721)	(198,503,782)	(198,654,269)	(3,251,040,650)	(2,404,294,990)
Net Assets (100%)	1,110,575,854	(551,861,897)	344,549,156	326,897,087	1,455,125,010	(224,964,810)
Group's share of net assets	555,287,927	(275,930,948)	172,274,578	163,448,543	727,562,505	(112,482,405)
Share of adjustments for uniform accounting policy	166,150,738	858,450,673	-	-	166,150,738	858,450,673
Share of net asset attributable to equity accounted investee	721,438,665	582,519,725	172,274,578	163,448,543	893,713,243	745,968,268
Summary financial information of Share of Joint Ventures						
Revenue	788,253,711	718,172,940	553,741,617	458,486,723	1,341,995,328	1,176,659,664
Profit/(losses) before income tax	(63,694,234)	46,947,133	46,644,440	44,781,375	(17,049,795)	91,728,508
Income tax (expense) / reversal	10,454,099	(51,671)	(30,389,548)	11,799,345	(19,935,449)	11,747,674
Uniform accounting policy adjustments - P & L	(34,884,537)	(30,116,251)	-	-	(34,884,537)	(30,116,251)
Profit /(loss) after tax	(88,124,672)	16,779,211	16,254,891	56,580,721	(71,869,781)	73,359,932
Other comprehensive income/(expense) ,net of tax	823,852	1,172,118	1,397,181	-	22,206,333	1,172,118
Uniform accounting policy adjustments - OCI	171,485,4838	271,321,303	-	-	1,714,854,438	271,321,303
Total comprehensive income/(expense) for the year	1,627,553,218	289,272,632	17,652,072	56,580,721	1,645,205,290	345,853,353
Share of profit /(loss) after tax - during the year	(44,062,336)	8,389,606	8,127,446	28,290,360	(35,934,890)	36,679,966
Net share of profit/loss after tax - for the year	(44,062,336)	8,389,606	8,127,446	28,290,360	(35,934,890)	36,679,966
Share of OCI - prior year net assets adjustments	-	-	-	-	-	-
Share of OCI net of tax for the year	182,981,276	136,246,961	698,589	-	183,679,865	136,246,961
Reduction of the unallocated share of losses - during the year	-	-	-	-	-	-
Unallocated share of losses (Note 17.4.1.1)	-	-	-	-	-	-
Share of Joint Venture's total comprehensive income/(loss) for the year	138,918,940	144,636,567	8,826,035	28,290,360	147,744,975	172,926,927

Summary of cash flow informations

As at 31st March	Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2026 (Rs.)	2025 (Rs.)	2026 (Rs.)	2025 (Rs.)	2026 (Rs.)	2025 (Rs.)
Cash flows from/ (used in) operating activities	10,188,674	(195,066,978)	133,893,600	152,260,145	144,082,274	(42,806,833)
Cash flows from/ (used in) investing activities	(84,893,412)	557,198,449	(190,905,851)	(51,010,027)	(275,799,263)	506,188,422
Cash flows from/ (used in) finance activities	103,887,888	(322,564,301)	7,885,597	(84,615,127)	111,773,485	(407,179,428)
Net increase/ (decrease) in cash and cash equivalents	29,183,150	39,567,170	(49,126,655)	16,634,992	(19,943,504)	56,202,162

17.4.1.1 The investor's share of losses of an equity-accounted investee is recognised only until the carrying amount of the investor's equity interest in the investee is reduced to zero.

17.4.2 Investments in Joint Venture

	Company	
	2026 Rs.	2025 Rs.
Ceylon Holiday Holdings (Pvt) Ltd		
At the beginning of the year	125,330,153	125,330,153
At the end of the year	125,330,153	125,330,153

18 OTHER FINANCIAL INVESTMENTS

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Fixed Deposits	955,351,848	894,930,148	-	-
	955,351,848	894,930,148	-	-

Investment in fixed deposits balance in Ceylon Hotel Maldives (Pvt) Ltd has been reclassified from Cash and Cash Equivalents to Investment in Fixed Deposits in 2025/2026. The comparative balance for the previous year has also been reclassified accordingly.

19 INVENTORIES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Food	29,533,290	24,894,980	-	-
Beverages	8,762,536	8,401,493	-	-
Crockery, linen and glassware	78,627,029	71,450,071	-	-
Sundry stock	43,361,333	42,675,293	-	-
	160,284,188	147,421,837	-	-
(-) Provision for obsolete and slow moving stocks (Note 19.1)	(4,535,479)	(6,504,624)	-	-
	155,748,709	140,917,213	-	-

19.1 Provision for obsolete and slow moving stocks

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	6,504,624	4,473,487	-	-
Provision/ (Reversal) during the year	(1,868,226)	2,031,137	-	-
Wrire off during the year	(100,919)	-	-	-
At the end of the year	4,535,479	6,504,624	-	-

20 INVESTMENT IN EQUITY SHARES

As at 31st March	Group/Company				
		2026		2025	
	No.Of shares	Fair Value	Cost	Fair Value	Cost
		Rs.	Rs.	Rs.	Rs.
Expolanka Holdings PLC	-	-	-	-	-
	-	-	-	-	-

As at 31st March	Group/Company 2026 Rs.	Group/Company 2025 Rs.
At the beginning of the year	-	26,337,500
Investment/ (disposal) made during the year	-	(32,375,000)
Disposal gain on sales of equity securities	-	6,037,500
Fair value loss from remeasurement	-	-
At the end of the year	-	-

21 TRADE & OTHER RECEIVABLES

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade receivables (Note 21.1)	256,661,280	180,834,572	-	-
Other receivables (Note 21.2)	88,388,621	193,067,810	600,554	422,247
	345,049,901	373,902,382	600,554	422,247

21.1 Trade receivables

Trade receivable	270,465,549	187,599,272	-	-
ECL Provision for bad & doubtful debts(Note 21.3)	(13,804,269)	(6,764,700)	-	-
	256,661,280	180,834,572	-	-

21.2 Other receivables

Advances and deposits	34,874,275	116,371,997	-	-
Other receivables	64,781,157	87,962,624	6,621,748	6,443,441
Provision for bad & doubtful debts (Note 21.3)	(11,266,811)	(11,266,811)	(6,021,194)	(6,021,194)
	88,388,621	193,067,810	600,554	422,247

21.3 ECL provision for impairment of trade & other receivables

At the beginning of the year	18,031,511	18,998,224	6,021,194	6,311,689
Provision/ (Reversal) during the year	7,039,569	(966,713)	-	(290,495)
At the end of the year	25,071,080	18,031,511	6,021,194	6,021,194

Management has carried out an impairment provision based on the simplified approach of ECL method and impairment provision of Rs. 25,071,080/- has been accounted for trade & other debtors as the ECL. (2024/2025 - Rs. 18,031,511/-)

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.

22 AMOUNTS DUE FROM RELATED COMPANIES

Name of the company	Relationship	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
United Hotels Co (Pvt) Ltd	Affiliate	-	-	320,170	-
Unionco (Pvt) Ltd.	Affiliate	-	763,809	-	763,809
Capital Land & General (Pvt) Ltd	Affiliate	-	5,281	-	5,281
CHC Foods (Pvt) Ltd	Subsidiary	-	-	60,401,205	64,324,231
Tissa Resort (Pvt) Ltd	Subsidiary	-	-	119,771	-
CHC Rest Houses (Pvt) Ltd	Equity- accounted investees	34,354,418	29,095,017	31,790,317	26,153,129
The Kandy Hotels Company (1938) PLC	Subsidiary	-	-	49,362,482	19,120,655
Galle Face Group (Pvt) Ltd	Affiliate	-	10,285,753	-	2,628,768
Gardiner Group (Pvt) Ltd	Affiliate	-	5,094	-	5,094
Ceylon Holiday Holdings (Pvt) Ltd	Equity- accounted investees	142,847,580	119,673,572	142,847,580	119,673,572
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	284,016	152,289	-	-
GFH Management Co. (Pvt) Ltd.	Affiliate	4,466,248	23,143,335	-	3,626,967
Airline Services (Pvt) Ltd		-	-	65,683	-
Suisse Hotel Kandy (Pvt) Ltd	Equity- accounted investees	39,981,507	26,581,726	-	-
Ceylon Hotel Holdings (Pvt) Ltd	Intermediate Parent Company	332,442,101	346,915,707	332,442,101	346,915,707
		554,375,870	556,621,583	617,349,309	583,217,213
Provision for amounts due from related companies (Note 22.1)		(16,111,930)	(16,830,832)	(25,099,871)	(20,457,208)
Total Amounts due from related companies		538,263,940	539,790,751	592,249,438	562,760,005

22.1 Provision for expected credit loss

At the beginning of the year	16,830,832	5,003,878	20,457,208	14,646,698
Provision for the year	(718,902)	12,225,639	4,642,663	5,880,290
Write-off during the year	-	(398,685)		(69,780)
At the end of the year	16,111,930	16,830,832	25,099,871	20,457,208

Notes to the Financial Statements

23 INCOME TAX RECOVERABLE

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	1,752,301	-	-	-
Under provision in respect of previous year	-	-	-	-
Transferred to income tax payable (Note 34)	-	1,752,301	-	-
At the end of the year	1,752,301	1,752,301	-	-

24 CASH & CASH EQUIVALENTS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Favourable cash and bank balances				
Cash at banks	402,658,328	315,396,354	49,750	4,106,697
Cash in hand	7,013,856	7,869,156	-	-
	409,672,184	323,265,510	49,750	4,106,697
Unfavourable cash and bank balances				
Bank Overdrafts	(245,805,832)	(340,341,154)	(6,447,923)	-
Cash & cash equivalents for cash flow purpose	163,866,352	(17,075,644)	(6,398,173)	4,106,697

25 STATED CAPITAL

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Ordinary shares (180,030,942)	360,210,821	360,210,821	360,210,821	360,210,821
6% Preference shares (1,200,000 Shares)	2,400,000	2,400,000	2,400,000	2,400,000
	362,610,821	362,610,821	362,610,821	362,610,821

25.1 All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

25.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

26 RESERVES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve	5,598,495,298	5,577,852,396	-	-
Capital reserve	8,128,011	8,128,011	8,128,011	8,128,011
Equity Reserve - Acquisition under common control (Note 39.1.3)	-	-	2,228,212,108	2,228,212,108
General reserve	167,079,660	167,079,660	166,718,393	166,718,393
	5,773,702,969	5,753,060,067	2,403,058,512	2,403,058,512

26.1 Revaluation reserve

The revaluation reserve relates to property plant and equipment which has been revalued by the Group.

