SENTIDO

HERITANCE NEGOMBO

BROWNS BEACH HOTELS PLC
Annual Report 2025/26

Contents

Notice of Meeting

Notice is hereby given that the Thirty Fourth (34th) Annual General Meeting of Browns Beach Hotels PLC will be held at No. 315, Vauxhall Street, Colombo 02 on Friday, 18th September 2026 at 10.00 a.m. as a virtual meeting using a digital platform for the following purposes:-

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors together with the Audited Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon.

1.2 To re-appoint Mr. J. M. S. Brito who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. J. M. S. Brito who is 79 years of age and that he be re-appointed a Director of the Company."

1.3 To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de Silva Deva Aditya who is 78 years of age and that he be re-appointed a Director of the Company."

1.4 To re-appoint Mr. M. R. Mihular who has attained the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. M. R. Mihular who has attained the age of 70 years and that he be re-appointed a Director of the Company."

1.5 To re-elect Ms. D. S. T. Jayawardena who retires in terms of Article 84 and 85 of the Articles of Association, as a Director.

1.6 To authorise the Directors to determine contributions to charities.

1.7 To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

2. Any Other Business

To consider any other business of which due notice has been given.

By Order of the Board,
Browns Beach Hotels PLC

Aitken Spence Corporate Services (Private) Limited
Secretaries

25th August 2026
Colombo

Notice of Meeting

Note:

1. The Board of Directors has decided that this year the Annual General Meeting of Browns Beach Hotels PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

i. Shareholder participation

a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

c) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio visual means only. To facilitate this process, the shareholders are required to furnish their details by perfecting Annexure II to the circular to shareholders and forward same to reach the Company Secretaries via e-mail to nelum@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 not less than five (05) days before the date of the meeting so that the meeting login information could be forwarded to the e-mail addresses so provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nelum@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, not less than forty eight (48) hours before the time fixed for the meeting.

ii. Shareholders' queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to nelum@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than five (5) days before the date of the meeting. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2025/2026 will be available for perusal on the website on https://www.aitkenspencehotels.com/about-us/investor-relations/browns-beach-hotels-plc-reports-fy2026.html

Corporate Information

NAME
Browns Beach Hotels PLC

LEGAL FORM
A Public Quoted Company with limited liability, incorporated in Sri Lanka on 4th August 1992.

Pursuant to approval by the Shareholders of the Company for the delisting of its shares from the official list of the Colombo Stock Exchange (CSE), the Company has taken necessary steps in terms of Rule 14 of the Listing Rules of the CSE and is currently awaiting the approval of the Securities and Exchange Commission.

COMPANY REGISTRATION NUMBER
PQ 202

REGISTERED OFFICE
No. 315, Vauxhall Street Colombo 02, Sri Lanka

DIRECTORS
Ms. D. S. T. Jayawardena - *Chairman/Chairperson*
Dr. M. P. Dissanayake (Resigned w.e.f. 31st March 2026)
Mr. C M S Jayawickrama (Appointed w.e.f. 01st April 2025)
Mr. C. R. Stanislaus
Mr. R. N. Asirwatham (Deceased on 12th December 2025)
Mr. N. J. de Silva Deva Aditya
Mr. J. M. S Brito (Appointed w.e.f. 09th May 2025)
Mr. M. R. Mihular
Dr. R. A. Fernando
Mr. P. Englisch

SECRETARIES
Aitken Spence Corporate Services (Private) Limited
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.
T: (+94 11) 2308308
F: (+94 11) 2445406
E: benji@aitkenspence.lk
comsec@aitkenspence.lk

REGISTRARS
Central Depository Systems (Private) Limited
Ground Floor, M&M Center
No. 341/5, Kotte Road,
Rajagiriya.
T: (+94 11) 2356456
F: (+94 11) 2440396
E: hemal@cse.lk
Web: www.cds.lk

AUDITORS
KPMG
Chartered Accountants
32A, Sir Mohamad Macan Marker Mawatha,
P.O Box 186,
Colombo 03.

BANKERS
Hatton National Bank PLC
The Hongkong and Shanghai Banking Corporation Limited
Nations Trust Bank PLC

SUBSIDIARY COMPANY
Negombo Beach Resorts (Private) Limited
Owns the Sentido Heritance Negombo Hotel

DIRECTORS OF SUBSIDIARY COMPANY
Ms. D.S.T. Jayawardena
Mr. C.M.S Jayawickrama
Mr. C.R. Stanislaus
Ms. D.R. Alexander (Appointed w.e.f. 01st November 2025)

CONTACT DETAILS
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.
T: (+94 11) 2308308
F: (+94 11) 2445406
Web: www.heritancehotels.com

Annual Report of the Board of Directors

The Board of Directors of Browns Beach Hotels PLC has pleasure in presenting the Annual Report and the Audited Financial Statements 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.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is hoteliering through its fully owned subsidiary, Negombo Beach Resorts (Private) Limited which engages in the business of hoteliering and there has been no change in the nature of such activities during the year.

2. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs). The significant accounting policies adopted in the preparation of the Financial Statements of the Company and the Group and the changes made during the year are given on pages 16 to 30.

3. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

For the year ended 31st March	2026 Rs'000	2025 Rs'000
Net profit/(loss) before tax	192,010	(71,019)
Provision for taxation including deferred tax	(77,997)	(82,890)
Net profit/(loss) after tax	114,013	(153,909)
Other comprehensive income	665,855	60,623
Total comprehensive income/(loss) attributable to equity shareholders	779,868	(93,286)
Balance brought forward from the previous year	(3,133,179)	(3,039,893)
Amount available for appropriations	(2,353,311)	(3,133,179)
Total reserves and earnings	(2,353,311)	(3,133,179)
Stated capital	2,383,449	2,383,449
Balance attributable to equity holders of the Company at the end of the year	30,138	(749,730)

4. GROUP REVENUE AND PROFITS

Revenue generated by the Group during the year amounted to Rs. 1,824 Mn (2024/2025 - Rs. 1,493 Mn). The detailed analysis of Group revenue is disclosed in note 06 to the Financial Statements on page 31 to 32.

The profit before tax of the Group was Rs. 192 Mn (2024/2025- loss of Rs. 71 Mn). The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 114 Mn (2024/2025- loss of Rs. 154 Mn).

5. TAXATION

A detailed statement of the income tax rates applicable to the Company and its subsidiary and a reconciliation of the accounting profits with the taxable profits are given in note 13 to the Financial Statements on page 35.

It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in note 25 to the Financial Statements on page 45.

6. DIVIDENDS

No dividends were recommended by the Board for the financial year 2025/26.

7. STATED CAPITAL AND RESERVES

As at 31st March 2026 the Company had issued 129,600,000 ordinary shares and the stated capital of the Company was Rs. 2,383 Mn. The Company's reserves as at 31st March 2026 were Rs. 2,047 Mn- (2024/2025 - Rs. 1,380 Mn) whereas the Group's total reserves as at 31st March 2026 were negative Rs. 2,353 Mn (2024/2025 – Negative Rs. 3,133 Mn). The movement in these reserves is shown in the Statement of Changes in Equity - Group on page 14.

8. DONATIONS

No donations were made during the year, by either the Company or its subsidiary.

9. PROPERTY, PLANT AND EQUIPMENT

The carrying value of property plant and equipment for the Group and the Company as at 31st March 2026 amounted to Rs. 5,262 Mn and Rs. Nill respectively. The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets acquired by the Group amounted to Rs. 26 Mn.

10. MARKET VALUE OF FREEHOLD PROPERTIES

Land recognised as property, plant and equipment in the Financial Statements in the Group is recorded at either fair value or revalued amounts. Revaluation of land is performed with sufficient regularity so that the carrying value of the land does not differ materially to its market value. Revaluation was performed by professionally qualified independent valuers having appropriate experience in valuing properties in the locality of the land being revalued. If the fair value of land does not change other than by an insignificant amount at each reporting date the Group revalues such land every five years.

Details of the revalued land, revaluation surplus, and the original cost are given in note 15.6 to the Financial Statements on page 38. The Group records all other assets at cost and check for any impairment of these assets when the Group identifies any trigger for impairment.

11. CONTINGENT LIABILITIES

The details of contingent liabilities are disclosed in note 37 to the Financial Statements on page 61.

12. EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that requires adjustments to the Financial Statements has arisen other than that disclosed in note 36 to the Financial Statements on page 61.

13. GOING CONCERN

Current Financial Position: The Company has a negative working capital position, indicating short-term liabilities exceed short-term assets. This creates immediate liquidity pressures and explains why going concern consideration was necessary.

Mitigation Strategies: The Group has implemented several measures to address their financial difficulties:

- Debt restructuring and renegotiation with banks to ease repayment pressures.
- Exploring conversion of shareholder loans to equity, which would reduce debt burden and improve the balance sheet
- Aggressive marketing campaigns targeting both international and domestic tourism segments.
- Identifying new distribution channels and market opportunities.

Critical Support Mechanisms:

The disclosure highlights two crucial factors supporting the going concern assessment:

1. Parent Company Support: Melstacorp PLC has provided a letter of support confirming continued financial backing.
2. Major Shareholder Commitment: Aitken Spence Hotel Holding PLC has similarly committed to ongoing support.
3. Both parties have explicitly stated no intention to withdraw support over the next 12 months.

Industry Context: The company is banking on Sri Lanka's tourism recovery as a key driver for their turnaround. This ties their future performance closely to broader economic and tourism industry recovery in the country.

Risk Factors: While the support letters provide reassurance, the company's viability remains dependent on external factors (tourism recovery) and the continued willingness of parent/major shareholder to provide support. The aggressive marketing strategies also represent execution risk.

This disclosure suggests a company in a transitional phase, relying heavily on stakeholder support while implementing operational improvements to achieve sustainable profitability.

Without prejudice to the above, the Directors wish to disclose that the securities of the Company have remained on the Watch List of the Colombo Stock Exchange (CSE) from August 2024, due to an Emphasis of Matter on Going Concern contained in the Auditor’s Report for the year ended 31st March 2024. As the Company was likely to have faced a trading suspension if it was unable to resolve the going concern, the Company sought the approval of its Shareholders to delist the securities of the Company from the Official List of the CSE. Having received the requisite approvals by way of a Special Resolution of its Public Shareholders in terms of Rule 14 of the Listing Rules of the CSE, the Major Shareholders of the Company offered to buy the shares of the minority shareholders. Upon compliance with the Rules of the CSE, the Company is now awaiting the concurrence of the Securities and Exchange Commission for delisting.

14. BOARD OF DIRECTORS

The names of the Directors of the Company as at the date of the Report are shown under “Corporate Information”.

15. RECOMMENDATION FOR RE-APPOINTMENT/RE-ELECTION OF DIRECTORS

The Articles of Association of the Company requires that at each annual general meeting, the Director who, being subject to retirement by rotation had been longest in office since his last election or appointment, shall retire from office. Such Director shall be eligible for re-election. As such, Ms. D. S. T. Jayawardena will be retiring by rotation at the forthcoming Annual General Meeting and being eligible has offered herself for re-election.

It is recommended that Mr. J. M. S. Brito, Mr. N. J. de S. Deva Aditya, and Mr. M. R. Mihular who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007, be re-appointed, in terms of Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors.

Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

16. DIRECTORS’ SHAREHOLDING

The Directors of the Company together with their spouses did not hold any shares in the Company as at 31st March 2026.

17. INTEREST REGISTER

An Interest Register is maintained by the Company and the Group as per the Companies Act No. 07 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No. 7 of 2007 is duly recorded in the Interest Register.

18. DIRECTORS REMUNERATION

The Directors remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2026 are disclosed on note 12 to the Financial Statements on page 34.

