



The Dawn of a
New Era



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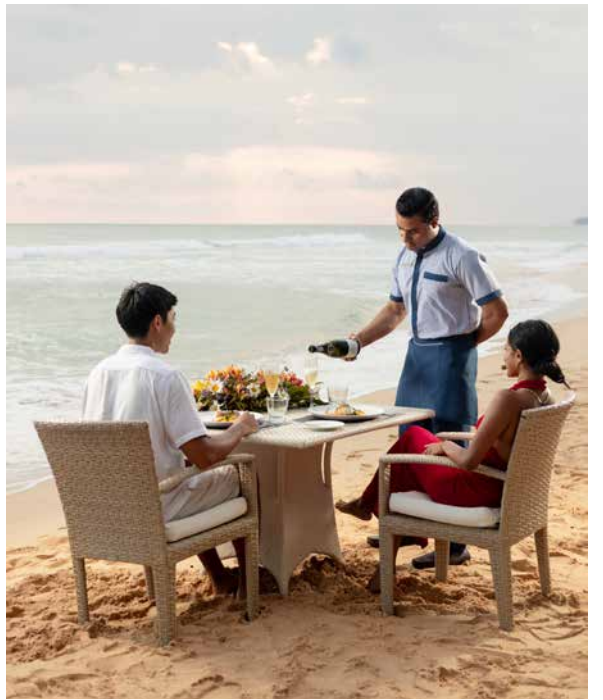
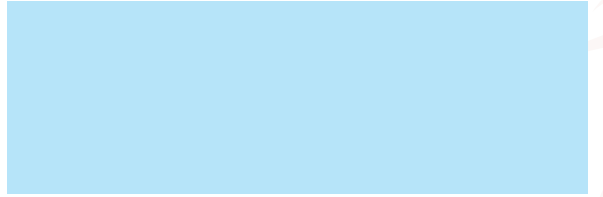


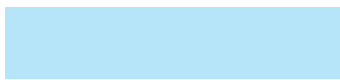
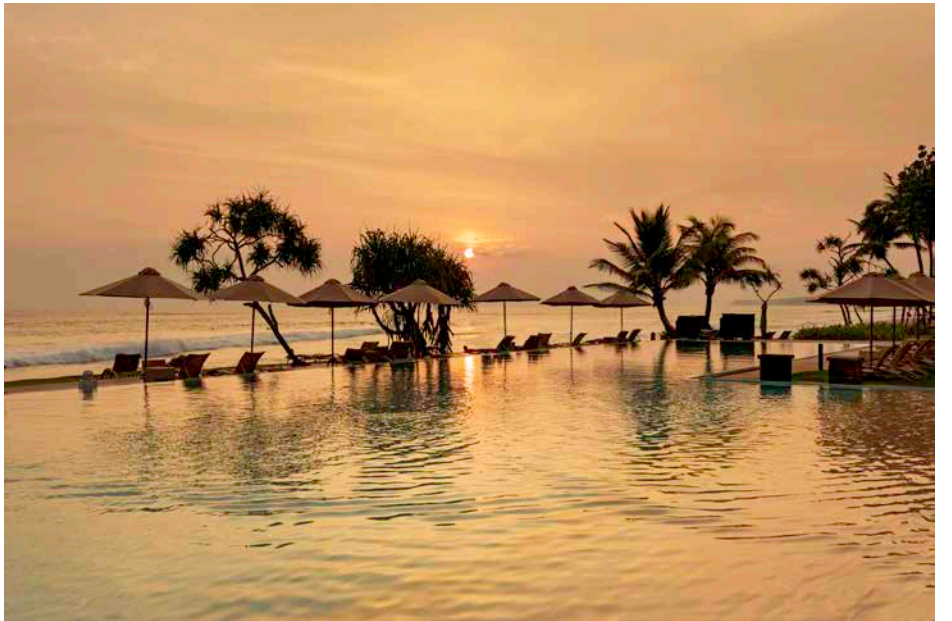
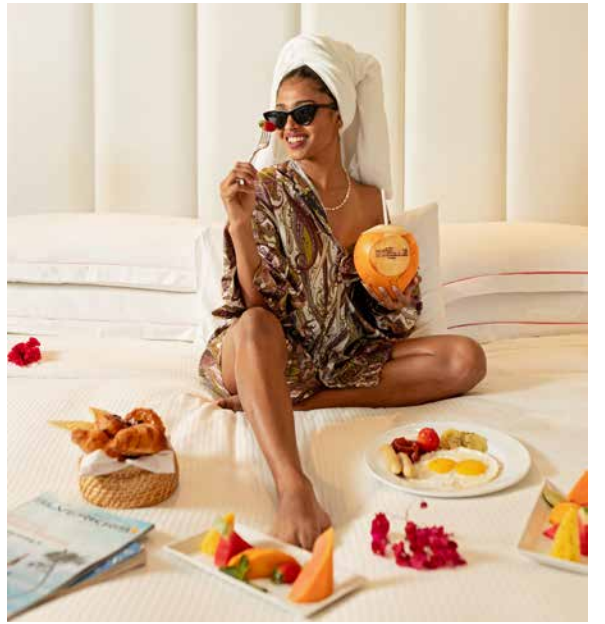
The Dawn of a New Era