26.2 Capital reserve

The capital reserve relates to funds set aside by the Group for long term capital investment or other large and anticipated expenses that will be incurred in the future.

26.3 Equity Reserve - Acquisition under common control

This was created in the Company reflecting the fair value gain from share swaps with UHCL and KHC. However, this does not impact the consolidated reserves, as the structural change took place within common control.

26.4 General reserve

The general reserve relates to retained earnings set aside by the Group.

27 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Analysis of interest bearing borrowings				
At the beginning of the year	1,080,164,799	1,367,722,520	-	-
Loans obtained during the year	200,000,000	-	-	-
Exchange (gain) / loss	28,704,150	(9,123,684)	-	-
Interest accrued during the year	99,138,335	119,785,679	-	-
Interest repayment during the year	(106,271,313)	(125,264,078)		
Repayments during the year	(272,464,051)	(272,955,639)	-	-
At the end of the year	1,029,271,920	1,080,164,798	-	-
Payable after one year	808,309,446	721,070,128	-	-
Payable within one year	220,962,474	359,094,670	-	-

Notes to the Financial Statements

27.1 Interest bearing borrowing analysis

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2026
Tissa Resort (Pvt) Ltd					
Commercial Bank of Ceylon PLC	In 35 Monthly equal instalments of Rs. 160,000/- each and final instalment of Rs. 105,603/-together with the interest	5,700,000/-	Fixed 10%	Corporate guarantee for Rs.216,500,000/-dated 25/11/2011 signed by Ceylon Hotel Corporation PLC , Primary mortgage bond No-1831 for Rs.216,500,000/- date 22/03/2012 executed over leasehold rights of katharagama road , Tissamahara Property owned by The Sri Lanka Tourism Development Authority	425,603
Commercial Bank of Ceylon PLC	First 12 months Rs.80,000*12, Next 12 Months 250,000*12, Next 24 Months 400,000*24, Next 11 Months Rs.410,000*11 and Final instalment of Rs.430,000/-	18,500,000/-	AWPLR + 1.75%		10,940,000
Commercial Bank of Ceylon PLC - Interest Moratorium (Accrued Interest)					129,788
					11,495,390
United Hotels Company Ltd.					
Commercial Bank of Ceylon PLC (Term Loan)	Rs. 240,000 x 12 months Rs. 730,000 x 12 months Rs.1,220,000 x 24 months Rs.1,480,000 x 11 months Rs.1,550,000 x 1 month	75,000,000	AWPLR + 1.75%	Primary mortgage bond No. 962 for Rs. 75Mn dated 05/05/2017 executed over leasehold rights of "The Lake House" Polonnaruwa property owned by the Sri Lanka Tourism Development Authority for Rs. 75 Mn and Corporate guarantee of Rs. 3.75 Mn from Ceylon Hotels Corporation PLC	37,350,000
Commercial Bank of Ceylon PLC (Term Loan)	Rs. 60,000 x 12 months Rs. 270,000 x 12 months Rs. 380,000 x 24 months Rs. 490,000 x 11 months Rs. 553,000 x 1 month	20,000,000	AWPLR + 1.75%		12,000,000
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	22 Equal Instalments of Rs. 1,189,000 and Balance by final instalment of Rs.1,215,879.22 (commencing from June 2023)	40,312,585	Fixed 10%		4,782,878

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2026
Cargills Bank PLC	(Capital USD 6,081.72 + Interest) x 12 months, (Capital USD 16,617 + Interest) x 12 months, (Capital USD 24,926 + Interest) x 12 months, (Capital USD 26,587 + Interest) x 12 months, (Capital USD 28,249 + Interest) x 12 months, (Capital USD 29,911 + Interest) x 12 Months, (Capital USD 33,799 + Interest) x 12 Months	US$.1,994,006	Fixed 8%	Primary Floating Mortgage Bond – USD 1.5M over leasehold property at Bentota (Tourist Resort "Surf" + fixed assets). Secondary Mortgage Bond – Rs. 50M over the same leasehold property at Bentota. Corporate Guarantees from Ceylon Hotel Corporation PLC: - USD 120,000 - Rs. 52,000,000 - Rs. 30,000,000 - USD 60,000 Letter of Comfort / Awareness – from The Galle Face Hotel Co. Ltd.	434,930,054
Interest Moratorium (Accrued Interest)					968,222
					490,031,153
The Kandy Hotels Co (1938) PLC					
Sampath Bank PLC	Capital to be repaid in 61 monthly instalments of Rs. 8,300,000.00 and final instalment of 10,700,000.00 commencing from 26-07-2023. Interest to be serviced monthly during the full tenor of the loan	517,000,000	Fixed 12% for a period of 12 months commencing from 26-06-2022 thereafter AWPLR +1%	Corporate guarantee of Ceylon Hotels Corporation PLC for Rs.719,630,000/-, Mortgage over shares of United Hotels Company Limited for Rs.600,000,000/ owned by The Kandy Hotels Company (1938) PLC, Negative pledge over immovable properties of the company	301,555,000
Sampath Bank PLC	Capital and interest grace period received from April 2020 to March 2021 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 37 monthly instalments of Rs 1.7 Mn and a final instalment of Rs 2.23 Mn together with interest.	65,130,959	AWPLR +1%		121,875,000

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2026
Commercial Bank of Ceylon PLC	In 35 months instalments of Rs.1,875,000.00 & final instalment of Rs.1,900,000.00	67,000,000	Fixed 10%	Corporate Guarantee of Rs.100,000,000/- dated 06/09/2017 signed by Ceylon Hotel Corporation PLC. , Corporate Guarantee of Rs.14,000,000/- dated 09/08/2019 signed by Ceylon Hotel Corporation PLC., Corporate Guarantee of Rs.50,000,000/- dated 23/12/2019 signed by Ceylon Hotel Corporation PLC. ,Primary floating mortgage bond No.4110 for Rs.50,000,000/- dated 10/02/2020 executed over debit & credit card sales of the total operations at Queens Hotel, Suisse Hotel and any other future locations routed through Commercial Bank's card center.	3,734,824
Commercial Bank of Ceylon PLC	Capital Repayments to be made from May 2023 for a period of 60 months as follows. First 12 months = Rs. 200,000/- X 12 = Rs. 2.400,000/- Next 12 months = Rs. 600,000/- X 12 = Rs. 7,200,000/- Next 24 months = Rs.1,000,000/-X 24= Rs.24,000,000/- Next 11 months = Rs.1,280,000/-X 11= Rs.14,080,000/- Final Instalment= Rs.1,320,000/- = Rs. 1,320,000/-	49,000,000	AWPLR +1.75%		29,400,000
Nations Trust Bank PLC	60-month term loan. Repayable in increasing monthly instalments ranging from Rs. 625,000 during the first year to Rs. 1,875,000 during the final year, with interest serviced separately on a monthly basis.	75,000,000	Monthly AWPLR + 1% p.a. (reviewable every three months)	Assignment over AMEX receivables of The Kandy Hotels Company (1938) PLC together with undertakings and assignment of AMEX receivables from group companies; Debt Service Reserve Account maintained with NTB.	70,625,000
					527,189,824
CHC Foods Pvt Ltd					
Peoples' Bank PLC	Loan to be repaid in 54 monthly instalments of Rs. 92,592.59 after initial grace period of 6 months	5,000,000	AWPLR+3.5% (Weekly)	Corporate guarantee issued by Ceylon Hotels Corporation PLC	555,553
Total Group					1,029,271,921

AWPLR - Average Weighted Primary Lending Rate	466,846,941
FR - Fixed Interest Rate	562,424,980
Total Group	1,029,271,921

28 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	29,497,013	25,953,191	-	5,405,836
Current service cost (b)	3,860,639	3,073,825	-	-
Interest cost (b)	2,810,637	2,854,851	-	-
Transferred to related company	(3,575,327)	-	-	(5,405,836)
Employee benefit obligations paid	(4,387,843)	(4,774,838)	-	-
Actuarial (gain) /losses (b)	(2,319,495)	2,389,984	-	-
At the end of the year	25,885,624	29,497,013	-	-
(a) **The amounts recognised in the balance sheet are as follows.**				
Present value of the unfunded obligations	25,885,624	29,497,013	-	-
Recognised liability for defined benefit obligations	25,885,624	29,497,013	-	-

(b) **Net Benefit Expense**

Following amount are recognised in statement of profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Total amount recognised in profit or loss				
Current service cost	3,860,639	3,073,825	-	-
Interest cost	2,810,637	2,854,851	-	-
	6,671,276	5,928,676	-	-
Total amount recognised in other comprehensive income				
Actuarial losses on obligations	(2,319,495)	2,389,984	-	-
	(2,319,495)	2,389,984	-	-
Net benefit expense	4,351,781	8,318,660	-	-

Notes to the Financial Statements

(c) An actuarial valuation of the provision for defined benefit plan was carried out as at 31 March 2026 by Actuarial & Management Consultants (Private) Limited. The valuation method used by the actuaries to value the employee benefits obligation is the "Projected Unit Credit (PUC) method", the method recommended by the Sri Lanka Accounting Standard (LKAS 19) " Employee Benefits".