Annual Report of the Board of Directors

19. HUMAN RESOURCES

Our Human Resources strategies and practices have translated into the creation of a dynamic and competent human resource team with sound succession planning and a remarkably low attrition rate. Our employment strategies are reviewed periodically by the relevant Committees and the Board of Directors.

20. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

21. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided for in the financial statements.

22. ANNUAL GENERAL MEETING

The Thirty Fourth (34th) Annual General Meeting of the Company will be held via an online platform on Friday, 18th September 2026 at 10.00 am.

23. AUDITORS

The Independent Auditors' Report on the Financial Statements is given on pages 7 to 10 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have communicated their willingness to continue in office and a resolution to re-appoint them as Auditors and grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting.

The fees payable to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 427,000. (2024/2025 - Rs. 388,000). In addition to the above Rs. 495,000 (2024/2025 - Rs. 450,000) was payable by the Company for permitted non audit related services including tax advisory services. The amount payable by the Group to Messrs. KPMG Chartered Accountants as audit fees was Rs. 1,050,000 (2024/2025 - Rs. 954,000) while a further Rs. 697,000 (2024/2025 - Rs. 634,000) was payable for permitted non audit related services.

Messrs. KPMG, Chartered Accountants are the Auditors to Negombo Beach Resorts (Private) Limited, the fully owned subsidiary of the Company. As far as the Directors are aware the Auditors neither have any other relationship with the Company nor with its subsidiary that would have an impact on their independence.

By Order of the Board,

Ms. D. S. T. Jayawardena
Chairman/Chairperson

Mr. C. M. S. Jayawickrama
Director

Aitken Spence Corporate Services (Private) Limited
Secretaries

25th August 2026
Colombo

Independent Auditor's Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF BROWNS BEACH HOTELS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Browns Beach Hotels PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2026, statement of profit or 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 at 31 March 2026, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Material uncertainty related to going concern

We draw attention to Note 2.11 to the consolidated financial statements, which indicates that, as at 31 March 2026, the Group had accumulated losses of Rs. 4,146 Mn and its current liabilities exceeded its current assets by Rs. 363 Mn. Further, current liabilities include loans and borrowings of Rs. 301 Mn falling due within 12 months from that date and bank overdrafts of Rs. 491 Mn which are repayable on demand. In addition, the Group's net assets are less than half of its stated capital and the Group therefore faces a serious loss of capital situation. These events or conditions, along with other matters as set forth in Note 2.11, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements 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.

Recoverability of Investment in Subsidiary

Refer to Note 17 to the financial statements.

Risk Description	Our response
The Company held investment in subsidiary amounting to Rs. 2,530 Mn and provision for impairment Rs. 170 Mn as at 31 March 2026. The carrying amount of investment in subsidiary has been tested for impairment as an individual cash generating unit. The carrying amount of this investment could be materially misstated if inappropriate judgements and estimates were used by the directors in calculating the recoverable amount for cash generating unit (‘CGU’) as part of their impairment assessment. Investments which do not generate adequate returns may be an indication of impairment. Due to the investment being material it will have a significant impact on financial performance of the Company. We have identified the recoverability of investment in subsidiary as a key audit matter since that is based on forecasting and discontinuing cash flows, which are inherently judgmental.	Our audit procedures included; • Assessing the impairment indications of investment made in subsidiary and assessing the reasonableness of the discounted cash flow models, principles and accuracy of the forecasts. • Reviewing the value in use computations for investment with impairment indications and discussion with management. • Assessing the adequacy of disclosure in the financial statements.

Valuation of Investment Property

Refer to Note 16 to the financial statements.

Risk Description	Our response
The fair value of the investment property amounted to Rs. 2,140 Mn as at 31 March 2026. Management’s assessment of fair value of investment property was determined on valuations performed by a qualified independent property valuer in accordance with recognized industry standards. Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of perch price of the land, value per square feet, diversity of locations and nature of the property. We identified assessing the fair value of investment property as a key audit matter due to the complexity of the valuation method, subjectivity of the significant judgments and estimations involved.	Our audit procedures included: • Assessing the objectivity, independence, competence and qualifications of the external valuer. • Obtaining and inspecting the valuation reports prepared by independent valuer engaged by the Company. • Assessing the reasonableness of the data and appropriateness of the key assumptions used against externally published market comparable or industry data where available. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

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 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 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.

Independent Auditor's Report

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 3707.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

25th August 2026

Income Statement

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Revenue	6	**1,854,297**	1,519,574	**-**	-
Revenue taxes	6	**(29,790)**	(26,676)	**-**	-
Net revenue		**1,824,507**	1,492,898	**-**	-
Other income/(expenses)	7	**33,435**	(6,580)	**968,208**	103,143
Staff costs	8	**(295,147)**	(241,700)	**(2,522)**	(2,496)
Depreciation		**(221,811)**	(220,904)	**-**	-
Amortisation		**(312)**	(312)	**(312)**	(312)
Other operating expenses - direct	9	**(261,778)**	(238,478)	**-**	-
Other operating expenses - indirect	10	**(635,107)**	(541,731)	**(11,234)**	(10,103)
Profit from operations	12	**443,787**	243,193	**954,140**	90,232
Finance income	11.1	**17,871**	14,892	**-**	-
Finance costs	11.2	**(269,648)**	(329,104)	**(1,854)**	(2,208)
Net finance costs	11	**(251,777)**	(314,212)	**(1,854)**	(2,208)
Profit/(loss) before taxation		**192,010**	(71,019)	**952,286**	88,024
Income tax expense	13.2	**(77,997)**	(82,890)	**(285,171)**	(26,376)
Profit/(loss) for the year		**114,013**	(153,909)	**667,115**	61,648
Attributable to:					
Equity holders of the parent company		**114,013**	(153,909)	**667,115**	61,648
Non-controlling interests		**-**	-	**-**	-
Profit/(loss) for the year		**114,013**	(153,909)	**667,115**	61,648
Earnings/(loss) per share (Rs.) (Basic/Diluted)	14	**0.88**	(1.19)	**5.15**	0.48

The notes on pages 16 to 61 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Profit/(loss) for the year		**114,013**	(153,909)	**667,115**	61,648
Other comprehensive income/(loss)					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	15.1	**952,405**	87,920	**-**	-
Actuarial losses on defined benefit obligations	24.3	**(828)**	(921)	**-**	-
Income tax on other comprehensive income	25.2	**(285,722)**	(26,376)	**-**	-
Other comprehensive income for the year, net of tax		**665,855**	60,623	**-**	-
Total comprehensive income/(loss) for the year, net of tax		**779,868**	(93,286)	**667,115**	61,648
Attributable to:					
Equity holders of the parent company		**779,868**	(93,286)	**667,115**	61,648
Non-controlling interests		**-**	-	**-**	-
Total comprehensive income/(loss) for the year, net of tax		**779,868**	(93,286)	**667,115**	61,648

The notes on pages 16 to 61 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at	Notes	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**5,261,983**	4,505,321	**-**	-
Investment property	16	**-**	-	**2,140,325**	1,187,920
Investments in subsidiary	17	**-**	-	**2,530,168**	2,530,168
Right of use assets	18	**1,199**	1,511	**1,199**	1,511
		5,263,182	4,506,832	**4,671,692**	3,719,599
Current assets					
Inventories	19	**43,742**	38,833	**-**	-
Trade and other receivables	20	**108,001**	178,918	**172,021**	156,217
Deposits and prepayments	20.4	**54,973**	27,558	**-**	-
Amounts due from related companies	21	**22,482**	31,827	**-**	-
Cash and cash equivalents	22	**546,988**	346,461	**1,350**	140
		776,186	623,597	**173,371**	156,357
TOTAL ASSETS		**6,039,368**	5,130,429	**4,845,063**	3,875,956
EQUITY AND LIABILITIES					
Equity					
Stated capital	23.1	**2,383,449**	2,383,449	**2,383,449**	2,383,449
Revaluation reserve	23.2	**1,782,534**	1,115,851	**840,807**	840,807
General reserve	23.2	**10,000**	10,000	**10,000**	10,000
Retained earnings/(accumulated losses)		**(4,145,845)**	(4,259,030)	**1,196,535**	529,420
Total equity attributable to equity holders of the Company		**30,138**	(749,730)	**4,430,791**	3,763,676
Non-current liabilities					
Employee benefits	24	**22,019**	17,661	**-**	-
Deferred tax liability	25	**1,212,304**	842,160	**342,098**	56,376
Interest bearing loans and borrowings	26.3	**3,623,136**	3,879,187	**-**	-
Leases liabilities	27.2	**12,874**	14,131	**12,874**	14,131
		4,870,333	4,753,139	**354,972**	70,507
Current liabilities					
Trade and other payables	28	**200,728**	198,136	**1,182**	1,089
Amount due to related companies	29	**139,844**	67,676	**52,607**	34,623
Interest bearing loans and borrowings	26.3	**301,411**	211,351	**-**	-
Leases liabilities	27.2	**5,511**	5,511	**5,511**	5,511
Income tax payable		**-**	7,436	**-**	550
Bank overdraft	22.1	**491,403**	636,910	**-**	-
		1,138,897	1,127,020	**59,300**	41,773
TOTAL LIABILITIES		**6,009,230**	5,880,159	**414,272**	112,280
TOTAL EQUITY AND LIABILITIES		**6,039,368**	5,130,429	**4,845,063**	3,875,956

The above statement of financial position is to be read in conjunction with notes to the financial statements on pages 16 to 61.

I certify that the financial statements for the year ended 31st March 2026 are in compliance with the requirements of the Companies Act No.07 of 2007.

Evan Ranasinghe
Head of Finance - Sri Lanka Hotels

The Board of Directors are responsible for the preparation and presentation of these financial statements.
Approved and Signed on behalf of the Board.

Ms. D.S.T. Jayawardena
Chairman/Chairperson

Mr. C.M.S. Jayawickrama
Director

14th August 2026
Colombo, Sri Lanka

Statement of Changes in Equity

Group	Attributable to the equity holders of the parent						
	Stated capital Rs.'000	Revaluation reserve Rs.'000	General reserve Rs.'000	Accumulated losses Rs.'000	Total Rs.'000	Non controlling interests Rs.'000	Total equity Rs.'000
Balance as at 01st April 2024	2,383,449	1,054,307	10,000	(4,104,200)	(656,444)	-	(656,444)
Net loss for the year	-	-	-	(153,909)	(153,909)	-	(153,909)
Other comprehensive income/(loss) for the year	-	61,544	-	(921)	60,623	-	60,623
Total comprehensive income/(loss) for the year, net of tax	-	61,544	-	(154,830)	(93,286)	-	(93,286)
Balance as at 31st March 2025	2,383,449	1,115,851	10,000	(4,259,030)	(749,730)	-	(749,730)
Net profit for the year	-	-	-	114,013	114,013	-	114,013
Other comprehensive income / (loss) for the year	-	666,683	-	(828)	665,855	-	665,855
Total comprehensive income for the year	-	666,683	-	113,185	779,868	-	779,868
Balance as at 31st March 2026	**2,383,449**	**1,782,534**	**10,000**	**(4,145,845)**	**30,138**	**-**	**30,138**

Company	Stated capital Rs.'000	Revaluation reserve Rs.'000	General reserve Rs.'000	Retained earnings Rs.'000	Total equity Rs.'000
Balance as at 31st March 2024	2,383,449	840,807	10,000	467,772	3,702,028
Net profit for year	-	-	-	61,648	61,648
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	61,648	61,648
Balance as at 31st March 2025	2,383,449	840,807	10,000	529,420	3,763,676
Net profit for the year	-	-	-	667,115	667,115
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	667,115	667,115
Balance as at 31st March 2026	**2,383,449**	**840,807**	**10,000**	**1,196,535**	**4,430,791**