This year marked a transformative chapter for The Fortress—a harmonious blend of heritage and renewal. As we embrace a new era, our extensive refurbishments have breathed new life into every stone, suite, and space, enhancing the timeless elegance our guests have come to love. With a renewed vision and revitalised offerings, we are proud to have not only redefined luxury within our walls but also surpassed our sales targets. This is more than a revival—it's a bold step into the future of hospitality, where excellence is not just preserved, but elevated.

Group Financial Highlights

Year Ended 31 st March		2025	2024	2023
Earnings Highlights and Ratios				
Revenue	Rs'000	1,006,142	921,487	434,696
Earnings/(loss) before interest and tax (EBIT)	Rs'000	312,806	274,049	7,144
Group profit/(loss) before tax (PBT)	Rs'000	305,123	266,705	(680)
Group profit/(loss) after tax (PAT)	Rs'000	236,108	212,342	(19,842)
Group profit/(loss) attributable to the shareholders	Rs'000	236,108	212,342	(19,842)
Earnings/(loss) per share (EPS)	Rs.	2.13	1.91	(0.18)
EPS Growth	%	11	1,161	(160)
Interest cover	No. of times	41	37	1
Return on Equity	%	11	12	(1)
Return on Capital employed	%	14	11	(1)
Balance Sheet highlights and ratios				
Total assets	Rs'000	2,410,462	2,178,190	1,826,630
Total shareholder's funds	Rs'000	2,044,844	1,815,347	1,609,145
No. of shares in issue	Number	110,886,684	110,886,684	110,886,684
Net assets per share	Rs.	18.44	16.37	14.51
Market/Shareholder information				
Market price of share as at 31 st March	Rs.	24.50	23.00	22.00
Market capitalisation	Rs'000	2,716,707	2,550,378	2,439,507
Price earnings ratio	No. of times	11.51	12.01	(122.22)
Operational information				
Average occupancy	%	52	50	27
Number of room nights sold	Room nights	10104	9726	5164
Room revenue	Rs'000	592,153	549,729	246,198
Average room rate (ARR)	Rs.	58,606	56,520	47,676
Revenue per occupied room	Rs.	99,579	94,745	84,178
Net profit/(loss) per room	Rs'000	4,455	4,006	(374)





Chairman's Message



J R Gunaratne
Chairman

It is with great pleasure that I present to you the Annual Report of The Fortress Resorts PLC for the financial year 2024/25. This reporting period has been a particularly pivotal one for the organisation, as we continued to operate amidst an ever-evolving global landscape while also seizing new opportunities to build on the strong foundations we have laid in past years. Our ability to adapt with agility, respond strategically to challenges, and remain committed to our long-term vision has enabled us to deliver commendable performance and sustained value to all stakeholders. The resilience and strategic foresight demonstrated by our team over the past year is worthy of recognition, and I am proud to note the progress we have made together.

EXTERNAL ENVIRONMENT

The global macroeconomic environment in 2024 was characterised by cautious optimism amid persistent volatility. While overall global GDP growth held steady at 3.2%, in spite of considerable pressure from geopolitical tensions, inflationary concerns, and divergent monetary policy approaches across economies. These externalities impacted consumer sentiment, travel patterns, and capital flow dynamics worldwide.