Principal actuarial assumptions used for the Group and the Company are as follows :

As at 31st March	Group		Company	
	% Per Annum / Years		% Per Annum / Years	
	2026	2025	2026	2025
Financial assumptions				
a) Discount Rate	9%	10% - 11%	-	-
b) Salary Increase	10%-11%	15%	-	-
Demographic assumptions				
c) Staff salary turnover rate	22% - 34%	22% - 34%	-	-
d) Retirement age	60 Years	60 Years	-	-
e) Expected average future working life of the active participants	2.5-4	2.4 - 4	-	-

The Liability is not externally funded.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 1967/70 mortality table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

As per the Minimum Retirement Age of Workers Act No.28 of 2021, the minimum retirement age of private sector employees was extended to 60 years.

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 9% p.a. (2024/2025 – 10%-11% p.a.) has been used to discount future liabilities considering yield available on government bonds with a tenure equivalent to the average future working life of the employees.

28.1 Sensitivity Analysis

The defined benefit obligation's sensitivity to changes in key assumptions as at 31 March 2026 and 2025 are shown below.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Discount Rate - (1% Increase)	(687,507)	(975,078)	-	-
Discount Rate - (1% decrease)	728,303	1,046,321	-	-
Salary Increment Rate - (1% Increase)	808,716	1,089,365	-	-
Salary Increment Rate - (1% decrease)	(776,530)	(1,034,369)	-	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

28.2 Maturity analysis of Employee benefit

As at 31st March	Group 2026 Rs.	Company 2026 Rs.
With in 1 year or equal to 1 year	5,996,352	-
Over 1 year and less than or equal to 2 years	4,992,914	-
Over 2 years and less than or equal to 5 years	10,500,615	-
Over 5 years and less than or equal to 10 years	3,394,833	-
Over 10 years	1,000,910	-
	25,885,624	-

29 DEFERRED TAXATION

29.1 Deferred tax liabilities

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	2,309,556,311	2,044,063,667	-	-
Origination/(reversal) of temporary differences				
Recognised in statement of profit or loss	3,518,091	(48,142,382)	-	-
Recognised in other comprehensive income	695,848	313,635,026	-	-
At the end of the year	2,313,770,250	2,309,556,311	-	-

29.2 Deferred tax Asset

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	24,611,236	22,351,373	25,917,232	22,351,373
Origination of temporary differences				
Recognised in income statement	10,567,455	2,259,863	17,745,068	3,565,859
Recognised in other comprehensive income	-	-	-	-
At the end of the year	35,178,691	24,611,236	43,662,300	25,917,232
a) Total amount recognised in income statement	(7,049,364)	(50,402,245)	(17,745,068)	(3,565,859)
b) Total amount recognised in other comprehensive income	695,848	313,635,026	-	-

Deferred income taxes are calculated on all temporary differences under the liability method using the applicable tax rates at the end of the financial reporting period.

29.3 Deferred tax for the year has been computed based on the substantively enacted rates as of the reporting date. Accordingly the enacted rates specified in the Inland Revenue Act No. 45 of 2022 and its amendments, which is 30%.

Notes to the Financial Statements

29.4 The deferred tax asset/ liability on each temporary difference which were recognised in the financial statements are disclosed below.

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
	Net deferred tax liability		Net deferred tax assets	
Temporary Differences				
On property, plant and equipment	9,133,582,400	8,814,296,049	-	-
On Right of use assets	98,220,622	103,578,328	-	-
On inventories	(4,535,479)	(6,504,624)	-	-
On trade & other receivables	(3,233,294)	(9,932,941)	(6,021,194)	(6,021,194)
On amounts due from related companies	(40,012,356)	(35,372,621)	(25,099,870)	(20,457,208)
On retirement benefit obligation	(25,247,001)	(25,335,703)	-	-
On carried forward tax losses (Note 29.4.1)	(1,438,871,771)	(1,091,634,223)	(114,419,936)	(59,912,371)
On leases	(124,597,926)	(132,610,683)	-	-
	7,595,305,196	7,616,483,582	(145,540,999)	(86,390,773)
Net differed tax liability/(assets) (Note 29.1 & 29.2)	2,278,591,559	2,284,945,075	(43,662,300)	(25,917,232)

29.4.1 Deferred tax asset has not been recognised in respect of the Group's brought forward tax losses as at 31st March 2026 amounting to Rs. 168.4 Mn (2025-Rs 621.8 Mn) since it is not probable that the future taxable profit will be available against which the Group can use the benefit therein. Recognised deferred tax asset on accumulated tax losses has been recognised only up to the extent of forecasted future taxable profit.

29.5 Unrecognised deferred tax assets

Deferred income tax assets are recognised for tax losses carried forward to the extend that the realisation of related tax benefit through future taxable profit is probable. According to the Inland Revenue Act No.24 of 2017, tax losses could be carried forward for a period of six years, to claim against taxable profits. Any carried forward tax losses prior year to Year of Assessment 2018/2019 shall be treated as loss incurred in the year of assessment 2018/2019.

	Group 2026 Temporary Differences	Group 2026 Tax Effect	Group 2025 Temporary Differences	Group 2025 Tax Effect	Company 2026 Temporary Differences	Company 2026 Tax Effect	Company 2025 Temporary Differences	Company 2025 Tax Effect
On carried forward tax losses	168,472,748	50,541,824	621,854,114	186,556,234	168,472,748	50,541,824	214,114,834	64,234,450
	168,472,748	50,541,824	621,854,114	186,556,234	168,472,748	50,541,824	214,114,834	64,234,450

Group deferred tax asset amounting to Rs.50,541,824/- (2024/25 - Rs. 186,556,234) and Company Rs. 50,541,824/- (2024/25 -64,234,450/-) has not been recognised for the above deductible temporary differences as the management is of the opinion that the reversal of the taxable asset will not be crystallised in the foreseeable future.

30 LEASE LIABILITIES

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	132,610,683	135,417,252	-	-
Remeasurement during the year	-	-	-	-
Interest expense	16,787,817	17,423,691	-	-
Capital payments during the year	(24,800,573)	(2,806,569)	-	-
Interest Payments during the year	-	(17,423,691)	-	-
Transferred to other payables	-	-	-	-
At the end of the year	124,597,927	132,610,683	-	-
Lease liabilities included in the statement of financial position				
Payable within one year	20,879,268	21,931,109	-	-
Payable after one year	103,718,659	110,679,574	-	-
	124,597,927	132,610,683	-	-

30.1 Amounts recognised in statement of profit or loss

Interest expense	16,787,817	17,423,691	-	-
Amortisation of ROU	5,357,707	5,357,707		

30.2 Amounts recognised in statement of cash flows

Total cash outflow for leases	(24,800,573)	(20,230,260)	-	-

30.3 Maturity Analysis - Contractual undiscounted cash flows

Less than one year	21,749,459	21,533,463	-	-
One to five years	86,370,930	92,518,396	-	-
More than five years	266,340,001	283,066,667	-	-
	374,460,390	397,118,526	-	-

31 TRADE & OTHER PAYABLES

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade payable	222,018,144	223,233,978	-	-
Accrued expenses	48,637,474	245,538,055	2,903,410	2,781,424
Other payables	265,082,613	201,914,349	35,999	36,002
	535,738,231	670,686,382	2,939,409	2,817,426

Terms and conditions of the above financial liabilities.

*Trade payables and accrued expenses are non-interest bearing and are normally settled on 30-60 days.

The carrying amounts of trade and other payables are considered to be the same as their fair value, due to their short-term nature.

Notes to the Financial Statements

32 CONTRACT LIABILITIES

a) The Group recognises advances received for future reservations as contract liabilities.

b) The following table shows unsatisfied performance obligations resulting from customer contracts.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	12,788,416	7,248,877	-	-
Advance received during the year	181,947,959	64,563,348	-	-
Refunds due to cancellation of bookings	-	(781,671)	-	-
Utilised during the year	(184,100,515)	(58,242,139)	-	-
At the end of the year	10,635,859	12,788,416	-	-

33 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
GFH Management Co (Pvt) Ltd	Affiliate	24,891,296	25,947,290	-	-
The Galle Face Hotel Co Ltd	Ultimate Parent	28,987,329	33,957,170	-	-
Galle Face Group (Pvt) Ltd.	Affiliate	18,133,085	13,879,451	-	-
United Hotels Co. Ltd	Subsidiary	-	-	-	2,772,652
Airline Services (Pvt) Ltd	Subsidiary	-	-	-	18,959
Ceylon Hotel Holdings (Pvt) Ltd	Parent Company	-	163,620	-	-
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	1,156,660	1,131,371	-	15,811
Tissa Resort (Pvt) Ltd	Subsidiary	-	-	-	1,007,793
Studio Clay (Pvt) Ltd	Affiliate	-	66,125	-	-
		73,168,370	75,145,027	-	3,815,215

34 INCOME TAX PAYABLE

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	-	4,195,257	-	-
Transferred from income tax receivable (Note 23)	-	1,752,301	-	-
Provision/(reversal) for the year	63,558,655	(5,947,558)	-	-
Under provision of previous year	-	-	-	-
Payment made during the year	-	-	-	-
At the end of the year	63,558,655	-	-	-

35 CONTINGENT ASSETS AND LIABILITIES

35.1 Contingent assets

The company owns a land extent of 37.16 perches at Awariwatta, Katunayake–Seeduwa, which was transferred to the company at the time of taking over the hotel from the government. However, the title deed is not available in the company's name.