The notes on pages 16 to 61 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March	Notes	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Profit / (loss) before taxation		**192,010**	(71,019)	**952,286**	88,024
Adjustments for,				**-**	-
Fair value gain of investment property		**-**	-	**(952,405)**	(87,920)
Depreciation	12	**221,811**	220,904	**-**	-
Amortisation	12	**312**	312	**312**	312
Interest income	11.1	**(17,871)**	(14,892)	**-**	-
Interest expenses	11.2	**269,648**	329,104	**1,854**	2,208
(Reversal of impairment)/impairment of trade receivables	20.1	**(712)**	1,434	**-**	-
Provision for retiring benefit obligations	24.3	**4,554**	3,745	**-**	-
Operating profit before working capital changes		**669,752**	469,588	**2,047**	2,624
Changes in;					
Inventories		**(4,909)**	(769)	**-**	-
Trade and other receivables		**70,617**	(42,630)	**(15,804)**	(15,223)
Deposits and prepayments		**(27,415)**	7,956	**-**	-
Amounts due from related companies		**9,345**	13,914	**-**	-
Trade and other payables		**2,593**	(41,185)	**94**	(287)
Amounts due to related companies		**72,168**	34,875	**17,984**	14,370
Cash generated from operations		**792,151**	441,749	**4,321**	1,484
Interest expense paid		**(222,434)**	(209,344)	**-**	-
Income tax paid		**-**	(151)	**-**	(151)
Retiring benefit obligation paid	24.2	**(1,024)**	(1,004)	**-**	-
Net cash flows generated from operating activities		**568,693**	231,250	**4,321**	1,333
Cash flows from investing activities					
Acquisition of property, plant and equipment	15	**(26,068)**	(53,091)	**-**	-
Interest income received		**17,871**	14,892	**-**	-
Net cash flows used in investing activities		**(8,197)**	(38,199)	**-**	-
Cash flows from financing activities					
Proceeds from interest bearing loans and borrowings	26.2	**150,000**	-	**-**	-
Repayment of interest bearing loans and borrowings	26.2	**(361,351)**	(318,425)	**-**	-
Repayment of lease liabilities	27.1	**(3,111)**	(3,110)	**(3,111)**	(3,110)
Net cash flows used in financing activities		**(214,462)**	(321,535)	**(3,111)**	(3,110)
Net increase / (decrease) in cash and cash equivalents		**346,034**	(128,484)	**1,210**	(1,777)
Cash and cash equivalents at the beginning of the year		**(290,449)**	(161,965)	**140**	1,917
Cash and cash equivalents at the end of the year		**55,585**	(290,449)	**1,350**	140
Analysis of cash and cash equivalents at the end of the year					
Cash in hand	22	**804**	2,797	**-**	-
Cash at bank and fixed deposits	22	**546,184**	343,664	**1,350**	140
Bank overdraft	22.1	**(491,403)**	(636,910)	**-**	-
		55,585	(290,449)	**1,350**	140

The notes on pages 16 to 61 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Corporate information

Browns Beach Hotels PLC (the 'Company') is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at No. 315, Vauxhall Street, Colombo 02.

The immediate parent of Browns Beach Hotels PLC is Melstacorp PLC and ultimate parent is Milford Exports (Ceylon) (Pvt) Ltd.

1.2. Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31 March 2026 comprise the financial statements of Company and its subsidiary (together referred to as the "Group" and individually as "Group entities").

1.3. Principal activities and nature of operations

The principal activity of the Company is that of an investment holding company and the subsidiary company is engaged in the business of hoteliering and auxiliary services and there has been no change in the nature of such activities during the year.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRSs)
- Sri Lanka Accounting Standards (LKASs)
- Statements of Recommended Practices (SoRPs)
- Statement of Alternative Treatment (SoAT) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com. These financial statements, except for information on cash flows and items measured at fair value as described in Note No. 2.6, 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.

2.1.1 Statement of presentation

The Consolidated financial statements of the Group and the separated financial statements of the Company have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007.

2.2. Components of Financial Statements

The consolidated financial statements include the following components:

- Statement of profit or loss and other comprehensive income providing the information on the financial performance of the Group and the Company for the year under review.
- Statement of financial position providing the information on the financial position of the Group and the Company as at the year end.
- Statement of changes in equity depicting all changes in shareholders' funds during the year under review for the Group and the Company.
- Statement of cash flows providing the information to users, on the ability of the of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the financial statements comprising material accounting policies and other explanatory information.

2.3. Responsibility for financial statements

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors" and the "Certification on the Statement of Financial Position".

2.4. Reporting date

The financial statements of the Group and the Company prepared for a common financial year, which ends on 31 March.

2.5. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31 March 2026 were approved and authorised for issue by the Board of Directors on 14th August 2026.

2.6. Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of Measurement	Note Number
Land	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	15
Investment property	Measured at fair Value	16
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	24
Lease liabilities	Measured at amortised cost using effective interest method	27

2.7. Functional and presentation currency

Items included in these financial statements 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 thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

2.8. Use of accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group and the Company in conformity with SLFRSs/ LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses, accompany disclosures (including contingent liabilities). Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

2.9. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1.

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

2.10. Offsetting

Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the material accounting policies of the Company.

2.11. Going concern

The Group recorded a profit of Rs. 114 Mn for the year ended 31 March 2026 (2025: loss of Rs. 154Mn) and, as at that date, had accumulated losses of Rs. 4,146 Mn (2025: Rs. 4,259 Mn). The Group's current liabilities exceeded its current assets by Rs. 363 Mn (2025: Rs. 503 Mn) and its total assets exceeded its total liabilities by Rs. 30 Mn (2025: net liability position of Rs. 750 Mn). Current liabilities include loans and borrowings of Rs. 301 Mn (2025: Rs. 211 Mn) falling due within 12 months from the reporting date and bank overdrafts of Rs. 491 Mn (2025: Rs. 637 Mn) which are repayable on demand. In addition, the Group's net assets are less than half of its stated capital and the Group therefore faces a serious loss of capital situation. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In performing its going concern assessment, management has considered the Group's forecast cash flows for a period of at least twelve months from the date of authorisation of these financial statements, together with the following mitigating factors that are expected to support the Group's liquidity and financial position. The immediate parent, Melstacorp PLC, and a major shareholder, Aitken Spence Hotel Holdings PLC, have confirmed through letters of support their commitment to provide financial assistance to the Group, including Negombo Beach Resorts (Private) Limited, to enable it to pay its debts as and when they fall due for a period of at least twelve months from the date of signing these financial statements. Amounts due to Melstacorp PLC of Rs. 809 Mn and to Aitken Spence Hotel Holdings PLC of Rs. 1,432 Mn classified within interest-bearing loans and borrowings as at 31 March 2026, are not planned to be called for repayment for a minimum period of twelve months from that date. The supporting parties have provided funding to the Group in the past, including a further loan of Rs. 150 Mn granted by Aitken Spence Hotel Holdings PLC during the year ended 31 March 2026.

The Board of Directors has approved the capitalisation of shareholder loans amounting to Rs. 1,724 Mn, which were provided by the major shareholders and are currently classified as non-current liabilities. This capitalisation will take effect upon the completion of the Company's delisting from the Colombo Stock Exchange, as approved by shareholders at the Extraordinary General Meeting held on 10 April 2026.

Management expects the Group's operating results and cash flows to continue to improve over the forecast period, supported by the expected revival of tourism in Sri Lanka, the marketing initiatives implemented to attract international and domestic segments, including the continuous assessment of new channels and source markets, and the franchise arrangement entered into by the subsidiary. During the year, the Group's operating performance has improved, with growth in revenue, gross profit and profit before interest and tax, a reduction in interest expense, a return to profitability and regular repayment of borrowings resulting in a reduction in the bank overdraft balance.

In arriving at its conclusion, management has made significant judgements, including in relation to the forecast occupancy levels, room rates, revenue growth and cost assumptions underlying the cash flow forecast, and the continued availability of financial support from the immediate parent and the major shareholder and the completion of the delisting process, which are not wholly within the Group's control.

Based on these factors, management continues to have a reasonable expectation that the Group has adequate resources to continue in operational existence and to pay its debts as and when they fall due for a period of at least twelve months from the date of these financial statements. Further, the Board of Directors has confirmed that it has no intention to liquidate the Group, including Negombo Beach Resorts (Private) Limited, or to cease its operations. Accordingly, these financial statements have been prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

There were no changes in material accounting policies used by the Group during the financial year.

3.1. Basis of consolidation

The Group's financial statements comprise of the consolidation of financial statements of the Company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements.

3.1.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group accounts for business combinations under 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 an 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 Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination achieved in stages, the fair value of the pre-existing interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

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

3.1.2. Non-controlling interests

Subsidiaries are those entities that are controlled by the Group. Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investees. The Group controls an investee if only if, the Group has,

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decision about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

Therefore, Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.3. Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.4. 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.

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. 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 when 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 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 generally are recognised in income statement.

3.3. Financial instruments

(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; FVOCI- debt investment; FVOCI – equity investment; 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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by- investment basis.

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 de recognition 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.

- 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.

Financial assets - Subsequent measurement and gains and losses

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.

Financial liabilities - Classification, subsequent measurement and gains and losses

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

(c) 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.

(d) 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.

Loss allowance for debt instruments is measured at 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

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 Group'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 30 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.

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).

ECLs are discounted at the effective interest rate of the financial asset.

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

The carrying amounts 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, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset 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. For the purpose of impairment testing, assets that cannot be tested individually 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.5. Assets and bases of their valuation

3.5.1. Property, plant and equipment

3.5.1.1. Recognition and measurement

Items of property, plant and equipment other than land, are stated at costs less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to 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.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by them in the statement of financial position at their revalued amount. 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 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 locations of properties being valued, value the land 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 Note No. 15.6 to the financial statements.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal of with the carrying amount of property, plant and equipment and are recognised net within other income in income statement.

3.5.1.2. Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment and depreciated separately based on their useful life.

3.5.1.3. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. The costs of the day-to-day servicing and any other costs are recognised in the income statement as and when incurred.

3.5.1.4. Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed of. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

• Leasehold Premises	Over the remaining lease period
• Buildings	08- 50 years
• Plant & Equipment	10-20 years
• Kitchen Equipment	05 -15 years
• Office Equipment	03- 10 years
• Sports Equipment	05-10 years
• Motor Vehicles	04-06 years
• Swimming Pool & Equipment	15- 30 years
• Furniture & Fittings	10- 20 years
• Crockery, Cutlery & Glassware	03-05 years
• Soft Furnishing	03-05 years

Depreciation is not provided on land and assets under construction.

The depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5.2. Leases

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.

- 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.

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 useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount 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 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.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when 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.

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 assets' and lease liabilities in 'interest bearing borrowings' in the statement of financial position.

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.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- As a lessor

At inception 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 their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.5.3. Intangible assets

Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Subsequent Measurement

After initial recognition, an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

3.5.4. Investment properties

Investment properties are land and buildings that are 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 and services or for administrative purposes. Investment property is measured at cost at initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.5.5. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5.6. Trade and other receivables

Trade and other receivables are stated at the amounts estimated to be realised after providing for impairment on trade and other receivables.

Other receivables and dues from related parties are recognised at cost, less provision for impairment.

3.5.7. Cash and cash equivalents

Cash and short-term deposits comprise of cash in hand and short-term, highly liquid investments that are readily convertible to known amounts of cash with an original maturity of less than or equivalent to three months. Cash and short-term deposits are subject to insignificant risk of change in value.

Bank borrowings that are payable on demand or repayable within three months are treated as bank overdrafts and other short-term borrowings.

Cash and short-term deposits together with bank overdrafts and other short-term borrowings form an integral part of the Group's cash management activities and are included as a component of cash and cash equivalents for the purpose of preparing the statement of cash flows.