Sri Lanka, however, marked a meaningful economic turnaround during this period. Emerging from one of the most challenging crises in its post-independence history, the country posted its strongest GDP growth in over six years, alongside notable improvements in inflation, fiscal stability, and exchange rate performance. The resurgence in inbound tourism underscored by over 2 million tourist arrivals, was not just symbolic of renewed global confidence in Sri Lanka, but also an essential contributor to the national economy. For the hospitality sector, these developments translated into more favorable operating conditions, improved investor sentiment, and opportunities for market expansion.

“Looking ahead, we are encouraged by the growth trajectory projected for Sri Lanka’s tourism sector, including the ambitious national goal of attracting 3 million visitors in 2025.”

This growth was not only reflective of pent-up demand, but also a validation of the country’s efforts to reposition itself in the global tourism map. For Fortress, these trends translated into renewed opportunity to expand our market share, deepen customer relationships, and reassert our brand positioning among discerning global travelers.

STRATEGIC RESPONSE BY FORTRESS

At Fortress, we approached this dynamic external landscape with measured foresight and disciplined execution. Our strategic response centered around digital transformation, operational efficiency, and guest experience enhancement. We significantly expanded our digital marketing footprint, strengthened our brand presence across key OTAs, and increased engagement in our highest-performing source markets. These actions resulted in improved channel contributions and supported our recovery in occupancy and yield.

In operational terms, we adopted a proactive stance on resource optimisation and sustainability. The commissioning of our biomass boiler marked a milestone in our transition toward energy efficiency and cost containment, reflecting both our environmental commitment and financial prudence. Our focus on experiential travel offerings, aligned with evolving global tourism preferences, allowed us to reinforce our brand as a destination of choice for wellness, celebration, and high-value personalised experiences.

COMPANY PERFORMANCE

Our results for the year affirm the effectiveness of our strategy. We achieved an annual average occupancy of 52%, with significant peaks during the high season that underscored the strength of our demand generation efforts. Our digital marketing campaigns and OTA partnerships played a critical role in boosting visibility and bookings, with online room nights growing by 26% and accounting for 37%

of total room nights, up from 30% the previous year.

From a financial standpoint, we delivered a 9% growth in revenue, reaching Rs. 1,006 million, alongside a 14% increase in profit before tax and an 11% increase in net profit. Every major revenue stream—from rooms and F&B to spa and sundry services—showed positive year-on-year growth, signaling the broad-based nature of our recovery. Operational metrics, including improved guest satisfaction scores and an over 10% repeat guest ratio, reinforce our focus on delivering exceptional experiences consistently.

GOVERNANCE

As always, our commitment to robust governance was central to everything we achieved. The Board remained steadfast in its oversight responsibilities, ensuring alignment between strategic direction and execution. Throughout the year, we emphasised the integration of sustainability into governance frameworks, reinforced our internal controls, and facilitated management accountability through structured performance reviews. These efforts were instrumental in safeguarding shareholder interests while also building resilience into our business model.

In an increasingly complex and interconnected operating environment, good governance is not merely a compliance obligation—it is a strategic asset. Our adherence to ethical practices, transparent disclosures, and stakeholder engagement principles continues to underpin our long-term credibility and investor confidence.

SUSTAINABILITY INTEGRATION

Sustainability is a pivotal aspect of our business strategy. In 2024/25, we continued to make meaningful progress on our ESG commitments. The introduction of a biomass boiler not only helped us cut down on diesel use by 90%, but also demonstrated how

Chairman's Message

environmental action can drive cost efficiency. Our water and waste management programs contributed to more responsible resource consumption, while our biodiversity efforts and partnerships supported the preservation of our coastal environment.

Beyond environmental stewardship, we expanded our social impact through community engagement, youth training, and local procurement. Our internal ESG governance mechanisms were strengthened, with regular audits and staff training reinforcing a culture of responsibility and transparency. While our Green Globe certification remains in abeyance post-COVID, we continue to maintain its standards across all dimensions of operations.

FUTURE OUTLOOK

Looking ahead, our confidence is reinforced by both internal momentum and external opportunities. Sri Lanka's macroeconomic outlook continues to improve, with the national tourism strategy aiming to build on the gains achieved in 2024/25. The ambitious national goal of attracting 3 million visitors in 2025 provides a compelling growth backdrop for the hospitality sector. Fortress is well-positioned to participate meaningfully in this expansion, supported by our strong operational foundation, strategic clarity, and well-established brand presence in both mature and emerging source markets.