35.2 Contingent liabilities

35.2.1 Company

There were no material contingent liabilities for the Company other than those disclosed below, as at the balance sheet date.

Name	Nature	Case No./Amount
A.M. Jayathilleke	Money recovery	DMR 3389/15 (District court of Colombo)
CHC Rest houses (pvt) Ltd	Corporate Guarantee	Rs.145 million
The Kandy Hotels Company (1938) PLC	Corporate Guarantee	Rs. 444.5 Million
Tissa Resorts (Pvt) Ltd	Corporate guarantee	Rs. 216.5 Million

35.2.2 Group

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from such legal claims.

There were no material contingent liabilities for the Group other than those disclosed below, as at the balance sheet date.

The Group is pursuing or is being pursued with legal action on the following legal cases. As per the representation given by the management these cases are still outstanding as at 31st March 2026.

35.2.3 Pending litigations - The Kandy Hotels Co. (1938) PLC.

Name	Nature	Case No.
M.D.H. Waheed of Tourist Shopping Centre	Money Recovery Action	DMR 02743/19 DC Kandy
H. M Dingiri Menike	Tenant	RE/2645 - Rent Board
Pledge Holidays (Pvt) Ltd	Money Recovery Action	DMR 972/21 DC Kandy
Labour Department	Unpaid budgetary relief allowance	App/07/22/HC Kandy
Labour Department	Unpaid budgetary relief allowance	App/73/22/HC Kandy
Dhammika Swarnasinghe of Swarna & Sons	Tenant	CPC/HD/KRB/02/2025

35.2.4 Pending litigations - CHC Foods (Pvt) Ltd

Name	Nature	Case No.
Labour Department	Unpaid budgetary relief allowance	HC/Kegalle/6337/2022 (Appeal of Warakapola MC Case No.2854/LT)
S.A.Indika Kumara	Matter filed by ex-employee of the Company alleging unlawful termination.	KE/42/07/2022 - Labour Tribunal, Kegalle

35.2.5 Pending litigations - Tissa Resort (Pvt) Ltd.

Name	Nature	Case No.
Labour Department	Unpaid budgetary relief allowance	SC/SPL/LA/287/2023 - Supreme Court (Appeal of Hambanthota High Court - H.C.A 05/2022)
Labour Department	Unpaid budgetary relief allowance	SC/SPL/LA/286/2023 - Supreme Court (Appeal of Hambanthota High Court - H.C.A 04/2022)

Notes to the Financial Statements

35.2.6 Pending litigations - United Hotels Co. Ltd.

Name	Nature	Case No.
Bentota Pradeshiya Sabha	Local Government related	25263/MC Balapitiya
Bentota Pradeshiya Sabha	Local Government related	34452/MC Balapitiya
Bentota Pradeshiya Sabha	Local Government related	43335/MC Balapitiya
Bentota Pradeshiya Sabha	Local Government related	51834/MC Balapitiya
Bentota Pradeshiya Sabha	Local Government related	71863/MC Balapitiya
Bentota Pradeshiya Sabha	Local Government related	64437/MC Balapitiya
1. Mr.Ranul Deelaka Thanthilage 2. Padmalatha Abeysinghe	Money recovery action filed for a sum of Rs. 50,000,000/- by the defendants allegedly for medical bills, mental stress and loss suffered by them after falling from a broken chair at the Ekho Lake House Hotel, Polonnaruwa.	DMR/1552/24 - District Court - Colombo

36 COMMITMENTS

There were no capital commitments approved by the Board of Directors, but not yet contracted as at the reporting date (2024/25- Nil).

37 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no any material events occurring after the reporting date that require adjustment to or disclosure in the consolidated financial statements.

38 RELATED PARTY TRANSACTIONS

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard 24 'Related Party Disclosures', the details of which are reported below.

38.1 Recurrent Related party transactions

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2026 Rs.	Year ended 31.03.2025 Rs.
The Kandy Hotels Company (1938) PLC	1.27%	0.16%	0.18%	Subsidiary	Mr. Sanjeev Gardiner (Chairman)	Expenses paid by CHC on behalf of KHC	3,450,510	3,835,707
					Mr. Priyantha Maddumage	Reimbursement of expenses paid by CHC	(3,361,739)	-
					Mr.Nirmal De Soysa Cooke	Net trade nature movement	178,763	-
					Mr. Shalike Karunasena	**Intercompany borrowings:**		
					Mr. Pradeep Nilanga Dila	- Settlement of expenses paid by CHC on behalf of KHC	-	(408,092)
					Mr. Indrajith Fernando	- Net temporary advances given by CHC/(received from KHC)	29,974,293	15,693,040
						Writeoff of long outstanding opening balance	-	(69,779)

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2026 Rs.	Year ended 31.03.2025 Rs.
United Hotels Company Limited	0.13%	0.03%	0.02%	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of UHCL	5,146,080	673,390
					Mr. Priyantha Maddumage	Settlement of expenses paid by CHC on behalf of UHCL	(3,836,902)	(337,480)
					Mr. Mangala Boyagoda	Net temporary advances given by CHC/(received from UHCL)	1,783,644	28,067,181
					Mr. Revantha Devasurendra	Assets Transfer from CHC to UHCL LH	-	21,520
					Mr. Shalike Karunasena	Gratuity transfer from CHC to UHCL	-	(4,255,210)
CHC Foods (Pvt) Ltd	-0.17%	-0.03%	-0.02%	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of CHC Foods	31,925	25,764
					Mr. Asela Iddawala	Settlement of expenses paid by CHC on behalf of CHC Foods	(54,950)	(2,739)
						Net temporary advance given by CHC/(received from CHCF)	(3,900,000)	(9,933,805)
Tissa Resort (Pvt) Ltd	0.05%	0.02%	0.01%	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of TRL	829,884	171,975
					Mr. Shalike Karunasena	Settlement of expenses paid by CHC on behalf of TRL	(752,944)	(134,366)
						Net temporary advance given by CHC/(received from TRL)	1,050,624	(2,041,165)
						Gratuity transfer from CHC to TRL		(1,150,626)
CHC Rest Houses (Pvt) Ltd	0.24%	0.04%	0.03%	Joint Venture	Mr. Binod Kumar Chaudhary	Expenses paid by CHC on behalf of CHC RH	1,056,467	239,192
					Mr. Tilak De Zoysa	Settlement of expenses paid by CHC on behalf of CHC RH	(347,152)	(137,475)
					Mr. Rahul Chaudhary	Interest income on loan given to CHC RH	2,452,848	2,475,024
					Mr. Shalike Karunasena	Settlement of interest	-	(2,475,024)
						Net temporary advance given by CHC/(received from CHC RH)	2,475,024	(3,300,000)
Ceylon Holiday Holdings (Pvt) Ltd	0.98%	0.37%	0.14%	Joint Venture	Mr. Priyantha Maddumage	Net temporary advance given by CHC/(received from CHOH)	12,717,544	34,480,492
					Mr. Shalike Karunasena	Interest Income on loan given to CHOH	10,674,008	9,332,074
					Mr. Tilak De Zoysa	Written off long outstanding balances	(217,544)	-
					Mr. Rahul Chaudhary			
					Mr. Parikshit Sen Gupta			

Notes to the Financial Statements

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2026 Rs.	Year ended 31.03.2025 Rs.
Ceylon Hotel Holdings (Pvt) Ltd.	-0.61%	-0.40%	-0.09%	Affiliate	Mr. Sanjeev Gardiner	Interest Income on loan given to CHH	34,020,889	36,269,085
					Mr. Priyantha Maddumage	Net temporary advance given by CHC/(received from CHH)	(48,504,544)	(43,440,000)
					Mr. Shalike Karunasena	Expenses paid by CHC on behalf of CHH	10,048	-
					Mr. Harsha Amarasekera			
Airline Services (Pvt) Ltd	0.00%	0.00%	0.00%	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC PLC on behalf of ALS	84,643	106,862
					Mr. Priyantha Maddumage			
Galle Face Group (Pvt) Ltd	0.00%	-0.07%	-0.02%	Affiliate	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of GFG	286,689	62,253
					Mr. Priyantha Maddumage	Settlement of Expenses paid by GFG on behalf of CHC	(296,964)	(76,982)
					Mr. Matthias Roeke	Written off long outstanding balances	(107,707)	-
						Transfer of intercompany balance	(2,510,787)	-
GFH Management Co (Pvt) Ltd	-0.15%	0.02%	-0.02%	Affiliate	Mr. Sanjeev Gardiner	Service obtained during the year	(5,785,165)	(2,679,176)
					Mr. Priyantha Maddumage	Settlement of outstanding balance	1,959,451	7,461,198
					Mr. Dinesh Stephen Weerakkodi	Expenses paid by CHC on behalf of GFHM	198,748	10,229
					Mr. Harsha Amarasekera			
					Mr. Shalike Karunasena			
The Galle Face Hotel Co. Ltd	0.00%	-0.01%	0.00%	Ultimate Parent	Mr. Sanjeev Gardiner	Settlement of Expenses paid by CHC on behalf of GFHCL	-	(13,992,916)
					Ms. Sheanna Gardiner			
					Mr. Lalith Rodrigo			
Unionco (Pvt) Ltd	-0.03%	-0.01%	0.00%	Affiliate	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of Unionco	-	763,809
					Mr. Priyantha Maddumage	Settlement of Expenses paid by CHC on behalf of Unionco	(763,809)	-
					Mr. Shalike Karunasena			
Capital Land & General (Pvt) Ltd	0.00%	0.00%	0.00%	Affiliate	Mr. Sanjeev Gardiner	Vehicle rent expense	-	(180,000)
					Mr. Lalith Rodrigo	Settlement of vehicle rent	-	1,280,000
					Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of CLG	4,500	(5,281)
					Mr. Seshaan Gardiner	Settlement of Expenses paid by GFG on behalf of CLG	(9,781)	-
					Ms. Sheanna Gardiner			