3.6. Liabilities and Provisions

3.6.1. Liabilities

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances payable after one year from the reporting date.

All known liabilities are accounted for in the statement of financial position.

3.6.2. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

3.6.3. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non- current liabilities.

3.7. Employee benefits

3.7.1. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts.

Obligations for contributions to defined contribution plan, are recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.7.1.1. Provident fund and trust fund

All employees in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which employers contribute 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

3.7.1.2. Defined Benefit Plans – retiring gratuities

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

3.7.1.3. Retiring Gratuity

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method.

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

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff cost in income statement.

When the benefit of a plan are changed or when a plan is curtailed the resulting benefit that related to past service or gain or loss on curtailment is recognised immediately in profit or loss.

3.7.2. Short-term employee benefits

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

3.8. Revenue and Income

Group revenue represents sales to customers outside the Group and excludes value added tax.

3.8.1. SLFRS 15- Revenue from contracts with Customers

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

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur. The following specific criteria are used for the purpose of recognition of revenue:

- Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.
- Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.
- Bar revenue are accounted for at the time of sale.
- Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognised gross after completion of service / treatments.

- Telephone and laundry services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.

3.8.2. Other income

- Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is recognised on a straight-line basis over the term of hire.
- Dividend income is recognised when the right to receive dividends is established which is generally when the dividend is declared. Dividend income is included under other operating income.

3.9. Expenses

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 income statement in arriving at the profit for the year.

3.10. Financing Income/ (Expenses)

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, classified as debt and lease liabilities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset.

3.11. Income tax expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income tax, Including uncertain tax treatments do not meet the definition of income tax and therefore Accounted for them under LKAS 37 provisions, contingent liabilities and contingent assets.

3.11.1. Current taxes

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.

Provision for current tax for companies incorporated in Sri Lanka has been computed in accordance with the Inland Revenue Act No. 24 of 2017 and any applicable Gazette notifications issued.

3.11.2. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. 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.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.11.3. Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.11.4 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of providing 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%.

3.12. Statement of cash flows

The cash flow statement has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.13. Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

3.14. Events occurring after the reporting date

All material post reporting date events have been considered and where appropriate adjustments to or disclosures have been made in the financial statements.

3.15. Comparative Information

The comparative information has been reclassified wherever necessary to confirm with the current years classification in order to provide a better presentation.

3.16. Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. 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.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are 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 prices).
- Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or 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.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets 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 that is accessible by the Group for the asset or liability.

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

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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Consolidated Financial Statements. These are not expected to result in material impact to the Group on adoption.

- **Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements"**

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from 1 January 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Group effective from 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities' net profit will not change.

- Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements.

- Enhanced guidance is provided on how to group information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method. The Group is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Group's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the Financial Statements including items currently labelled as 'other'.

- **Sri Lanka Accounting Standard – SLFRS 19 on "Subsidiaries without Public Accountability"**

SLFRS 19 is a new accounting standard for subsidiaries to apply the recognition, measurement, and presentation requirements of full SLFRS Standards while applying a reduced set of disclosure requirements in Financial Statements with effect from 1 January 2027. The Group does not expect this will result in a material impact on its Consolidated Financial Statements. However, this may have an impact on the separate Financial Statements of the subsidiaries of the Company as appropriate.

- **Annual improvements to SLFRS Accounting Standards – Volume II**

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Group's Financial Statements.

6. REVENUE

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	**1,854,297**	1,519,574	**-**	-
Revenue tax	**(29,790)**	(26,676)	**-**	-
Net revenue	**1,824,507**	1,492,898	**-**	-

6.1 Disaggregation of revenue from contracts with customers
6.1.1 Types of services rendered

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Apartment	**1,205,148**	930,788	**-**	-
Restaurant	**395,786**	351,565	**-**	-
Bar	**113,543**	84,480	**-**	-
Tobacco income	**4,365**	7,400	**-**	-
Banquets	**108,461**	119,806	**-**	-
Laundry and others	**26,994**	25,535	**-**	-
	1,854,297	1,519,574	**-**	-

6.2 Performance obligations

Performance obligations of a Hotel entity mainly includes promises which are carried out on a contractually agreed upon task.

Performance obligations of the Group could be mainly summarised as detailed below:

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Provision for accommodation	The main obligation in the customer contract is to provide rooms for guests accommodation. This is represented in the apartment 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.	Due within 30 days from the date of invoice.
Provision of food and beverages	The following services are rendered under this performance obligation: 1. Provision of BB/HB/FB meal for guests occupying the hotels which is part and partial of the contract entered into. Revenue is recognised at the time of sale and invoice to the customers on the completion of the duration of the stay	Due within 30 days from the date of invoice.
	2. Provision of extra food and beverages Revenue is recognised at the time of sale and invoice to the customers at the time of consumption.	Due at the time of service is rendered.
Provision of laundry, telephone, spa services etc.	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.	Due at the time of service is rendered.

6.3 Allocating the transaction price to performance obligations

In allocating the transaction price to each performance obligation based on the amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring of promised services to the customers.

6.4 Contract assets and contract liabilities

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for future stay in hotels, for which revenue is recognised over the time.

However company in the Group recognise considerations or payments received prior to transferring of services to customer against what is rightfully due at the time of transferring the services. These amounts have been recognised as contractual liabilities in the financial statements.

6.4.1 Contract balances

	Group		Company	
As at	**31.03.2026 Rs. '000**	31.03.2025 Rs. '000	**31.03.2026 Rs. '000**	31.03.2025 Rs. '000
Trade receivables (Note 20)	**60,347**	168,680	**-**	-
Impairment of trade receivables	**(1,034)**	(1,746)	**-**	-
Net trade receivables	**59,313**	166,934	**-**	-
Contract liabilities (Note 6.4.2)	**37,571**	57,388	**-**	-

6.4.2 Contract liabilities

	Group		Company	
For the year	**2025/2026 Rs. '000**	2024/2025 Rs. '000	**2025/2026 Rs. '000**	2024/2025 Rs. '000
Contract liabilities balance as at 01 st April	**57,388**	18,022	**-**	-
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	**(48,526)**	(16,725)	**-**	-
Advances received from customers during the reporting period	**270,815**	413,598	**-**	-
Revenue recognised in the reporting period from performance obligations satisfied during current period	**(242,106)**	(357,507)	**-**	-
Contract liabilities balance as at 31st March	**37,571**	57,388	**-**	-

7 OTHER INCOME / (EXPENSES)

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Lease land rental	**-**	-	**15,803**	15,223
Net foreign exchange gain/(loss)	**30,447**	(7,260)	**-**	-
Fair value gain of investment property (Note 16)	**-**	-	**952,405**	87,920
Sundry income	**2,988**	680	**-**	-
	33,435	(6,580)	**968,208**	103,143

8 STAFF COSTS

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Salaries and wages	**193,067**	148,894	**2,522**	2,496
Defined contribution plan cost - EPF and ETF	**19,516**	17,233	**-**	-
Defined benefit plan cost - retirement benefit (Note 24.3)	**4,554**	3,745	**-**	-
Other payroll related expenses	**78,010**	71,828	**-**	-
	295,147	241,700	**2,522**	2,496

9 OTHER OPERATING EXPENSES - DIRECT

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Apartment	**57,570**	51,766	**-**	-
Restaurant	**133,392**	119,332	**-**	-
Bar	**27,801**	21,757	**-**	-
Banquet	**36,877**	40,734	**-**	-
Laundry and other costs	**6,138**	4,889	**-**	-
	261,778	238,478	**-**	-

Other operating expenses - direct disclosed in the income statement refers to the cost of material and services other than staff cost, which are directly related to revenue.

10 OTHER OPERATING EXPENSES - INDIRECT

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Administration and establishment	**289,513**	228,519	**11,234**	10,103
Repairs and maintenance expenses	**72,557**	59,499	**-**	-
Energy charges	**131,750**	162,993	**-**	-
Selling and marketing expenses	**141,287**	90,720	**-**	-
	635,107	541,731	**11,234**	10,103

11 NET FINANCE COSTS

11.1 Finance income

For the year ended 31st March	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Interest income on financial assets measured at amortised cost	**17,871**	14,892	**-**	-
	17,871	14,892	**-**	-

11.2 Finance cost

For the year ended 31st March	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Interest expense on interest bearing loans and borrowings	**(221,040)**	(255,083)	**-**	-
Interest expense on bank overdraft	**(46,754)**	(71,813)	**-**	-
Interest expense on lease liabilities	**(1,854)**	(2,208)	**(1,854)**	(2,208)
	(269,648)	(329,104)	**(1,854)**	(2,208)
Net finance costs	**(251,777)**	(314,212)	**(1,854)**	(2,208)

12 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging all expenses including the following:

	Group 2026 Rs. '000	Group 2025 Rs. '000	Company 2026 Rs. '000	Company 2025 Rs. '000
Auditors remuneration				
- Audit	**1,050**	954	**427**	388
- Non audit	**697**	634	**495**	450
Depreciation (Note 15.1)	**221,811**	220,904	**-**	-
Amortisation (Note 18.1)	**312**	312	**312**	312
Legal fees	**893**	1,333	**-**	-
Staff costs				
- Salary and wages	**193,067**	148,894	**2,522**	2,496
- Defined contribution plan cost - EPF and ETF	**19,516**	17,233	**-**	-
- Defined benefit plan cost - retirement benefit (Note 24.3)	**4,554**	3,745	**-**	-
Impairment/(reversal of impairment) of trade receivables (Note 20.1)	**(712)**	1,434	**-**	-
Director fees	**-**	-	**-**	-

Non audit fee consist of tax consultancy fee and computation of self assessment and filling returns. The above service is provided by KPMG tax advisory division.

13 INCOME TAX EXPENSE

The business profits and income of Browns Beach Hotel PLC arising from leasing out land, is liable for income tax at standard rate 30% for the year ended 31 March 2026 in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits of Negombo Beach Resorts (Private) Limited, would be exempt from income tax under section 17A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years ending 31st March 2028 from either the first year the Company makes profits or not later than two years from the commencement of commercial operations.

13.1 Deferred Tax Expenses

Deferred tax expenses on Companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

There are taxable economic benefits that will flow to the entity after the tax exemption period, recovering the carrying amounts of the assets/liabilities, there will be a tax base different to the carrying amount in respect of those assets/liabilities. Further there will be temporary difference that is scheduled to be reversed subsequent to the tax exemption period.

The Company has recognised deferred tax liability on investment assets (land) at 30% because the management is under the impression that the asset will not be disposed prior to the expiration of BOI exemption period.

The Group applied deferred tax related to assets and liabilities arising from a Single Transaction where a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets has been recognised.

13.2 Tax recognised in the income statement

For the year ended 31st March		Group		Company	
		2026	2025	**2026**	2025
	Notes	**Rs. '000**	Rs. '000	**Rs. '000**	Rs. '000
Current tax expense					
Taxation on current year profit	13.3	**-**	-	**-**	-
Over provision in respect of previous year		**(6,425)**	-	**(551)**	-
		(6,425)	-	**(551)**	-
Deferred tax expense					
Originations of temporary differences	13.4	**84,422**	82,890	**285,722**	26,376
Total		**77,997**	82,890	**285,171**	26,376

13 INCOME TAX EXPENSE CONTD.

13.3 Reconciliation of the accounting profit and current year tax

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Profit/(loss) before taxation	**192,010**	(71,019)	**952,286**	88,024
Income not liable for taxation	**-**	-	**(952,405)**	(87,920)
Aggregate disallowed expenses	**225,653**	226,395	**312**	312
Aggregate allowable expenses	**(222,835)**	(221,908)	**(1,256)**	(902)
Business profit / (loss) of subsidiaries	**(195,891)**	66,046	**-**	-
Statutory loss from business	**(1,063)**	(486)	**(1,063)**	(486)
Taxable income from the business	**-**	-	-	-
Non business income	**-**	-	-	-
Taxable income	**-**	-	-	-
Income tax - 30%	**-**	-	-	-
Current year tax	**-**	-	-	-

13.4 Deferred tax expense

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
	Rs. '000	Rs. '000	**Rs. '000**	Rs. '000
Origination of temporary differences arising from :				
Property, plant and equipment	**85,446**	83,812	**-**	-
Right of use assets	**(94)**	(94)	**-**	-
Lease liabilities	**378**	271	**-**	-
Retirement benefit obligation	**(1,308)**	(1,099)	**-**	-
Investment property	**-**	-	**285,722**	26,376
Total	**84,422**	82,890	**285,722**	26,376

14 EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share is calculated by dividing the profit/(loss) for the year attributable to the ordinary shareholders by weighted average member of shares outstanding during the year.