In alignment with this positive trajectory, our strategic priorities for the year ahead include consolidating the gains made over the past year, continuing our investments in service innovation, digital engagement, and guest personalisation, and further amplifying our community and environmental impact. We have set forward-looking targets such as increasing occupancy to 62%, enhancing guest satisfaction benchmarks, and further reducing our environmental footprint—initiatives that will strengthen our competitive position while staying true to our sustainability ethos.

APPRECIATION

On behalf of the Board, I would like to thank our partners and suppliers for their continued trust, our employees for their dedication, our guests for choosing us, and all our stakeholders for being part of this shared journey. Together, we remain committed to shaping a sustainable and prosperous future for The Fortress Resorts and Spa, and creating sustained value on behalf of all our stakeholders.



J R Gunaratne
Chairman

Board of Directors



Mr. Jitendra Romesh Gunaratne
Chairman

Mr. J R Gunaratne is an experienced business leader with a background in strategic planning, production and distribution, industrial relations, and change management. With a career spanning the food and beverage, plantation, and leisure sectors, he has been instrumental in driving operational improvements, organisational development, and workforce transformation across various enterprises.

He has previously held directorships in several listed and private entities within the John Keells Group. In addition to his corporate roles, Mr. Gunaratne has contributed to national policy and industry development as a Member of the Food Advisory Council of the Ministry of Health and the Council for Hotel & Tourism of the Employers' Federation of Ceylon. He also served as the Founding Chairman of the Beverage Association of Sri Lanka, underscoring his leadership within the sector.

Currently, Mr. Gunaratne serves as the Non-Executive Chairman of Delmege Limited, Deputy Chairman of Link Natural Products (Pvt) Ltd, and an Independent Non-Executive Director of CIC Holdings PLC, CIC Feeds (Private) Limited, CIC Poultry Farms Limited, Lanka Tiles PLC, and Royal Ceramics Lanka PLC.

Mr. Sumith Adhietty
Director

Mr. Sumith Adhietty is a well-known professional in the marketing field and has over 44 years of experience in the finance sector.

He holds directorships in nine other companies, namely: Vallibel One PLC, Multi Finance PLC, LB Finance PLC, LB Microfinance Myanmar Company Limited, Greener Water Ltd., Summer Season Ltd., Summer Season Mirissa (Pvt) Ltd., Summer Season Residencies Ltd., and La Fortresse (Private) Limited, where he serves as a Non-Executive Director.

He was formerly the Deputy Managing Director of Mercantile Investments Limited and has also served as a Director of Nuwara Eliya Hotels Limited, Grand Hotel (Pvt) Limited, Royal Palm Beach Hotels Limited, Tangerine Beach Hotels Limited, Nilaveli Beach Hotels Limited, Mercantile Fortunes (Pvt) Limited, Tangerine Tours Limited, and Security Ceylon (Pvt) Limited.

Mr. Jan Peter Van Twest
Director

Mr. Jan Van Twest counts over 45 years of experience in the hospitality industry in senior Management positions in Sri Lanka, Europe, Australasia and the South Pacific. He graduated from the Ceylon Hotel School, Sri Lanka, in Hotel & Catering Operations and Advanced Hotel and Catering Operations from the Carl Duisburg Centre in Munich, Germany. He is a certified Hotel Trainer with the Chamber of Commerce for Munich and Upper Bavaria. He is also a graduate of the Technical University of Munich. He is presently, a Director of Summer Seasons Limited.

Board of Directors



Mr. Chatura Vishvajit Cabraal
Director

Mr. Chatura V Cabraal holds a Bachelor of Science (BSc.) degree in Mechanical Engineering with Honours, specialising in manufacturing and design, from the Missouri University of Science and Technology, USA.

Mr. Cabraal began his career in 2010 as a Management Trainee at John Keells Hotel Management Services and subsequently held the role of Sustainability Engineer at Brandix Lanka (Pvt) Ltd from 2011 to 2014, within the Energy and Environment Department. He served as the Senior Manager - Estate Management at CHEC Port City Colombo (Pvt) Ltd until October 2023.

He previously served on the Board of the Export Development Board of Sri Lanka and holds directorships at Kelani Valley Plantations PLC as a Non-Executive Director and Renuka City Hotels PLC as an Independent Non-Executive Director.