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Aggregate value of Related Party Transactions as a % of Equity	Aggregate value of Related Party Transactions as a % of Total Assets	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2026 Rs.	Year ended 31.03.2025 Rs.
Gardiner Group (Pvt) Ltd	0.00%	0.00%	0.00%	Affiliate	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of Gardiner Group	39,491	40,084
						Settlement of Expenses paid by CHC on behalf of Gardiner Group	(40,084)	(34,991)
Galle Face Hotel 1994 (Pvt) Ltd	0.00%	0.00%	0.00%	Affiliate	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of GFH 1994	75,811	2,195,534
					Mr. Lalith Rodrigo	Settlement of Expenses paid by CHC on behalf of GFH 1994	(60,000)	(2,549,849)
					Mr. Priyantha Maddumage			
					Mr. Shalike Karunasena			

38.1.1 This note should be read in conjunction with the note 22 and 33 Related party receivable and Related party payable respectively.

The Kandy Hotels Co. (1938) PLC	KHC
United Hotels Co. Ltd.	UHCL
CHC Foods (Pvt) Ltd	CHCF
Tissa Resort (Pvt) Ltd.	TRL
CHC Rest Houses (Pvt) Ltd.	CHC RH
Ceylon Holidays Holding (Pvt) Ltd	CHOH
Ceylon Hotels Holdings (Pvt) Ltd	CHH
Airline Services (Pvt) Ltd	ALS
Galle Face Group (Pvt) Ltd	GFG
GFH Management Co. (Pvt) Ltd	GFHM
The Galle Face Hotel Co. Ltd.	GFH
Unionco (Pvt) Ltd	Unionco
Capital Land & General (Pvt) Ltd	CLG
Gardiner Group (Pvt) Ltd	GG
Galle Face Hotel 1994 (Pvt) Ltd	GFH 1994

Note A) Transactions carried out in the ordinary course of business and charge at the face value of the expenses.

Note B) Temporary advances given in the ordinary course of business and no interest charge on the outstanding balances. Payable on demand and short term in nature.

Note C) Terms and conditions related to inter company borrowings/lending's.

Company	Party	Repayment
Ceylon Hotels Corporation PLC	Lender	
Ceylon Hotel Holdings (Pvt) Ltd	Borrower	AWPLR + 1.5%
Ceylon Holiday Holdings (Pvt) Ltd	Borrower	AWPLR
CHC Rest Houses (Pvt) Ltd	Borrower	

Notes to the Financial Statements

38.1.2 Recurrent and Non-Recurrent transactions with related parties

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2026 audited financial statements, which required additional disclosures in the 2025/26 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.

There were no any Non-recurrent related party transaction which exceeded 10% of the Equity or 5% of the Total Assets, whichever is lower during the reporting period.

38.2 Compensation paid to key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) have been classified as Key Management Personnel of the Company. Directors' emoluments paid during the year is Rs. 4,005,000 /- (2024/25 - 3,470,000/-).

38.3 Transactions, arrangements and agreements involving KMP and their close family members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP domestic partner and dependants of the KMP or the KMP domestic partner. CFM are related parties to the Group. There were no transactions carried out with above parties.

38.4 The Directors have disclosed the nature of their interests in contracts, which is entered in the interest register maintained by the Company.

There are no other related party transactions other than disclosed above.

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Financial instruments held by the Group principally comprise of cash, trade and other receivables, amount due from/(to) related parties, trade and other payables, loans and borrowings/(lease payable). The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

Financial risk management of the Group is carried out based on guidelines established by its parent Group's finance department which comes under the preview of the Board of Directors.

Parent company's finance department evaluates financial risk in close co - operation with the hotel operational units. The parent company provides guidelines for overall risk management as well, covering specific areas such as credit risk ,liquidity risk ,interest rate risk and foreign currency risk.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlements, accounting and related controls. The guide lines and systems are regularly reviewed and adjusted accordingly to changes in markets and products. The Group's Executive Directors monitor these risks primarily through its operating and financing activities.

39.1 Credit risk

Credit risk is the risk that a customer or 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 for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

39.1.1 Exposure to credit risk

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. There were no off-balance sheet exposures as at the year end date.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade receivables	256,661,280	180,834,572	-	-
Other receivables	53,514,347	76,695,813	600,554	422,247
Amount due from related parties	538,263,940	539,790,751	592,249,438	562,760,005
- Fixed Deposits	955,351,848	894,930,148	-	-
Cash & cash equivalents				
- Cash at banks	402,658,328	315,396,354	49,750	4,106,697
	2,206,449,743	2,007,647,638	592,899,742	567,288,949

Details of fixed deposits with institutions in the Group and their credit ratings are as follows;

Institute	Instrument	2026		2025	
		Credit Rating	Total Investment LKR	Credit Rating	Total Investment LKR
Hatton National Bank PLC	Fixed Deposit - USD	AA (lka)	955,351,848	A (lka)	894,930,148

39.1.2 Trade and other receivables

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

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Some customers are graded as "high risk" based on the credit worthiness established through past experience. Such customers are monitored carefully and future sales are made on a prepayment basis.

Impairment losses

Impairment for trade receivables is established based on expected credit loss method. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding's. The loss rate calculated based on the historical provision matrix is adjusted based on the future calibrated probability of default and the loss given default. Forward looking factors that affect customer default rates and macro-economic data such as GDP are considered in calculating the probability of default.

The aging of trade receivables at the reporting date was as follows;

Group

As at 31st March	2026		2025	
	Gross Trade Receivables Rs.	Impairment Provision Rs.	Gross Trade Receivables Rs.	Impairment Provision Rs.
Neither past due nor impaired				
Past due				
01–29 days	168,157,169	-	119,287,276	-
30–60 days	60,497,280	-	31,656,104	-
61–90 days	19,057,010	-	13,354,509	-
91–120 days	5,210,761	-	2,911,761	-
121–180 days	17,485,788	13,746,729	3,986,594	-
> 365 days	57,540	57,540	16,403,028	6,764,700
	270,465,548	13,804,269	187,599,272	6,764,700
Impaired				
Gross carrying value	270,465,549		187,599,272	
Impairment provision	(13,804,269)		(6,764,700)	
Total	256,661,280		180,834,572	

39.1.3 Credit risk relating to cash and cash equivalents

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the Group limits the maximum cash amount that can be deposited with a single counterparty. In addition, the Group maintains an authorised list of acceptable cash counterparties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The Group held cash and cash equivalents of Rs. 409.7 Mn as at 31 March 2026 (2025 - Rs. 323.3 Mn). The cash at bank with counterparties, which are rated AA/A, based on fitch ratings.

39.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets such as fixed deposits) and projected cash flows from operations.

39.2.1 Net (debt)/cash

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Fixed deposits	955,351,848	894,930,148	-	-
Cash in hand and at bank	409,672,184	323,265,510	49,750	4,106,697
Total liquid assets	**1,365,024,032**	1,218,195,658	**49,750**	4,106,697
Interest bearing loans and borrowings	1,029,271,920	1,080,164,798	-	-
Lease liabilities	124,597,927	132,610,683	-	-
Bank overdrafts	245,805,832	340,341,154	6,447,923	-
Total liabilities	**1,399,675,679**	1,553,116,635	**6,447,923**	-
Net (debt)/cash	(34,651,647)	(334,920,977)	(6,398,173)	4,106,697

39.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2026 based on contractual undiscounted payments.

Group	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	1,029,271,920	1,317,806,417	269,180,668	1,048,625,749	-	1,317,806,417
Trade and other payables	487,100,757	533,118,955	533,118,955	-	-	533,118,955
Amounts due to related parties	73,168,370	73,168,370	73,168,370	-	-	73,168,370
Lease liabilities	124,597,927	374,460,390	21,749,459	86,370,930	266,340,001	374,460,390
Bank overdrafts	245,805,832	239,357,909	239,357,909	-	-	239,357,909
	1,959,944,805	2,537,912,041	1,136,575,360	1,134,996,679	266,340,001	2,537,912,041

Company	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Trade and other payables	35,999	35,999	35,999	-	-	35,999
Bank overdrafts	6,447,923	6,447,923	6,447,923	-	-	6,447,923
	6,483,922	6,483,922	6,483,922	-	-	6,483,922

Group's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

Group	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	1,080,164,798	1,131,912,577	346,370,464	785,542,113	-	1,131,912,577
Trade and other payables	425,148,327	425,148,327	425,148,327	-	-	425,148,327
Amounts due to related parties	75,145,027	75,145,027	75,145,027	-	-	75,145,027
Lease liabilities	132,610,683	397,118,526	21,533,463	92,518,396	283,066,667	397,118,526
Bank overdrafts	340,341,154	340,341,154	340,341,154	-	-	340,341,154
	2,053,409,989	2,280,610,279	1,139,512,300	858,031,313	283,066,667	2,280,610,279

Company	Carrying Amount Rs.	Contractual Cash flows Rs.	Within 1 year Rs.	Between 1-5 year Rs.	More than 5 years Rs.	Total Rs.
Trade and other payables	36,002	36,002	36,002			36,002
Amounts due to related parties	3,815,215	3,815,215	3,815,215			3,815,215
	3,851,217	3,851,217	3,851,217	-	-	3,851,217

Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has access to approved short-term financing facilities from commercial banks, if required.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and some of the currently available information that will enable the Group to meet its contractual obligations are as follows.