The following reflects the income and share information used in the basic earnings / (loss) per share computations.

For the year ended 31st March	Group		Company	
	2026	2025	**2026**	2025
Net profit /(loss) attributable to ordinary shareholders of the parent (Rs.)	**114,012,517**	(153,908,644)	**667,115,121**	61,647,795
Weighted average number of ordinary shares in issue	**129,600,000**	129,600,000	**129,600,000**	129,600,000
Earnings /(loss) per share (Rs.)	**0.88**	(1.19)	**5.15**	0.48

There were no potentially dilutive ordinary shares at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Group

	Freehold land Rs.'000	Building Rs.'000	Plant, machinery and office equipment Rs.'000	Furniture and fittings Rs.'000	Crockery, cutlery & linen Rs.'000	Motor vehicles Rs.'000	Capital work-in progress Rs.'000	Total Rs.'000
Cost/valuation								
Balance as at 01st of April 2024	1,100,000	3,632,931	1,322,042	185,933	155,216	12,300	-	6,408,422
Surplus on revaluation	87,920	-	-	-	-	-	-	87,920
Additions	-	-	21,186	258	6,922	24,725	-	53,091
Balance as at 31st March 2025	1,187,920	3,632,931	1,343,228	186,191	162,138	37,025	-	6,549,433
Surplus on revaluation	952,405	-	-	-	-	-	-	952,405
Additions	-	-	7,629	1,862	15,319	-	1,258	26,068
Balance as at 31st March 2026	**2,140,325**	**3,632,931**	**1,350,857**	**188,053**	**177,457**	**37,025**	**1,258**	**7,527,906**
Accumulated depreciation								
Balance as at 01st April 2024	-	961,563	612,190	99,479	140,525	9,451	-	1,823,208
Charge for the year	-	120,286	79,913	12,339	6,586	1,780		220,904
Balance as at 31st March 2025	-	1,081,849	692,103	111,818	147,111	11,231		2,044,112
Charge for the year	-	120,286	80,366	12,438	5,934	2,787	-	221,811
Balance as at 31st March 2026	**-**	**1,202,135**	**772,469**	**124,256**	**153,045**	**14,018**	**-**	**2,265,923**
Carrying value								
As at 31st March 2026	**2,140,325**	**2,430,796**	**578,388**	**63,797**	**24,412**	**23,007**	**1,258**	**5,261,983**
As at 31st March 2025	1,187,920	2,551,082	651,125	74,373	15,027	25,794	-	4,505,321

15.2 Company

	Plant, machinery and office equipment Rs.'000	Furniture and fittings Rs.'000	Total Rs.'00
Cost			
Balance as at 01st April 2024	927	72	999
Additions	-	-	-
Balance as at 31st March 2025	927	72	999
Additions	-	-	-
Balance as at 31st March 2026	927	72	999
Accumulated Depreciation			
Balance as at 01st April 2024	927	72	999
Charge for the year	-	-	-
Balance as at 31st March 2025	927	72	999
Charge for the year	-	-	-
Balance as at 31st March 2026	927	72	999
Carrying value			
As at 31st March 2026	**-**	**-**	**-**
As at 31st March 2025	-	-	-

15.3 The gross carrying amount of fully depreciated property, plant and equipment that is still in use for the Group and Company as at 31st March 2026 are Rs. 1,583,838,628 (as at 31.03.2025 - Rs. 147,884,744) and Rs. 999,207 (as at 31.03.2025- Rs. 999,207)

15.4 Property plant and equipment that are pledged for long term borrowings are disclosed in Note 26.1 to the financial statements.

15.5 Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

15.6 Revaluation details of land

15.6.1 Freehold Land at No.175, Lewis Place, Negombo of Browns Beach Hotel PLC was revalued by Mr.S.Sivaskantha, (F.I.V. Sri Lanka) an independent professional valuer on 31st March 2026 on " Current Fair Market Value" basis.

15.6.2 Land carried at revalued amounts is as follows.

Company	Location	Last revalued date	Land extent perches	Carrying value Rs.'000	Land revaluation surplus Rs.'000	Carrying amount at cost as at 31.03.2026 Rs.'000
Browns Beach Hotels PLC	No. 175 Lewis Place, Negombo	31st March 2026	1027.73	2,140,325	2,124,632	15,693

The Board of directors is in the view that the Company use fair value model to recognise the carrying amount of land value as at 31st March 2026. (Refer Note 30.3.3)

15.6.3 The freehold and leasehold land of the Company was leased out to the subsidiary Company for the construction of the new Hotel. A lease agreement has been executed between the Companies for 99 years for an annual lease rent of Rs. 7,357,500. The lease rent shall be increased by 50% annually every five years for the first 20 years and remain unchanged subsequently.

15.6.4 The hotel complex consist three buildings and, swimming pool. The floor area and survey details as follows,

i. Main Hotel Building -Basement, Ground and + 4 floors - Total Floor area 20,204 Sq.m - Survey Plan No. 3692

ii. Banyan Tree Building Ground and +1 Floor - Total floor area 1196.60 Sq.m - Survey Plan No. 3692

iii. Pump house Building - Ground and +1 Floor Total Floor area - 310.60 Sq.m Survey Plan No. 3693

iv. Swimming pool floor area 21,711.20 Sq.m - Survey Plan No 3692

15.7 On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

15.8 There is no any temporary idle property plant and equipment as at 31.03.2026. (As at 31.03.2025 – Nil)

16 INVESTMENT PROPERTY

As at	Company 31.03.2026 Rs. '000	31.03.2025 Rs. '000
Balance at the beginning of the year	**1,187,920**	1,100,000
Change in fair value	**952,405**	87,920
Balance at the end of the year	**2,140,325**	1,187,920

16.1 Valuation details for the investment property given in Note 15.6.

16.2 Lease rental income for the for the year ended 31 March 2026 was Rs. 15,803,420.

17 INVESTMENT IN SUBSIDIARY

Name of the subsidiary	Principal activity	Group holding %	No of shares
Negombo Beach Resorts (Pvt) Ltd	Own and operate tourist resort	100	270,000,001

As at	31.03.2026		31.03.2025	
	No of Shares	Rs. '000	No of Shares	Rs. '000
Balance at beginning of the year	**270,000,001**	**2,700,000**	270,000,001	2,700,000
Provision for impairment	**-**	**(169,832)**	-	(169,832)
Balance at end of the year	**270,000,001**	**2,530,168**	270,000,001	2,530,168

17.1 The directors are satisfied that the Negombo Beach Resorts (Private) limited has adequate resources to continue in operational existence for the foreseeable future.

17.2 Significant unobservable input in value in use computation under free cash flow method are as follows;

- Occupancy - Based on past performance and budgeted expectations
- Discount rate - 11%
- Terminal growth - 2%
- Term - 5 years (Terminal value thereafter)

18 RIGHT OF USE ASSETS

18.1 Movement during the year

As at	Group Right-of-use Land		Company Right-of-use Land	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Cost or valuation				
Balance as at 01st April	**9,369**	9,369	**9,369**	9,369
Additions during the year	**-**	-	**-**	-
Balance as at 31st March	**9,369**	9,369	**9,369**	9,369
Accumulated depreciation / impairment				
Balance as at 01st April	**7,858**	7,546	**7,858**	7,546
Charge for the year	**312**	312	**312**	312
Balance as at 31st March	**8,170**	7,858	**8,170**	7,858
Carrying value				
As at 31st March	**1,199**	1,511	**1,199**	1,511

19 INVENTORIES

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs.'000	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Food	**9,654**	9,787	**-**	-
Beverage	**9,321**	8,948	**-**	-
Housekeeping and general	**14,062**	11,581	**-**	-
Printing and stationery	**2,369**	2,838	**-**	-
Gas and fuel	**8,336**	5,679	**-**	-
Total	**43,742**	38,833	**-**	-

19.1 There were no inventories pledged as security for bank facilities as at 31st March 2026.

20 TRADE AND OTHER RECEIVABLES

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Trade receivables	**60,347**	168,680	**-**	-
Other receivables	**48,040**	10,335	**172,021**	156,217
Interest receivable	**648**	638	**-**	-
Tax receivables	**-**	1,011	**-**	-
	109,035	180,664	**172,021**	156,217
Impairment of trade receivables (Note 20.1)	**(1,034)**	(1,746)	**-**	-
Total	**108,001**	178,918	**172,021**	156,217

Other receivable included of the company rent receivable from subsidiary.

20.1 Impairment of trade receivables

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Opening balance	**1,746**	312	**-**	-
Impairment during the year	**(712)**	1,434	**-**	-
Closing balance	**1,034**	1,746	**-**	-

20.2 No loans were given to employees of the Company/Group.

20.3 No loans have been given to Directors of the Company/Group.

20.4 Deposits and prepayments

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Refundable deposit - Ceylon Electricity Board	**1,250**	1,250	**-**	-
Deposit - National Water Supply and Drainage Board	**300**	300	**-**	-
Hotel combined insurance	**9,687**	8,957	**-**	-
Deposit on empties	**707**	707	**-**	-
Supplier advance	**35,965**	9,320	**-**	-
Hotel prepayments	**7,064**	7,024	**-**	-
	54,973	27,558	**-**	-

21 AMOUNT DUE FROM RELATED COMPANIES

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Aitken Spence Hotel Managements (Pvt) Ltd	**1,439**	6,006	**-**	-
Aitken Spence Travels (Pvt) Ltd	**21,043**	25,821	**-**	-
	22,482	31,827	**-**	-

22 CASH AND CASH EQUIVALENTS

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Cash in hand	804	2,797	-	-
Cash at bank	218,742	36,276	1,350	140
Fixed deposits (less than 3 months)	327,442	307,388	-	-
Cash and cash equivalents	546,988	346,461	1,350	140

22.1 For the purpose of the statement of cash flows, cash and cash equivalents comprise the following;

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Cash at bank, in hand and FDs	546,988	346,461	1,350	140
Bank overdraft	(491,403)	(636,910)	-	-
Cash and cash equivalents in the statement of cash flows	55,585	(290,449)	1,350	140

23 STATED CAPITAL AND RESERVES

23.1 Stated Capital

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Issued and fully paid ordinary share capital				
Balance at the beginning of the year	2,383,449	2,383,449	2,383,449	2,383,449
Balance at the end of the year	2,383,449	2,383,449	2,383,449	2,383,449
Number of shares	129,600,000	129,600,000	129,600,000	129,600,000

23.2 Reserves

Revaluation reserve

The revaluation comprises of the gain arisen from the revaluation of land. The reserve is realised upon the derecognition of the revalued land.

General reserve

The general reserve relates to the amount the group has reserved over the years from its earnings.