Mr. Chethiya Minendra Umagiliya Weerawardena
Director

Mr. Chethiya Minendra Umagiliya Weerawardena is a visionary leader with extensive experience in corporate management and entrepreneurship. He holds a Doctorate in Business Administration from the University of Azteca, North America, and MBA from the University of Suffolk, United Kingdom.

Furthermore he is also conferred with a Master of Law from University of Buckinghamshire.

He is the Chairman of Uni Dil Packaging Limited and Uni Dil Packaging Solutions Limited and serves as a Non-Executive Director of DHT Cement Pvt Ltd, Swisstek Aluminum Limited, Swisstek Ceylon PLC. Renowned for his contributions to both listed and non-listed entities, Mr. Umagiliya has driven growth and innovation across diverse industries.

A Fellow of the Institute of Chartered Professional Managers Sri Lanka and he is also a member of Chartered Institute of Marketing (UK), Chartered Management Institute (UK), and the Financial Management Association (USA). Mr. Umagiliya's leadership continues to inspire excellence and progress in Sri Lanka's corporate landscape.

Mr. Vasantha Leelananda
Director

Mr. Vasantha Leelananda counts over 40 years of experience in the hospitality industry in Senior Management positions in Sri Lanka with the John Keells Group. He served as the Executive Vice President of the Destination Management sector of the John Keells Group from 2005-2018 and Managing Director of Walkers Tours from 1997-2005. He holds an MBA from the University of Leicester. He was a past president of Sri Lanka Association of Inbound Tour Operators (SLAITO) for four years, a Board Member of the Sri Lanka Convention Bureau (SLCB) from 2003-2007, Sri Lanka Institute of Tourism and Hotel Management (SLITHM) from 2007-2010, and American Chamber of Commerce (AMCHAM) from 2012-2014. He was also a Board Member of the Responsible Tourism partnership affiliated to the travel foundation UK, a Board Member of Sri Lanka Tourism Promotion Bureau (SLTPB) from 2015-2018 and a Director of Sri Lanka Business and Bio Diversity platform.



Ms. Kawshi Amarasinghe
Director

Ms. Kawshi Amarasinghe currently serves as an Executive Director of Vallibel One PLC and as the Group Director for International Business Development and Corporate Social Responsibility. With over a decade of senior leadership experience, she plays a pivotal role in formulating and driving the Group's strategic business development and research initiatives across a diversified industry portfolio.

Ms. Amarasinghe leads cross-functional teams in executing complex, high-impact projects across the manufacturing, hospitality, retail, and financial services sectors. Her expertise encompasses market research, branding, digital transformation, data-driven marketing strategies, innovation, and business expansion. She works closely with senior leadership teams across all group subsidiaries to enhance strategic decision-making, identify growth opportunities, and ensure alignment with the Group's long-term objectives.

In addition to her corporate responsibilities, Ms. Amarasinghe oversees the strategic direction of DP Education under the Dhammika & Priscilla Perera Foundation, Sri Lanka's largest free education platform.

Ms. Amarasinghe is widely recognised for her ability to combine strategic vision with operational excellence, delivering measurable

impact across both enterprise and community initiatives.

Industry Contributions and Board Memberships:

- Executive Director - Vallibel One PLC (current)
- Non-Executive Director - Singer Sri Lanka PLC (current)
- Non-Executive Director - Pan Asia Banking Corporation PLC (current)
- Non-Executive Director - Greener Water Ltd. (current)
- Non-Executive Director - Hayleys Leisure PLC (current)
- Chief Executive Officer - Dhammika & Priscilla Perera Foundation (current)
- Alternate Director - Hayleys PLC (October 2019 - June 2022)

Professional and Educational Qualifications:

Ms. Amarasinghe holds a Bachelor's degree in International Studies from The University of Queensland, Australia. She has further enhanced her professional competencies through globally recognised executive education programs, including the Management Acceleration Programme at INSEAD, France, and Hotel Revenue Management at Cornell University, USA. These credentials, combined with her extensive practical experience, equip her to lead with a global and future-focused perspective.