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- Regular reviews cash flow projections.
- Availability of stand by overdraft facility to be used in the event of an emergency.

39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 risk comprise three types of risk:

- Interest rate risk
- Currency risk
- Price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

39.3.1 Interest rate risk

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

The Group has borrowings with variable interest rates such as AWPLR would expose the Group to cashflow/ profits as the amount of interest paid would be changed depending on market interest rates.

The interest rates have decreased during the year, bringing positive impact on the reported profits of the Group.

a) Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Variable rate instruments				
Interest-bearing-borrowings	1,029,271,920	1,080,164,798	-	-
Bank overdrafts	245,805,832	340,341,154	6,447,923	-
	1,275,077,752	1,420,505,952	6,447,923	-

Cash flow sensitivity for variable rate instruments

A change of 1% in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Variable rate instruments				
1% Increase in interest rate	(12,750,778)	(14,205,060)	(64,479)	-
1% Decrease in interest rate	12,750,778	14,205,060	64,479	-

Notes to the Financial Statements

39.3.2 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 is exposed to currency risk on mainly borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are in US Dollars (USD).

During 2025/26 financial year, the rupee from Rs.296/USD to Rs.315/USD at end-March 2026.Central Bank of Sri Lanka states the 2025 rupee movement as a “modest depreciation” under the flexible exchange-rate regime, supported by improved external-sector conditions and stronger foreign-exchange inflows from tourism earnings and workers' remittances remained strong, increasing the supply of USD in the domestic market helped to continue rebuilding its foreign-exchange reserves following the 2022 crisis.

Despite stronger inflows, Sri Lanka still has substantial USD demand for imports, debt-related payments and other external obligations led to downward pressure during 2025/26 rather than continuing the appreciation seen during 2024.

a) Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows,

As at 31st March	2026		2025	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial Assets				
Fixed Deposit	3,031,026	955,351,848	3,019,870	894,930,148
	3,031,026	955,351,848	3,019,870	894,930,148
Financial Liability				
Interest-bearing-borrowings	1,379,894	434,930,054	1,721,159	510,060,669
	1,379,894	434,930,054	1,721,159	510,060,669
Net Finance assets exposure	1,651,132	520,421,794	1,298,711	384,869,479

Closing exchange rate as at 31st March 2026 is Rs. 315.19 (2024/2025 - Rs. 296.35).

b) Sensitivity to foreign exchange risk

The following tables demonstrate the sensitivity to a reasonably possible change in the US dollar, with all other variables held constant. The impact on the Group’s profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group’s exposure to foreign currency changes for all other currencies are not material.

Currency	Increase/ decrease in exchange rate	Effect on profit before tax
USD	1%	5,204,218
	-1%	(5,204,218)

Management of foreign exchange risk

- The Treasury officer analyses the market condition of foreign exchange and analyse the utilisation of cash flows.
- Regularly review timing of foreign currency cash in flows and outflows and takes decisions on whether to reinvest the foreign cash flows or utilise to make the foreign currency payments.
- Looking out forward contract possibilities.

39.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position 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 the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares, have a rights issue or buy back of shares.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows;

	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest-bearing-borrowings	1,029,271,920	1,080,164,798	-	-
Fixed Deposits	(955,351,848)	(894,930,148)	-	-
Bank overdraft	245,805,832	340,341,154	6,447,923	-
Cash in hand and bank	(409,672,184)	(323,265,510)	(49,750)	(4,106,697)
Net debts	(89,946,280)	202,310,294	6,398,173	(4,106,697)
Total equity	11,144,373,087	10,858,846,563	2,790,229,638	2,749,628,468
Net debt to equity ratio (Times)	0.08	0.02	0.00	(0.00)

40 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The following table shows the carrying amounts of financial assets and financial liabilities by category as defined in SLFRS 9- Financial Instruments, including their levels in the fair value hierarchy. The carrying value approximates the fair value of these balances.

Group

As at 31 March 2026	Fair Value through Profit or Loss	Amortised cost	Total
Financial assets not measured at fair value			
Other financial investments - Investment in Fixed deposits	-	955,351,848	955,351,848
Trade and other receivables	-	310,175,627	310,175,627
Amounts due from related companies	-	538,263,940	538,263,940
Cash and cash equivalents	-	409,672,184	409,672,184
	-	2,213,463,599	2,213,463,599
Financial liabilities not measured at fair value			
Bank overdrafts	-	245,805,832	245,805,832
Trade payables	-	222,018,144	222,018,142
Lease Liabilities	-	124,597,927	124,597,927
Interest bearing borrowings	-	1,029,271,920	1,029,271,920
Amounts due to related companies	-	73,168,370	73,168,370
	-	1,694,862,192	1,694,862,190

Year ended 31 March 2025	Fair Value through Profit or Loss	Amortised cost	Total
Financial assets not measured at fair value			
Other financial investments - Investment in Fixed deposits	-	894,930,148	894,930,148
Trade and other receivables	-	257,530,385	257,530,385
Amounts due from related companies	-	539,790,751	539,790,751
Cash and cash equivalents	-	323,265,510	323,265,510
	-	2,015,516,794	2,015,516,794
Financial liabilities not measured at fair value			
Bank overdrafts	-	340,341,154	340,341,154
Trade payables	-	223,233,978	223,233,978
Lease Liabilities	-	132,610,683	132,610,683
Interest bearing borrowings	-	1,080,164,798	1,080,164,798
Amounts due to related companies	-	75,145,027	75,145,027
	-	1,851,495,640	1,851,495,640

Company

Year ended 31 March 2026	Fair Value through Profit or Loss	Amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables	-	600,554	600,554
Amounts due from related companies	-	592,249,438	592,249,438
Cash and cash equivalents	-	49,750	49,750
	-	592,899,742	592,899,742
Financial liabilities not measured at fair value			
Amounts due to related companies	-	-	-
Bank Overdraft	-	6,447,923	6,447,923
	-	6,447,923	6,447,923

Year ended 31 March 2025	Fair Value through Profit or Loss	Amortised cost	Total
Financial assets not measured at fair value			
Trade and other receivables	-	422,247	422,247
Amounts due from related companies	-	562,760,005	562,760,005
Cash and cash equivalents	-	4,106,697	4,106,697
	-	567,288,949	567,288,949
Financial liabilities not measured at fair value			
Amounts due to related companies	-	3,815,215	3,815,215
	-	3,815,215	3,815,215

Financial Assets classified under Fair Value Through Profit or Loss (FVTPL) are categorised as "Level 1" within the fair value hierarchy. The fair value of these assets, which consist primarily of investments in quoted equity shares, is determined based on active market prices.

41 NUMBER OF EMPLOYEES

The total number of employees of the Group as at 31st March 2026 was 555. (31st March 2025 - 556)

Investor Information

SUMMARY OF SHAREHOLDING AS AT 31ST MARCH 2026

	Share Range			No. of Shareholders	No. of Shares	Holding %
1	1	-	1000	6,973	1,110,041	0.62%
2	1001	-	10000	1,027	3,472,026	1.93%
3	10001	-	100000	260	8,223,407	4.57%
4	100001	-	1000000	51	14,025,411	7.79%
5	1000001	-	& Above	11	153,200,057	85.10%
	Totals			8,322	180,030,942	100.00%

INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

a) Directors Shareholding in the company

Name of Director	31st March 2026	31st March 2025
Mr. Sanjeev Gardiner	Nil	Nil
Mr. Priyantha Maddumage	1	1
Mr. Mangala Boyagoda	Nil	Nil
Mr. Ajith Devasurendra	Nil	Nil
Mr. Ranil Pathirana	Nil	Nil
Mr. Shalike Karunasena	Nil	Nil
Mr. Nirmal De Soysa Cooke	Nil	Nil
Mr.Dinesh Weerakkody	Nil	Nil
Mr.Sutheash Balasubramaniam	Nil	Nil

PUBLIC SHAREHOLDING AS AT 31ST MARCH 2026

b) Public Shareholding - 37,415,803 (2025 - 40,897,019)

c) Percentage of the ordinary shares held by public - 20.78% (2025 - 22.72%)

d) No. of Public shareholders - 8,314 (2025 - 7,643)

e) Related Companies

Name of Company	Number of Shares
National Development Bank / Ceylon Hotels Holdings (Pvt) Ltd	60,245,919
Ceylon Hotel Holdings (Pvt) Ltd	34,394,096
Hotel International (Pvt) Ltd	1,048,230
Seylan Bank Ltd / The Galle Face Hotel Company Ltd	10,365,500
The Galle Face Hotel Co Ltd.	77,220
Seylan Bank Ltd / ARRC Capital (Pvt) Ltd (Collateral)	10,791,878
Seylan Bank Ltd / ARRC Capital (Pvt) Ltd	267,178
Commercial Bank of Ceylon PLC/ Ambeon Capital PLC	19,000,000
Ambeon Capital PLC	425,117
Seylan Bank Plc/Ambeon Holdings Plc (Margin Trading)	5,000,000
Seylan Bank Plc/Gladstone Capital (Pvt) Ltd	1,000,000

f) Highest, lowest and market value per share from 1st April 2025 to 31st March 2026