24 EMPLOYEE BENEFITS

24.1 Retirement benefit obligations

As at	Group 31.03.2026 Rs. '000	Group 31.03.2025 Rs. '000	Company 31.03.2026 Rs. '000	Company 31.03.2025 Rs. '000
Present value of unfunded obligations	22,019	17,661	-	-
Recognised liability for defined benefit obligations	22,019	17,661	-	-

24.2 Movement in present value of the defined benefit obligations

For the year	Group 2025/2026 Rs. '000	Group 2024/2025 Rs. '000	Company 2025/2026 Rs. '000	Company 2024/2025 Rs. '000
Defined benefit obligations at the beginning of the year	**17,661**	13,999	**-**	-
Recognised in the income statement	**4,554**	3,745	**-**	-
Recognised in other comprehensive income	**828**	921	**-**	-
Benefits paid	**(1,024)**	(1,004)	**-**	-
Defined benefit obligations at the end of the year	**22,019**	17,661	**-**	-

24.3 Expenses recognised in comprehensive income

For the year	Group 2025/2026 Rs. '000	Group 2024/2025 Rs. '000	Company 2025/2026 Rs. '000	Company 2024/2025 Rs. '000
Recognised in the income statement				
Current service cost	**2,611**	2,065	**-**	-
Interest cost	**1,943**	1,680	**-**	-
	4,554	3,745	**-**	-
			-	-
Recognised in other comprehensive income				
Due to financial assumptions	**1,128**	709	**-**	-
Due to changes in demographic assumptions	**(14)**	36		
Due to experience adjustment	**(286)**	176	**-**	-
	828	921	**-**	-

24.4 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2025/26.

The sensitivity of the comprehensive income statement and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss for the year and employment benefit obligations as at 31st March 2026.

	Effect on comprehensive income (reduction)/increase Rs.'000	Effect on retirement benefit liability (reduction)/increase Rs.'000
Increase /(decrease) in discount rate		
+1%	1,128	(1,128)
-1%	(1,246)	1,246
Increase /(decrease) in salary escalation rate		
+1%	(1,266)	1,266
-1 %	1,168	(1,168)

24 EMPLOYEE BENEFITS CONTD.

24.5 The principal actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

	2025/2026	2024/2025
- Discount rate	**10%**	11%
- Salary increment rate		
* Executive staff	**10% p.a in July**	15% in July 2025
* Non - executive staff	**every year**	with 10% p.a. from 2026

A long-term treasury bond rate 10% p.a. (2024/25 – 11.% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

It is assumed that the company will continue in business as a going concern.

Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.

Demographic assumptions

For the year ended 31st March 2026			
Mortality and disability	A 1967/1970 Mortality table issued by the institute of Actuaries London		
- Retirement age	60 years		
- Staff turnover rates at each age category	Executives	Non Executives	Other Staff
* 18 - 24 years	0.19	0.19	0.40
* 25 - 29 years	0.19	0.19	0.38
* 30 - 34 years	0.19	0.19	0.32
* 35 - 39 years	0.17	0.19	0.28
* 40 - 44 years	0.15	0.10	0.25
* 45 - 49 years	0.12	0.10	0.21
* 50 - 54 years	0.09	0.08	0.17
* 55 - 59 years	-	-	-

24.6 Maturity analysis of the payment

The following payment are expected on defined benefit obligations in future years.

	Group		Company	
As at	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Within next 12 months	**2,628**	2,278	**-**	-
Between 1-2 years	**4,225**	3,439	**-**	-
Between 2-5 years	**6,780**	5,747	**-**	-
Beyond five years	**8,386**	6,197	**-**	-
Total	**22,019**	17,661	**-**	-

24.7 Weighted average duration (years) of defined benefit obligation

As at	Group	
	31.03.2026	31.03.2025
Weighted average duration (years) of defined benefit obligation	**5.9**	5.9

24.8 The actuarial valuation was carried out by professionally qualified actuaries, Messers. Actuarial Management Consultants (Pvt) Ltd using projected unit credit (PUC) method, the method recommended by the sri lanka accounting standard - LKAS 19 on "Employee Benefits".

24.9 The actuarial present value of the promised retirement benefits as at 31st March 2026 amounted to Rs. 22,018,814. (as at 31.03.2025 - Rs. 17,660,475.)

24.10 The liability is not externally funded.

25 DEFERRED TAX LIABILITY

For the year	Group		Company	
	2025/2026 Rs. '000	2024/2025 Rs. '000	**2025/2026 Rs. '000**	2024/2025 Rs. '000
Balance at 1st April	**842,160**	732,894	**56,376**	30,000
Origination of temporary differences				
- recognised in income statement	**84,422**	82,890	**285,722**	26,376
- recognised in other comprehensive income	**285,722**	26,376	**-**	-
Balance as at 31 March	**1,212,304**	842,160	**342,098**	56,376

25.1 Deferred tax provision as at the year end is made up as follows,

As at	Group			
	31.03.2026		31.03.2025	
	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000
Property, plant and equipment	**4,080,218**	**1,224,066**	2,842,992	852,898
Right of use assets	**1,199**	**360**	1,511	453
Lease liabilities	**(18,385)**	**(5,516)**	(19,642)	(5,893)
Retirement benefit obligation	**(22,019)**	**(6,606)**	(17,661)	(5,298)
Total	**4,041,013**	**1,212,304**	2,807,200	842,160

25 DEFERRED TAX LIABILITY CONTD.

25.1 Deferred tax provision as at the year end is made up as follows Contd.

As at	Company			
	31.03.2026		31.03.2025	
	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000
Investment property	**1,140,325**	**342,098**	187,920	56,376

25.2 Summary of deferred tax liability

For the year ended 31st March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Recognised in income statement	**84,422**	82,890	**285,722**	26,376
Recognised in other comprehensive income	**285,722**	26,376	**-**	-
Total Impact	**370,144**	109,266	**285,722**	26,376

26 INTEREST BEARING LIABILITIES

26.1 Analysed by Lending Institution

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Lending institution				
Hatton National Bank PLC Term Loan 1	**778,540**	855,140	**-**	-
Hatton National Bank PLC - Term Loan 2	**467,400**	497,800	**-**	-
Hatton National Bank PLC - Term Loan 3	**92,839**	134,101	**-**	-
Hatton National Bank PLC - Term Loan 4	**74,340**	107,380	**-**	-
Hatton National Bank PLC - Term Loan 5	**67,610**	97,659	**-**	-
Melstacorp PLC - Shareholder Loan	**809,438**	809,438	**-**	-
Aitken Spence Hotel Holdings PLC - Shareholder Loan	**725,524**	725,524	**-**	-
Aitken Spence Hotel Holdings PLC - Unsecured Term Loan	**718,913**	673,553	**-**	-
Stassen Exports (Pvt) Ltd - Shareholder Loan	**189,943**	189,943	**-**	-
Total	**3,924,547**	4,090,538	**-**	-

Borrowing terms

Term Loan 1

Rs.1 Bn term loan repayable in 120 monthly installements commencing from March 2017, Company's freehold land and building of the hotel has been mortgaged as security. Interest linked to AWPLR +1% (Monthly Review)

Term Loan 2

Term Loan Rs. 570 Mn Obtained and Repayable in 120 monthly installments, Company's Freehold Land and Building of the Hotel has been mortgaged as Security. Interest linked to AWPLR +1% (Monthly Review)

Term Loan 3
Rs. 235 Mn Interest capitalised loan. Interest of two term loans from April 2019 to March 2020 have accrued and capitalised to a term loan. The Company's Freehold Land and Building of the Hotel has been mortgaged as Security. Interest linked to AWPLR +1% (Monthly Review)

Term Loan 4
Rs. 171 Mn Interest capitalised loan. Interest of two term loans from April 2021 to March 2022 have accrued and capitalised to a term loan. Company's Freehold Land and Building of the Hotel has been mortgaged as Security. Interest linked to AWPLR +1% (Monthly Review)

Term Loan 5
Rs. 156 Mn Interest capitalised loan. Interest of two term loans from April 2022 to July 2023 have accrued and capitalised to a term loan. Company's Freehold Land and Building of the Hotel has been mortgaged as Security. Interest linked to AWPLR + 1% (Monthly Review)

Shareholder Loans - Melstacorp PLC, Aitken Spence Hotel Holdings PLC and Stassen Exports (Pvt) Ltd
Shareholder Loans are Repayable in 7 years with a grace period of two years. Interest linked to AWPLR+1% up to 31st January 2022. There was an arrangement to settle this shareholder loans and accrued interest via issuing shares which are approved by the board of directors. No security provided. Date of loan disbursement was 24th July 2017.

Unsecured Term Loan - Aitken Spence Hotel Holding PLC
The existing term loan was converted into a long-term loan with effect from 31st March 2026. Unsecured loans are repayable in 7 years. Interest linked to AWPLR + 1.5% (Weekly Review). Both capital and interest to be serviced on a monthly basis.

26.2 Movement of Interest bearing borrowings

Loan capital

For the year	Group		Company	
	2025/2026 Rs. '000	2024/2025 Rs. '000	**2025/2026 Rs. '000**	2024/2025 Rs. '000
Loan capital				
Balance at the beginning of the year	**3,972,986**	4,291,411	**-**	-
Loan obtained during the year - unsecured term loan	**150,000**	-	**-**	-
Capital repayments - bank loans	**(211,351)**	(318,425)	**-**	-
Capital repayments - unsecured term loan	**(150,000)**	-	**-**	-
Loan interest capitalised during the year - unsecured term loan	**162,912**	-	**-**	-
Balance at the end of the year	**3,924,547**	3,972,986	**-**	-

Loan interest

For the year	Group		Company	
	2025/2026 Rs. '000	2024/2025 Rs. '000	**2025/2026 Rs. '000**	2024/2025 Rs. '000
Loan interest				
Balance at the beginning of the year	**117,552**	53,864	**-**	-
Interest expense charged for the year - banks	**148,309**	187,415	**-**	-
Interest expense charged for the year - unsecured term loan	**72,731**	67,668	**-**	-
Interest paid during the year - bank loans	**(148,309)**	(187,415)	**-**	-
Interest paid during the year - unsecured term loan	**(27,371)**	(3,980)	**-**	-
Loan interest capitalised during the year - unsecured term loan	**(162,912)**	-	**-**	-
Balance at the end of the year	**-**	117,552	**-**	-
Total balance as at end of the year	**3,924,547**	4,090,538	**-**	-

26 INTEREST BEARING LIABILITIES CONTD.

26.3 Analysis by capital repayment period

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Current liabilities				
Loan payable with in one year	**301,411**	211,351	**-**	-
	301,411	211,351	**-**	-
Non current liabilities				
Payable between one to five year	**3,072,664**	3,755,778	**-**	-
Payable after five year	**550,472**	123,409	**-**	-
	3,623,136	3,879,187	**-**	-
Total	**3,924,547**	4,090,538		

27 INTEREST BEARING LIABILITIES-LEASES

27.1 Movement of lease liabilities

For the year	Group		Company	
	2025/2026 Rs. '000	2024/2025 Rs. '000	2025/2026 Rs. '000	2024/2025 Rs. '000
Balance as at 01st April	**19,642**	20,544	**19,642**	20,544
Payment of lease liabilities	**(3,111)**	(3,110)	**(3,111)**	(3,110)
Interest expense charged to income statement	**1,854**	2,208	**1,854**	2,208
Balance as at 31st March	**18,385**	19,642	**18,385**	19,642

27.2 Analysis by Capital repayment period

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Payable within one year	**5,511**	5,511	**5,511**	5,511
Payable between one to five years	**12,874**	14,131	**12,874**	14,131
Total	**18,385**	19,642	**18,385**	19,642

27.3 Details of right of use assets relating to lease properties

Nature of the leasing asset	Location of the leased property	Unexpired lease period as at 31 March 2026
Land	Negombo, Sri Lanka	02 years