Ms. Brindhiini Perera
Director

Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

She currently serves as a Non-Executive Director on the Boards of Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, Haycarb PLC, Dipped Products PLC, Hayleys Fabric PLC, The Kingsbury PLC, Hayleys Leisure PLC, and Singer (Sri Lanka) PLC. She also serves on the Boards of Eurocarb Products Ltd (UK), Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd, and the Dhammika & Priscilla Perera Foundation.

Board of Directors



Mrs. Roshika Nishani Pallegama

Director

Mrs. Roshika Nishani Pallegama is a seasoned finance professional with over 25 years of experience, specialising in the hospitality, waterparks, and facility management sectors. Nearly 20 years of her career were spent with the renowned Jumeirah Group in Dubai, including a tenure at the iconic Burj Al Arab.

She currently serves as Vice President - Finance at Resplendent Ceylon, where she oversees financial operations across five luxury boutique properties, including Cape Weligama, Wild Coast Tented Lodge, and Ceylon Tea Trails.

Mrs. Pallegama holds an MBA from the University of Sunderland and a Certificate in Asset Management & Owner Relations from Cornell University.

Prior to joining Resplendent Ceylon, she served as Director of Finance at Mövenpick Hotel Colombo, a non-listed entity owned by Softlogic City Hotels (Pvt) Ltd.

Mr. Amrit Merrill Joseph Fernando

Director

Mr. Amrit M J Fernando represents the third generation of the Fernando family, founders of Dilmah Tea. He is the grandson of Merrill J. Fernando, the visionary behind the creation of Dilmah in 1988 as a single-origin, pure Ceylon tea brand. Mr. Fernando holds a B.Sc. (Hons) in Marketing and Management from the University of Exeter, United Kingdom.

He currently serves as a Brand Marketing Specialist at Dilmah Tea, becoming the first member of the third generation to join the family business. He is also a Director at Suwa Arana, Sri Lanka's first Paediatric Palliative Care Centre, representing the MJF Foundation. In addition, he serves as Chair of the Agriculture & Food Security Committee of the International Chamber of Commerce, Sri Lanka.

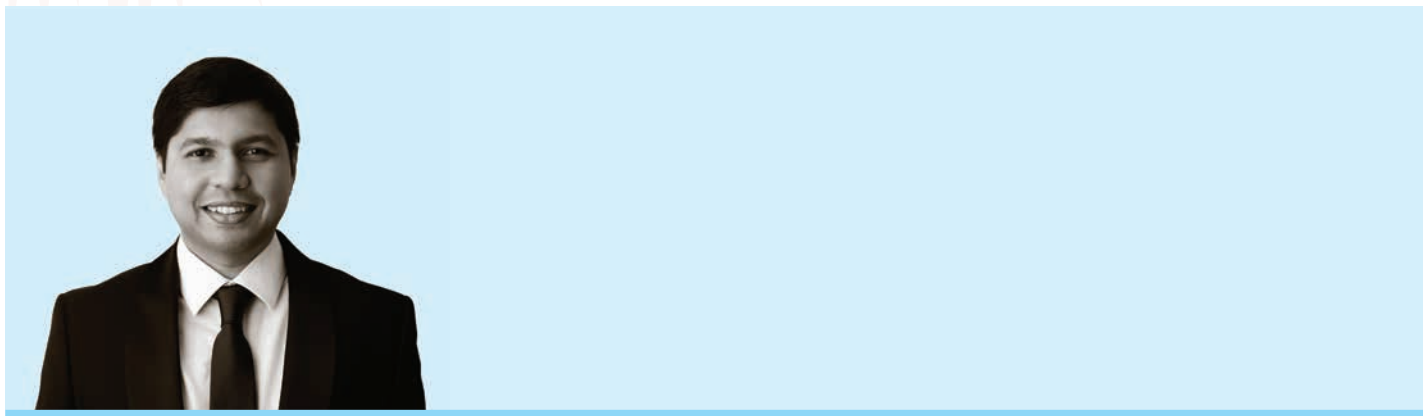
Mr. Fernando is a Non-Executive Director of Talawakelle Tea Estates PLC and The Ceylon Spice Company (Private) Limited.