Period	Year ended 31st March 2026
Date High	2025-10-02
High - Rs.	52.00
Date Low	2025-06-23
Low - Rs.	20.80
Close - Rs.	35.80
Trade Vol	24009
Share Vol	93,184,796
Turnover - Rs.	3,366,463,593.20
Last Traded date	2026-03-31
Days Traded	241

MARKET PRICE PER SHARE FOR THE PERIOD FROM 01/04/2025 TO 31/03/2026

For the year ended 31st March	2026		2025	
	Date	Share Price (Rs.)	Date	Share Price (Rs.)
Highest Market Price	2025-10-02	52.00	2025-01-22	29.40
Lowest Market Price	2025-06-23	20.80	2024-03-09	16.80
Last Traded Price	2026-03-31	35.80	2025-03-28	22.50

Market capitalisation of the company, which is the number of Ordinary shares in issue multiplied by the closing market value of a share was Rs. 6.4 billion as at 31st March 2026 (2024/25 - Rs. 4 billion).

The float adjusted market capitalisation as at 31st March 2026 was Rs. 1,339 Mn (2024/25 - Rs. 920 Mn). The Company is in compliance with the Minimum Public Holding requirements applicable to a company listed on the Main Board, in accordance with Rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange ("CSE")

Investor Information

22 LARGEST ORDINARY SHAREHOLDERS (VOTING) OF THE COMPANY AS AT 31ST MARCH 2026

	Shareholder Name	No. of Ordinary Voting Shares	Holding %
1	National Development Bank PLC/ Ceylon Hotels Holdings (Pvt) Ltd	60,245,919	33.46%
2	Ceylon Hotel Holdings (Pvt) Ltd	34,394,096	19.10%
3	Commercial Bank of Ceylon PLC/ Ambeon Capital PLC	19,000,000	10.55%
4	Seylan Bank PLC/ARRC Capital (Pvt) Ltd (Collateral)	10,791,878	5.99%
5	Seylan Bank Ltd/The Galle Face Hotel Co .Ltd	10,365,500	5.76%
6	EMFI Capital Limited	6,566,844	3.65%
7	Seylan Bank PLC/Ambeon Holdings PLC (Margin Trading)	5,000,000	2.78%
8	Bank of Ceylon - No 2 A/C (BOC PTF)	3,137,070	1.74%
9	Seylan Bank PLC/Arcasia Investments & Trading (Pvt) Ltd	1,641,957	0.91%
10	Hotel International (Pvt) Ltd	1,048,230	0.58%
11	Assetline Finance PLC/H.M.A.K.B.Herath	1,008,563	0.56%
12	DFCC Bank PLC/ATX Partners Pvt Ltd	1,000,000	0.56%
13	Seylan Bank PLC/Gladstone Capital (Private) Limited	1,000,000	0.56%
14	Hatton National Bank PLC/Phantom Investments (Private) Limited	750,017	0.42%
15	Assetline Finance PLC/M.S.Hamzadeen	730,000	0.41%
16	People s Leasing and Finance PLC/Suhada Gas Gistributors (Pvt) Ltd	570,247	0.32%
17	Seylan Bank PLC/K.L.G.Udayananda	553,303	0.31%
18	Bank Of Ceylon NO. 1 Account	528,592	0.29%
19	MRS. S. Vasudevan	500,000	0.28%
20	Sithlanka (Private) Limited	482,706	0.27%
21	Ambeon Capital PLC	425,117	0.24%
22	MR. K. Mathivanan	425,000	0.24%
	Sub Total	160,165,039	88.97%
	Balance Held by Others	19,865,903	11.03%
	Total	180,030,942	100.00%

22 LARGEST ORDINARY SHAREHOLDERS (VOTING) OF THE COMPANY AS AT 31ST MARCH 2025

	Shareholder Name	No. of Ordinary Voting Shares	Holding %
1	National Development Bank PLC/ Ceylon Hotels Holdings (Pvt) Ltd	60,245,919	33.46%
2	Ceylon Hotel Holdings (Pvt) Ltd	37,994,096	21.10%
3	Employees Provident Fund	21,389,031	11.88%
4	Rosewood (Pvt) Limited- Account No. 1	18,343,901	10.19%
5	Seylan Bank PLC/ARRC Capital (Pvt) Ltd (Collateral)	10,791,878	5.99%
6	Seylan Bank Ltd/The Galle Face Hotel Co .Ltd	10,365,500	5.76%
7	Bank of Ceylon - No 2 A/C (BOC PTF)	4,037,070	2.24%
8	J.B.Cocoshell (Pvt) Ltd	1,341,098	0.74%
9	Hotel International (Pvt) Ltd	1,048,230	0.58%
10	Senkadagala Finance PLC/ Mr. S. Gobinath	602,000	0.33%
11	Sithlanka (Private) Limited	482,706	0.27%
12	Dr. G.S.Perera	307,012	0.17%
13	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	267,178	0.15%
14	Mrs.S.Vasudevan	222,104	0.12%
15	Mr. K.N. Karunarathne	209,000	0.12%
16	Hatton National Bank PLC/ Mrs.Anuja Chamila Jayasinghe	205,000	0.11%
17	Dr. A.A.M. Dharmadasa	172,595	0.10%
18	Mr. C.N.Jayasooriya	163,259	0.09%
19	Cocoshell Activated Carbon Company (Pvt) Ltd	160,000	0.09%
20	People Leasing & Finance PLC/Mr.F.B.R.D.Silva	155,000	0.09%
21	Mr.S.Abishek	148,572	0.08%
22	Miss. C.P. Gomez	125,000	0.07%
	Sub Total	168,776,149	93.75%
	Balance Held by Others	11,254,793	6.25%
	Total	180,030,942	100.00%

Decade at a glance - Group

Year ended 31st March Group	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
Trading Results										
Turnover Net of Tax	2,373,652	1,674,317	1,382,590	877,862	561,936	423,572	1,023,144	1,633,512	1,543,087	1,514,277
Operating profit/(Loss) before net interest expenses and other income	330,596	79,264	(49,721)	(220,392)	(172,984)	(237,842)	(240,399)	180,506	220,315	71,917
Profit/(Loss) before Taxation	322,921	114,968	(37,594)	(242,912)	(34,978)	(432,063)	(436,898)	256,424	68,896	(18,877)
Taxation Provision	(56,509)	56,350	(9,948)	90,514	(10,878)	46,837	23,022	32,595	41,474	39,669
Profit /(Loss) from continuing operations	266,411	171,317	(47,542)	(152,398)	(45,856)	(385,226)	(413,875)	223,829	27,422	(58,546)
Share Capital & Reserve										
Issued Share Capital	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	198,500
Capital, Revaluation, Translation & Acquisition Under Common Control Reserves	5,490,168	5,585,980	5,038,623	5,083,571	6,123,642	5,268,766	5,349,572	4,477,953	4,527,174	4,852,794
General Reserves	167,080	167,080	167,080	167,080	167,080	167,080	167,080	167,080	167,080	167,080
Accumulated Profit / (Losses)	2,115,874	1,803,960	1,603,833	1,886,323	1,269,037	1,229,398	1,448,391	1,675,342	1,347,682	1,630,981
Total equity attributable to equity holders	8,135,732	7,919,631	7,171,147	7,499,585	7,922,369	7,027,856	7,327,653	6,682,986	6,404,546	6,849,355
Assets Employed										
Current Assets	1,450,487	2,274,558	2,947,381	3,600,216	3,042,946	1,602,366	1,538,148	1,968,334	1,090,521	626,699
Current Liabilities	1,170,749	1,479,987	1,010,834	1,121,071	1,178,638	769,619	(436,297)	(1,060,465)	(957,423)	(826,460)
Working Capital	279,738	794,572	1,936,547	2,479,144	1,864,308	832,747	1,101,851	907,869	133,098	(199,761)
Property, Plant and Equipment	12,296,773	12,357,303	10,697,196	10,346,505	10,485,924	9,195,325	9,552,201	8,384,654	8,701,844	8,722,562
Non-Current Liabilities	3,251,684	3,170,803	3,229,022	3,489,333	2,411,674	2,262,955	2,459,596	1,721,825	1,794,672	1,027,574
Ratio & Statistics										
Current Ratio (Times)	1.24	1.54	2.92	3.21	2.58	2.10	3.53	1.86	1.14	0.76
Earning/(Losses) per Share	1.12	0.77	(0.01)	3.02	(0.22)	(1.73)	(1.94)	1.14	(0.31)	(0.55)
Net Assets Per Ordinary Share	45.18	43.98	39.83	41.66	44.01	39.04	40.70	37.12	35.57	39.86