27.4 Amounts recognised in statement of Income Statement

For the year ended 31st March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Amortisation expense on right of use asset (Note 18)	**312**	312	**312**	312
Interest on lease liability (Note 27.1)	**1,854**	2,208	**1,854**	2,208

27.5 Amounts recognised in statement of Cashflows

For the year ended 31st March	Group		Company	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Total cash outflow for leases	**(3,111)**	(3,110)	**(3,111)**	(3,110)

28 TRADE AND OTHER PAYABLES

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Trade creditors	**42,638**	52,799	**-**	-
Contract liabilities Note (6.4.2)	**37,571**	57,388	**-**	-
Other payables and accrued expenses	**120,519**	87,949	**1,182**	1,089
Total	**200,728**	198,136	**1,182**	1,089

29 AMOUNT DUE TO RELATED COMPANIES

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Aitken Spence Hotel Managements (Pvt) Ltd	**4,799**	45,749	**516**	516
Aitken Spence PLC	**134,214**	18,711	**5,660**	5,228
Kandalama Hotels (Pvt) Ltd	**-**	-	**-**	-
Stassen Exports (Pvt) Ltd	**831**	2,821	**-**	-
Elpitiya Plantations PLC	**-**	122	**-**	-
Aitken Spence Printing and Packaging (Pvt) Ltd	**-**	-	**-**	-
Distilleries Company of Sri Lanka PLC	**-**	132	**-**	-
Periceyl (Pvt) Ltd	**-**	141	**-**	-
Lanka Milk Foods (CWE) PLC	**-**	-	**-**	-
Negombo Beach Resorts (Pvt) Ltd	**-**	-	**46,431**	28,879
Total	**139,844**	67,676	**52,607**	34,623

30 FINANCIAL INSTRUMENTS

30.1 Accounting classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table analyses the carrying amount of financial assets and liabilities of the Group and the Company.

As at 31st March 2026	Group			
	Financial assets at amortised cost Rs. '000	Other financial liabilities at amortised cost Rs. '000	Total carrying amount Rs. '000	Total Rs. '000
Financial assets				
Trade receivables	**59,313**	**-**	**59,313**	**59,313**
Other receivables	**48,688**	**-**	**48,688**	**48,688**
Amounts due from related parties	**22,482**	**-**	**22,482**	**22,482**
Cash and cash equivalents	**546,988**	**-**	**546,988**	**546,988**
Total financial assets	**677,471**	**-**	**677,471**	**677,471**
Financial liabilities				
Interest bearing loans and borrowings	**-**	**3,924,547**	**3,924,547**	**3,924,547**
Bank overdraft	**-**	**491,403**	**491,403**	**491,403**
Trade and other payables	**-**	**163,157**	**163,157**	**163,157**
Leases liabilities	**-**	**18,385**	**18,385**	**18,385**
Amounts due to related parties	**-**	**139,844**	**139,844**	**139,844**
Total financial liabilities	**-**	**4,737,336**	**4,737,336**	**4,737,336**

As at 31st March 2025	Group			
	Financial assets at amortised cost Rs. '000	Other financial liabilities at amortised cost Rs. '000	Total carrying amount Rs. '000	Total Rs. '000
Financial assets				
Trade receivables	166,934	-	166,934	166,934
Other receivables	10,973	-	10,973	10,973
Amounts due from related parties	31,827	-	31,827	31,827
Cash and cash equivalents	346,461	-	346,461	346,461
Total financial assets	556,195	-	556,195	556,195
Financial liabilities				
Interest bearing loans and borrowings	-	4,090,538	4,090,538	4,090,538
Bank overdraft	-	636,910	636,910	636,910
Trade and other payables	-	140,748	140,748	140,748
Leases liabilities		19,642	19,642	19,642
Amounts due to related parties	-	67,676	67,676	67,676
Total financial liabilities	-	4,955,514	4,955,514	4,955,514

As at 31st March 2026	Company			
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other receivables	**172,021**	**-**	**172,021**	**172,021**
Cash and cash equivalents	**1,350**	**-**	**1,350**	**1,350**
Total financial assets	**173,371**	**-**	**173,371**	**173,371**
Financial liabilities				
Trade and other payables	**-**	**1,182**	**1,182**	**1,182**
Amounts due to related parties	**-**	**52,607**	**52,607**	**52,607**
Leases liabilities	**-**	**18,385**	**18,385**	**18,385**
Total financial liabilities	**-**	**72,174**	**72,174**	**72,174**

As at 31st March 2025	Company			
	Financial assets at amortised cost	Other financial liabilities at amortised Cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other receivables	156,217	-	156,217	156,217
Cash and cash equivalents	140	-	140	140
Total financial assets	156,357	-	156,357	156,357
Financial liabilities				
Trade and other payables	-	1,089	1,089	1,089
Amounts due to related parties	-	34,623	34,623	34,623
Leases liabilities	-	19,642	19,642	19,642
Total financial liabilities	-	55,354	55,354	55,354

30 FINANCIAL INSTRUMENTS

30.2 Determination of fair value hierarchy

There were no financial instruments carried at fair value by valuation methods to include under different levels in fair value hierarchy.

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods.

Property plant and equipment

The fair value of freehold land is determined based on market values.

The market value of land is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.

30.3 Fair value measurement

30.3.1 Determination of fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques: The different levels have been defined as follows:

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

(ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly (Level 2)

(iii) Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data [Inputs that are unobservable that reflect management own assumptions] (Level 3)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets and liabilities.

Fair value measurement hierarchy - Group	Notes	31.03.2026				31.03.2025			
		Level 1 Rs. '000	Level2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Recurring fair value measurements									
Assets measured at fair value:									
Property, plant and equipment									
- Freehold land		-	-	2,140,325	2,140,325	-	-	1,187,920	1,187,920
Total		-	-	2,140,325	2,140,325	-	-	1,187,920	1,187,920

Fair value measurement hierarchy- Company	Notes	31.03.2026				31.03.2025			
		Level 1 Rs. '000	Level2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Assets for which fair values are disclosed - Recurring									
Investment property									
- Freehold land		-	-	2,140,325	2,140,325	-	-	1,187,920	1,187,920
		-	-	2,140,325	2,140,325	-	-	1,187,920	1,187,920

30 FINANCIAL INSTRUMENTS (CONTINUED)

30.3 Fair value measurement (Continued)

30.3.2 Reconciliation of fair value measurement of “Level 3” Financial Instruments

Freehold land

The reconciliation of property, plant and equipment (land) is given in Note 15 and 16 to the financial statements.

Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

30.3.3 Valuation techniques and significant unobservable inputs

Assets and liabilities measured at fair value - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Property plant and equipment - Freehold land	Market comparable method - 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 assists making appropriate	Price per perch of land (Per perch value Rs. 2,250,000)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)

Assets and liabilities for which fair values are disclosed - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Investment property - Freehold land	Market comparable method - 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 assists making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Per perch value Rs. 2,250,000)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)

31 FINANCIAL RISK MANAGEMENT

31.1 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.

31 FINANCIAL RISK MANAGEMENT CONTD.

Risk Management Framework

The companies Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relations to the risks faced by the Group. The Group audit committee is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

31.2 Credit risk

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

The Group's exposure to credit risk influenced mainly the individual characteristics of each customer. However, management also management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operate.

The risk management committee has established a credit risk policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry and in some cases bank references.

Credit risk exposure

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.

	Group		Company	
As at	31.03.2026 Rs. ’000	Allocation %	31.03.2026 Rs. ’000	Allocation %
Trade receivables	59,313	8%	-	0%
Other receivables	48,688	7%	172,021	99%
Amount due from related parties	22,482	3%	-	0%
Cash and cash equivalents	546,988	74%	1,350	1%
Deposit and prepayments	54,973	8%	-	0%
Total credit exposure	732,444	100%	173,371	100%

Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Group also uses broad investment portfolios and limit investments with a single counterparty.

31.2.1 Trade receivables

The aging of trade receivables - out side the group as at the reporting date was :

As at	Group Trade receivables 31.03.2026 Rs. '000	Impairment 31.03.2026 Rs. '000	Trade receivables 31.03.2025 Rs. '000	Impairment 31.03.2025 Rs. '000
Less than 30 days	**56,023**	**68**	95,763	-
30-60 days	**23,457**	**144**	48,192	-
60-90 days	**2,399**	**53**	39,277	-
90-180 days	**190**	**9**	16,515	986
180-365 days	**-**	**-**	452	452
More than 365 days	**760**	**760**	308	308
	82,829		200,507	
Less: Impairment on trade receivable	**(1,034)**	**1,034**	(1,746)	1,746
Carrying value of trade receivables and related party receivables	**81,795**		198,761	
External trade receivables	**59,313**		166,934	
RPT linked to operations	**22,482**		31,827	
Total	**81,795**		198,761	

31.2.2 Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was

For the year	Group		Company	
	2025/2026 Rs. '000	2024/2025 Rs. '000	2025/2026 Rs. '000	2024/2025 Rs. '000
Balance at the beginning of the year	**1,746**	312	**-**	-
Impairment provision/(reversal) during the year	**(712)**	1,434	**-**	-
Balance at the end of the year	**1,034**	1,746	**-**	-

31 FINANCIAL RISK MANAGEMENT CONTD.

31.3 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 assets. 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 risk to the Group

The table below analyses the group's non-derivative financial liabilities into relevant maturity grouping based on the maturity of liabilities as at the reporting date.

	Group			Contractual undiscounted cash flows						
As at 31.03.2026	Current Rs.'000	Non-current Rs.'000	Carrying amount Rs.'000	Payable on demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Liabilities										
Interest bearing loans and borrowings	301,411	3,623,136	3,924,547	-	98,517	279,905	387,903	1,118,298	2,309,114	4,193,737
Bank overdraft	491,403	-	491,403	491,403	-	-	-	-	-	491,403
Trade and other payables	163,157	-	163,157	163,157	-	-	-	-	-	163,157
Amounts due to related parties	139,844	-	139,844	139,844	-	-	-	-	-	139,844
Leases liabilities	5,511	12,874	18,385	-	-	3,240	4,860	14,580	-	22,680
Total	1,101,326	3,636,010	4,737,336	794,404	98,517	283,145	392,763	1,132,878	2,309,114	5,010,821

	Company			Contractual undiscounted cash flows						
As at 31.03.2026	Current Rs.'000	Non-current Rs.'000	Carrying amount Rs.'000	Payable on demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Financial Liabilities										
Other payables	1,182	-	1,182	1,182	-	-	-	-	-	1,182
Amounts due to related parties	52,607	-	52,607	52,607	-	-	-	-	-	52,607
Leases liabilities	5,511	12,874	18,385	-	-	3,240	4,860	14,580	-	22,680
Total	59,300	12,874	72,174	53,789		3,240	4,860	14,580	-	76,469

"Current" represents financial liabilities which are due to mature within one year.

Since these interest bearing borrowing loans are variable rate loans, carrying amount is equal to their contractual undiscounted cash flows.

31.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that 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 exposure within acceptable parameters, while optimising the return.

31.5 Equity prices

The Group does not carry quoted/non quoted investments in their consolidated statement of Financial Position, and there is no risk on changes in equity prices.

31.6 Foreign exchange risk

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

The Group being involved in hoteliering operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US Dollar, Euro ans GBP. Certain room contracts are entered into in foreign currencies and invoiced in SL Rupees using the conversion rates established by the industry.

The USD/LKR exchange rate depreciated steadily throughout financial year 2025/26, with the rupee losing approximately 6.5% of its value against the US dollar. The rate opened around LKR 296 in April 2025 and the movement was broadly orderly, with the rate consolidating within the LKR 302-310 band for an extended period during the second half of the year. Two periods of accelerated depreciation were noted: a sharp adjustment to around LKR 308 in mid-November 2025, followed by a more pronounced weakening during the final weeks of March 2026, culminating in a year-end closing rate of LKR 315.54.