Mrs. Devika Weerasinghe

Director

Mrs. Kamani Devika Weerasinghe is a senior finance professional with over 30 years of experience in finance and management. She began her career at Price Waterhouse Coopers before moving to the John Keells Group, where she held various finance roles and directorships in both private and publicly listed companies. Before retiring in June 2024, Mrs. Weerasinghe served as the CFO for the Transportation Industry Group, Plantations services and Information Technology sectors within the John Keells Group. She is an associate member of the Chartered Institute of Management Accountants UK, and holds a Bachelor's Degree in Business Administration from the University of Sri Jayawardanapura.

Independent Non-Executive Director at Printcare PLC, Vallibel One PLC, Vallibel Power Erathna PLC, and Lanka Ceramics PLC.



Mr. Ashen Joseph

Director

Ashen Joseph is a seasoned business professional and academic with expertise in customer experience management, organisational psychology, and data analytics. Currently serving as an Academic in Business & Management at the University of Buckingham, England. Ashen has extensive experience in business development, higher education, and service excellence across diverse industries. He is pursuing a DPhil in Business by Research, with a focus on service well-being in the luxury hospitality sector at the University of Buckingham. Additionally, he holds an MSc in Customer Service Management (Distinction) and a BSc in Psychology (Hons) from the University of Buckingham.

Mr. Joseph currently serves as a Non-Executive Director at NJ Consultants (Pvt) Ltd.

Management Discussion and Analysis

GLOBAL OUTLOOK

The global economic landscape in 2024 was characterised by resilience amidst significant uncertainties. Global GDP growth stabilised at 3.2%, slightly trailing pre-pandemic trends, with the International Monetary Fund forecasting a modest acceleration to 3.3% in 2025. While the United States demonstrated robust performance (2.7% growth), Europe and China experienced more subdued recoveries. Growth in emerging and developing markets continued at a steady pace, led by India and ASEAN countries—key source regions for Sri Lanka's tourism sector.

Inflationary pressures eased globally, though policy responses varied. While some central banks began cutting rates, others adopted a cautious stance due to persistent services inflation. Core inflation hovered just above 2% on average, while certain emerging markets faced renewed inflation volatility. Financial conditions remained broadly accommodative, although a stronger US dollar and capital outflows tightened liquidity in some emerging economies.

Geopolitical instability across Europe, the Middle East, and Asia, along with ongoing trade policy uncertainties, continued to weigh on investor sentiment and trade momentum. Meanwhile, global commodity price movements were mixed. Oil prices softened due to weaker Chinese demand and increased supply, while food prices edged up, partly due to weather-related disruptions. These global conditions influenced travel decisions and disposable income in key source markets for Sri Lankan tourism.

SRI LANKAN ECONOMY

Sri Lanka's domestic economy demonstrated encouraging signs of recovery in 2024. The country exited its worst economic crisis in recent history with stronger-than-expected real GDP growth of 5.0%—the highest since 2017. All four quarters posted positive growth, led by industrial recovery and a rebound in tourism-linked services such as accommodation and transport.

The macroeconomic recovery was driven by effective fiscal management, declining inflation, and rising business confidence. Structural reforms and the near-completion of external debt restructuring significantly boosted international credibility. The Central Bank maintained a supportive monetary policy, resulting in lower interest rates and improving credit conditions for households and businesses—beneficial for the tourism and hospitality sector.

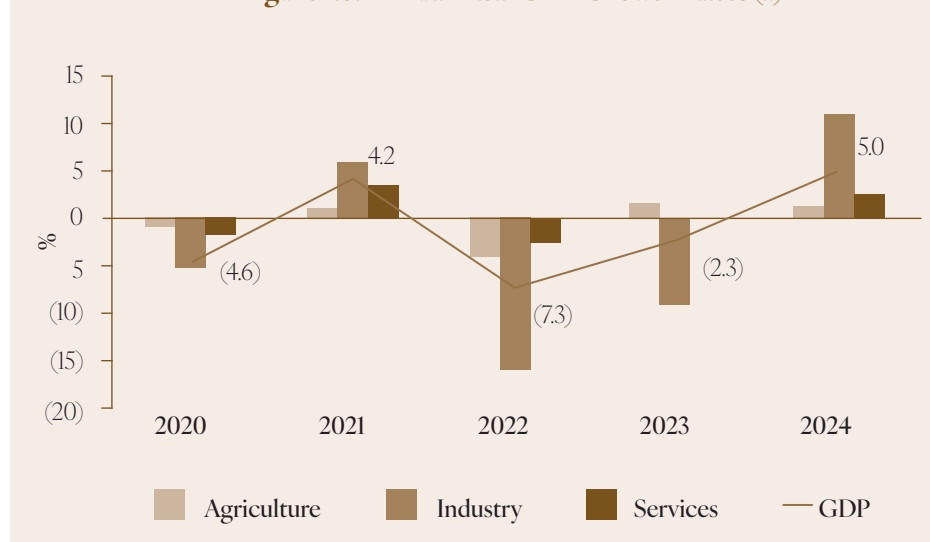
Sri Lanka's inflation landscape shifted dramatically. After peaking early in the year due to VAT hikes and volatile food prices, headline inflation dropped to -1.7% by year-end, with average annual inflation easing to just 1.2%. Lower utility costs, stronger currency performance, and subdued domestic demand played a role in easing cost pressures for service providers, including hotels.