Decade at a glance - Company

Year ended 31st March Company	2026 Rs.'000	2025 Rs.'000	2024 Rs.'000	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000
Trading Results										
Turnover Net of Tax	-	-	2,199	7,043	6,887	6,435	8,326	8,562	8,447	9,906
Operating profit/(Loss) before net interest expenses and other income	(23,471)	(19,807)	(24,387)	(20,330)	(11,635)	(11,343)	(18,970)	(18,151)	(10,879)	(152,306)
Profit/(Loss) before Taxation	22,856	34,353	56,699	(36,995)	(55,357)	(73,431)	(74,275)	(35,366)	(28,757)	247,643
Taxation Provision	17,745	3,566	21,869	-	-	-	-	-	1,583	37
Profit /(Loss) from continuing operations	40,601	37,919	78,568	(36,995)	(55,357)	(73,431)	(74,275)	(35,366)	(30,340)	247,606
Share Capital & Reserve										
Issued Share Capital	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	362,611	198,500
Capital, Revaluation, Translation & Acquisition Under Common Control Reserves	2,236,340	2,236,340	2,236,340	8,128	192,295	192,295	212,295	212,295	212,295	213,367
General Reserves	2,403,059	166,718	166,718	166,718	166,718	166,718	166,718	166,718	166,718	166,718
Accumulated Profit / (Losses)	24,560	(16,041)	(53,960)	(131,403)	(94,041)	(39,458)	34,345	107,912	152,747	355,060
Total equity attributable to equity holders	2,790,230	2,749,628	2,711,709	406,055	627,583	682,166	775,970	849,537	894,371	933,646
Assets Employed										
Current Assets	592,900	567,289	564,502	704,926	608,095	580,787	478,805	484,684	437,328	235,631
Current Liabilities	9,387	6,633	32,795	1,326,573	1,193,751	1,110,145	(934,808)	(1,013,787)	(931,857)	(665,410)
Working Capital	583,512	560,656	531,707	(621,647)	(585,655)	(529,358)	(456,003)	(529,103)	(494,528)	(427,779)
Property, Plant and Equipment	-	-	2	9	15	22	28	35	24	667
Non-Current Liabilities	-	-	5,406	6,985	5,622	7,343	6,901	7,000	6,535	6,243
Ratio & Statistics										
Current Ratio (Times)	63.16	85.53	17.21	0.53	0.51	0.50	0.51	0.48	0.47	0.35
Market Price per share	35.80	22.50	19.00	22.50	9.10	10.60	8.50	9.20	15.00	19.20
Earning/(Losses) per Share	0.23	0.21	0.44	(0.21)	(0.31)	(0.41)	(0.41)	(0.20)	(0.17)	1.38
Net Assets Per Ordinary Share	15.50	15.26	15.05	2.26	3.49	3.79	4.31	4.72	4.97	5.43

Notes

Notice of Annual General Meeting

CEYLON HOTELS CORPORATION PLC- PB 3283 - No.327, Union Place, Colombo 2

NOTICE IS HEREBY GIVEN that the 60th Annual General Meeting of Ceylon Hotels Corporation PLC (CHC) will be held as a Virtual Meeting on 25th September 2026 at 3.30 p.m., assembled at the Corporate Office No.327, Union Place, Colombo 2 via Audio/Video Technology for the purpose of conducting the following businesses:

1. To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the company, the Audited Accounts for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To re-elect Mr. Priyantha Maddumage who retires by rotation in terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association.
3. To re-elect Mr. Ajith Devasurendra who retires by rotation in terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association.
4. To re-appoint Mr. Mangala Boyagoda as a Director of the Company who is over seventy years of age and to consider and pass the following resolution if deemed fit.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr Mangala Boyagoda who has reached the age of 75 years and that he be re-appointed as a Director of the Company from the conclusion of this Annual General Meeting to next Annual General Meeting."
5. To re-appoint Messrs. KPMG, Chartered Accountants, and the retiring Auditors for the ensuing Financial Year and authorise the Directors to fix their remuneration.
6. To authorise the Directors to determine donations for 2026/2027 and up to the next Annual General Meeting date.
7. To transact any other business that may properly be brought before the meeting.

By order of the Board of Directors of

CEYLON HOTELS CORPORATION PLC

(Sgd.)
Deloitte Corporate Services (Private) Limited
Company Secretaries
Colombo, on 31st August 2026

Note:

a. Only persons who are shareholders of the Company and whose names appear on the Share Register as of the AGM date will be entitled to attend the above meeting.

b. A shareholder entitled to attend and vote at the above meeting is required to complete and submit a pre-registration form in order to ensure participation at the AGM of the Company. Only members of CHC are entitled to take part in the AGM of CHC.

c. A Pre-registration form is enclosed for this purpose to be completed by CHC Shareholders only.

d. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

e. A form of proxy is enclosed for this purpose.

f. The instruments for registration and appointing a proxy must be completed and deposited at the Deloitte Corporate Services (Private) Limited, No.100, Braybrooke Place, Colombo 02, 48 hours before the meeting or e-mail to eselvarajah@deloitte.com

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

Form of Proxy

CEYLON HOTELS CORPORATION PLC
(Company Registration No PB 3283) No.327, Union Place, Colombo 2

I/We ....

(NIC No.) .... of...

being a shareholder/shareholder of Ceylon Hotels Corporation PLC, hereby appoint:

Full name of proxy : ....

NIC of Proxy : ....

Address of Proxy : ....

Contact Numbers : Land - .... Mobile - ....

Email address - : ....

Mr. Sanjeev Gardiner of Colombo	(or failing him)
Mr. Priyantha Maddumage of Colombo	(or failing him)
Mr. Mangala Boyagoda of Colombo	(or failing him)
Mr. Ajith Devasurendra of Colombo	(or failing him)
Mr. Ranil Pathirana of Colombo	(or failing him)
Mr. Shalike Karunasena of Colombo	(or failing him)
Mr. Nirmal De Soysa Cooke of Colombo	(or failing him)
Mr. Dinesh Weerakkody of Colombo	(or failing him)

Mr. Sutheash Balasubramaniam of Colombo

as my/our Proxy to represent me/us** to vote for me/us on my/our behalf at the 60th Annual General Meeting of the Company to be held on 25th September 2026 and at any adjournment thereof and at every poll which may be taken in consequence thereon.

I/We** the undersigned, hereby direct my/our* proxy to speak and vote for me/us and on my/our behalf on the resolution set out in the Notice convening the meeting, as follows:

		For	Against
1.	To receive, consider and adopt the Annual Report of the Board of Directors on the affairs of the company, the Audited Accounts for the year ended 31st March 2026 and the Report of the Auditors thereon.		
2.	To re-elect Mr. Priyantha Maddumage who retires by rotation in terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association.		
3.	To re-elect Mr. Ajith Devasurendra who retires by rotation in terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association.		
4.	To re-appoint Mr. Mangala Boyagoda as a Director of the Company who is over seventy years of age and to consider and pass the said resolution if deemed fit.		
5.	To re-appoint Messrs. KPMG, Chartered Accountants, and the retiring Auditors for the ensuing Financial Year and authorise the Directors to fix their remuneration.		
6.	To authorise the Directors to determine donations for 2026/2027 and up to the next Annual General Meeting date.		
7.	To transact any other business that may properly be brought before the meeting.		

In witness my/our* hands this ....day of...Two Thousand and Twenty-Six (2026).

....
Signature of Shareholder

Notes:
* Please indicate your folio number given in the address sticker carrying this annual report pack, ** Instructions as to completion appear overleaf, ***Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions.
If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and by signing in the space provided and filling in the date of signature.

2. A proxy need not be a shareholder of the Company. However, the proxy must be above 18 years of age.

3. The completed form of proxy must be deposited at the Deloitte Corporate Services (Private) Limited, No. 100, Braybrooke Place, Colombo 02, or e-mail to the Company Secretaries via e-mail eselvarajah@deloitte.com not less than forty-eight hours before the time fixed for the meeting

4. If you wish to appoint a person other than the Chairman or a Director of the Company, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.

5. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

6. If the appointor is a company/ Incorporated body, this form must be executed in accordance with the Articles of Association/ Statute.

Corporate Information

NAME OF THE COMPANY
Ceylon Hotels Corporation PLC

REGISTRATION NO.
P.B.3283

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 of Sri Lanka

DIRECTORS
Mr. Sanjeev Gardiner - Chairman
Mr. Priyantha Maddumage
Mr. Mangala Boyagoda
Mr. Ajith Devasurendra
Mr. Ranil Pathirana
Mr. Shalike Karunasena
Mr. Dinesh Stephen Weerakkody - Senior Independent Director
Mr. Nirmal De Soysa Cooke – Independent Non-Executive Director
Mr. Sutheash Balasubramaniam - Independent Non-Executive Director

REGISTERED OFFICE
No. 327, Union Place, Colombo 02
Tel : 011 7657900, 011 2421847
Email : Corporateoffice@ceylonhotels.net
Corporate website: www.chcplc.com

SECRETARIES
Deloitte Corporate Services (Private) Limited
No. 100, Braybrooke Place
Colombo 02.
Tel : 011 7719700

REGISTRARS
Deloitte Corporate Services (Private) Limited
No. 100, Braybrooke Place
Colombo 02.
Tel : 011 7719700

EXTERNAL AUDITORS
Messrs. KPMG, Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.

BANKERS
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Sampath Bank PLC
Cargills Bank Ltd
People's Bank
Nations Trust Bank PLC

HOTEL RESERVATIONS
Ceylon Hotels Corporation PLC
No. 327, Union Place, Colombo 02
Tel : 011 7765555
Email : reservations@ceylonhotels.net
info@ceylonhotels.net
Website : www.chcplc.com

WEBSITES
www.chcplc.com - corporate website
www.ekhohotels.com
www.queenshotel.lk
www.hotelsuisse.lk

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Ceylon Hotels Corporation PLC
No.327, Union Place,
Colombo 02