The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

31.6.1 Effect on profit before tax

	Group		
As at 31st March 2026	USD denominated net financial assets/(liabilities)	EURO denominated net financial assets/(liabilities)	GBP denominated net financial assets/(liabilities)
As at 31st March 2026			
Net Foreign currency exposure ('000)	**1,360**	**288**	**12**
LKR depreciated by 5% (Rs. '000)	**21,450**	**5,204**	**245**
LKR appreciated by 5% (Rs.'000)	**(21,450)**	**(5,204)**	**(245)**
As at 31st March 2025			
Net Foreign currency exposure ('000)	1,429	14	5
LKR depreciated by 5% (Rs. '000)	21,167	205	79
LKR appreciated by 5% (Rs. '000)	(21,167)	(205)	(79)

31 FINANCIAL RISK MANAGEMENT CONTD.

31.7 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group exposure to the risk of changes in market interest rates relates primarily to the its long-term debt obligations with floating interest rates.

The Group has borrowings with variable interest rate such as AWPLR and would expose the group to cashflow/profits as the amount of interest paid would be changed depending on market interest rate.

The Average Weighted Prime Lending Rate (AWPLR) recorded a net increase of 85 basis points over the financial year 2025-26, opening at 8.43% in April 2025 and closing at 9.28% by end-March 2026. The year was characterised by two distinct phases. During the first half, the rate eased steadily, reaching a year-low of 7.88% in mid-July 2025. This was followed by a sustained reversal from November 2025 onwards, with the rate breaching the 9% threshold by January 2026 and remaining elevated for the remainder of the year, touching a peak of 9.35% in February and March 2026.

	Increase/decrease in basis points	Effect on profit before tax (Rs. '000)
Term loan	+250	42,302
Shareholder loan	+250	43,122
Term loan	-250	(42,302)
Shareholder loan	-250	(43,122)

The above demonstrate the sensitivity to a reasonably possible change in interest rate on loans where floating rates are applicable by 250 basis points for loans with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximise the return on financial management and to minimise the cost of borrowings. Group very strongly negotiate with banks and obtains best possible interest rates for the Group's borrowings. Listed below are steps adopted by the Group to minimise the effect of interest rate risks:

1 Entering into loans with interest rate caps and fixed rates.

2 Re negotiating with banks on interest rates when ever there is favourable fluctuations in the market rates.

32 CAPITAL MANAGEMENT

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

The capital of the company consists ordinary share capital.

The following factors are also objectively taken into consideration in managing the capital of the Group.

1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.
3. Group cash flow projections and ability to pay higher returns to shareholders.

33 RELATED PARTY DISCLOSURES

The Company and subsidiary carries out transactions with related Companies as defined in the Sri Lanka Accounting Standard LKAS 24, Related party disclosures in the ordinary course of business. The pricing policy applicable to such transactions are comparable with those that would have been charged from unrelated companies.

33.1 Transactions with Related Parties

The names of the Related Companies, the Common Directors and their relationship, the nature of transactions, terms of the transactions and the balance outstanding as 31st March 2026 are as follows.

Name of the Related Party	Relationship	Nature of Transaction	Terms of the Transaction	Group Transaction Value Rs.'000	Group Amount Outstanding as at 31.03.2026 Rs.'000	Company Transaction Value Rs.'000	Company Amount Outstanding as at 31.03.2026 Rs.'000
Melstacorp PLC	Intermediate parent company	Shareholder loan / Interest	Market terms	-	**(809,438)**	-	**-**
Aitken Spence PLC	Related Company	Fees paid for services	Market terms	16,845	**(134,214)**	4,058	**(5,660)**
		Reimbursement of expenses	Market terms	1,209	**-**	17	**-**
Aitken Spence Hotel Holding PLC	Major Shareholder	Shareholder loan	Market terms	-	**(725,524)**	-	**-**
		Interest expesne	Market terms	72,731	**(718,913)**	-	**-**
		Loans obtained	Market terms	150,000	**-**	-	**-**
Aitken Spence Hotel Managements (Pvt) Ltd	Related Company	Management Fees	Market terms	122,246	**(4,799)**	-	**(516)**
		IPG Commission	Market terms	9,612	**-**	-	**-**
		CPD/CMD Commission	Market terms	2,059	**-**	-	**-**
		Reimbursement of expenses	Market terms	46,039	**-**	-	**-**
		Sale of hotel rooms	Market terms	4,663	**1,439**	-	**-**
Stassen Exports (Pvt) Ltd	Other related Company	Purchases of goods	Market terms	13,176	**(831)**	-	**-**
		Shareholder loan / interest	Market terms	-	**(189,943)**	-	**-**
Elpitiya Plantations PLC	Related Company	Purchases of goods	Market terms	1,592	**-**	-	**-**
Aitken Spence Travels (Pvt) Ltd	Related Company	Sale of hotel rooms	Market terms	243,452	**21,043**	-	**-**
Aitken Spence Insurance Brokers (Pvt) Ltd	Related Company	Insurance charges	Market terms	14,066			
Distilleries Company of Sri Lanka PLC	Related Company	Purchases of goods	Market terms	6,713	**-**	-	**-**
Kandalama Hotels Pvt Ltd	Related Company	Purchases of goods	Market terms	590	**-**	-	**-**
Periceyl (Pvt) Ltd	Other Related Company	Purchases of goods	Market terms	1,853	**-**	-	**-**
Lanka Milk Foods (CWE) PLC	Other Related Company	Purchases of goods	Market terms	4,937	**-**	-	**-**
Negombo Beach Resorts (Pvt) Ltd	Subsidiary	Fees paid for services	Market terms	-	**-**	2,552	**(46,431)**
		Lease Rental	Lease agreement	-	**-**	15,804	**-**
		Short term advances	Market terms	-	**-**	15,000	**-**

Related party disclosures should be read in conjunction with Note No. 21,26 and 29.

33 RELATED PARTY DISCLOSURES CONTD.

33.2 Non-recurrent related party transaction

There is no non recurrent related party transaction during year for both Company and Group.

33.3 Recurrent related party transactions

Name of the related party	Relationship	Value of the related Party Transactions entered Rs. '000	Value of the related Party Transactions as a % of Revenue	Terms and Condition of Related Party Transactions	The Rationale for entering in to the transaction
Stassen Exports (Pvt) Ltd	Other related Company	13,176	0.71%	Market Terms	Purchase of Goods
Aitken Spence Travels (Pvt) Ltd	Related Company	243,452	13.13%	Market Terms	Sale of hotel rooms
Aitken Spence Hotel Managements (Pvt) Ltd	Related Company	122,246	6.59%	Market Terms	Management Fees
		46,039	2.48%		Reimbursement of expenses
Distilleries Company of Sri Lanka PLC	Related Company	6,713	0.36%	Market Terms	Purchase of Goods
Periceyl (Pvt) Ltd	Other Related Company	1,853	0.10%	Market Terms	Purchase of Goods
Lanka Milk Foods (CWE) PLC	Other Related Company	4,937	0.27%	Market Terms	Purchase of Goods

33.4 Transactions with Key Management Personnel

Browns Beach Hotels PLC, considers its Board of Directors as the Key Management Personnel of the Company.

There were no transactions with Key Management Personnel and their close family members during the year, which require disclosure as per LKAS-24 - Related Party disclosures.

34 LITIGATIONS AND CLAIMS

In the opinion of board of directors and the Company lawyers, there were no pending litigation against the company for the accounting period.

35 CAPITAL EXPENDITURE COMMITMENTS

The following commitments for capital expenditure approved by the Directors as at 31st March 2026 have not been provided for in the financial statements.

As at	Group		Company	
	31.03.2026 Rs. '000	31.03.2025 Rs. '000	31.03.2026 Rs. '000	31.03.2025 Rs. '000
Approximate amount approved but not contracted for	**92,032**	46,857	**-**	-
Approximate amount contracted for but not accounted	**3,603**	2,682	**-**	-
Total	**95,635**	49,539	**-**	-

36. EVENTS OCCURRING AFTER THE REPORTING DATE

The securities of Browns Beach Hotels PLC were transferred to the Watch List of the Colombo Stock Exchange (CSE) with effect from 1 August 2024 following the inclusion of an Emphasis of Matter on Going Concern in the Independent Auditor's Reports for the financial years ended 31 March 2024 and 31 March 2025, primarily due to the Company's accumulated losses, negative net assets and net current liabilities. Although the Securities and Exchange Commission of Sri Lanka (SEC) granted a deferment of the suspension of trading in the Company's securities until 31 August 2026, the Board, taking into consideration the Company's financial position, debt obligations, industry outlook and non-compliance with the minimum public holding requirements, resolved on 19 January 2026 to proceed with a voluntary delisting of the Company's securities from the Official List of the CSE.

An exit offer of Rs. 30 per share was arranged with the Company's major shareholders, Melstacorp PLC and Aitken Spence Hotel Holdings PLC, and the proposed voluntary delisting was approved by the Shareholders at the Extraordinary General Meeting held on 10 April 2026. Pursuant to such approval, the Company has taken the necessary steps in accordance with Rule 14 of the Listing Rules of the CSE and, having complied with the applicable requirements of the CSE, is currently awaiting the concurrence of the SEC to proceed with the delisting.

There has been no other material events occurred since the reporting date which require adjustment to, or disclosure in the financial statements.

37. CONTINGENT LIABILITIES

There were no significant contingent liabilities as at reporting date.

38. PARENT COMPANY

Melstacorp PLC is the immediate Holding Company of Browns Beach Hotels PLC.

39. AVERAGE NUMBER OF EMPLOYEES

The average number of employees as at 31st March 2026 was 197 (2024/25 - 187).

40. DIRECTORS' RESPONSIBILITY

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

41. COMPARATIVE FIGURES

No comparative information was changed during the year which require disclosure or adjustments in the financial statements. Group has consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

Notes

Form of Proxy

I/We..of

....

.... being a member/members of Browns Beach Hotels PLC hereby appoint

....of..

.... (whom failing),

Don Stasshani Therese Jayawardena (whom failing),
Chrishanthus Mohan Susith Jayawickrama (whom failing),
Christie Ranjan Stanislaus (whom failing),
Niranjan Joseph de Silva Deva Aditya, (whom failing),
Joseph Michael Suresh Brito (whom failing),
Ravindra Ajith Fernando (whom failing),
Mohamed Reyaz Mihular (whom failing),
Peter Englisch

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 18th September 2026, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

	Resolution	For	Against
1.1	To receive and consider the Annual Report of the Board of Directors together with the Audited Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon.		
1.2	To re-appoint Mr. J. M. S. Brito who is over the age of 70 years		
1.3	To re-appoint Mr. N. J. de Silva Deva Aditya who is over the age of 70 years		
1.4	To re-appoint Mr. M. R. Mihular who has attained the age of 70 years		
1.5	To re-elect Ms. D. S. T. Jayawardena who retires in terms of Article 84 and 85 of the Articles of Association of the Company		
1.6	To authorise the Directors to determine contributions to charities		
1.7	To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

Signed this .... day of ...., Two Thousand and Twenty-Six.

....
Shareholder's Signature/(s)

....
Shareholder's NIC / Folio No

....
Proxyholder's NIC No.

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.

3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association/Constitutional documents (as applicable).

4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.

5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to nelum@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than forty eight (48) hours before the time fixed for the meeting.

PLEASE PROVIDE THE FOLLOWING DETAILS (MANDATORY):

NIC/PP/Company Registration No. of the Shareholder/s	: ....
Folio No.	: ....
E-mail address of the Shareholder/(s) or proxyholder *(other than a Director appointed as proxy)*	: ....
Mobile No.	: ....
Fixed line	: ....