External sector and exchange trends

The external sector strengthened considerably. The Sri Lankan rupee appreciated by 10.7% against the US dollar, backed by current account surpluses and rising inflows from remittances and tourism. By year-end, the exchange rate stood at Rs. 292.58 per USD. This appreciation helped reduce the cost of imported goods and services, aiding operational efficiency for resorts reliant on imported inputs. Foreign reserves improved significantly, supported by the Central Bank's record net forex purchases.

These macroeconomic dynamics provided a more stable operating environment for the hospitality sector, improving affordability for local travelers and boosting investor confidence across the industry.

Figure 1.8: Annual Real GDP Growth Rates (a)



Labour markets and cost conditions

Labour market conditions remained relatively subdued in 2024, with a slight decline in the economically active population and lower labour force participation. However, the unemployment rate improved marginally to 4.4%. A notable increase in overseas employment continued to relieve pressure on the domestic job market. Within the hospitality industry, a more stable macroeconomic backdrop led to greater staff retention, wage stability, and improved morale—factors critical to maintaining service excellence in the leisure sector.

Credit accessibility

The decline in interest rates created favorable conditions for financing and operational expansion. The Central Bank reduced policy rates by 125 basis points, with short-term market rates following suit. Lending rates across banks eased, particularly for SME and hospitality-linked credit products. Real interest rates turned positive, boosting savings while facilitating affordable borrowing—an important enabler for ongoing investment in infrastructure and guest facilities within the tourism sector.

TOURISM SECTOR OUTLOOK

The Sri Lankan tourism industry demonstrated a remarkable resurgence in 2024, marking a significant milestone by surpassing 2 million tourist arrivals for the first time since 2018. With 2.14 million arrivals by the end of March 2025, the industry recorded a 19.7% year-on-year increase, supported by extensive global marketing campaigns, the easing of travel advisories, and enhanced government efforts to position Sri Lanka as a prime destination for luxury, wellness, and experiential tourism.

Geopolitical shifts in the region, notably tensions between India and the Maldives and the Russia-Ukraine war, diverted tourists to Sri Lanka, reinforcing its status as a preferred alternative. Government-led initiatives such as visa-free entry for selected countries, promotional roadshows in India, Europe, and Australia, and recognition at global tourism forums significantly contributed to this rebound.

Simultaneously, global tourism trends such as wellness and retreat travel, local experiences, personalisation, and celebratory travel aligned with Fortress's offerings. This allowed the resort to capitalise on emerging traveler preferences, enhancing its market appeal.

In this backdrop, the year 2024 marked a significant turning point for Sri Lanka's tourism sector, demonstrating robust recovery following several years of disruption. Total tourist arrivals surged to 2,053,465, reflecting a 38.07% year-on-year increase compared to

2023. This impressive growth can be attributed to a combination of factors: the easing of global travel restrictions, effective promotional efforts, and growing traveler confidence in Sri Lanka as a safe and desirable destination.

The strongest growth was recorded in January 2024, which saw a 103.08% increase over the previous year, likely driven by holiday travel trends and favorable weather. December emerged as the peak month for tourist arrivals, with 248,592 visitors, reinforcing the island's attractiveness as a winter destination. In contrast, May 2024 saw the lowest monthly arrivals at 112,128, reflecting seasonal travel dips and possibly less appealing weather conditions.

This pattern highlights the seasonal nature of tourism in Sri Lanka, where monthly performance is influenced by climatic conditions, global travel calendars, and market-specific dynamics.

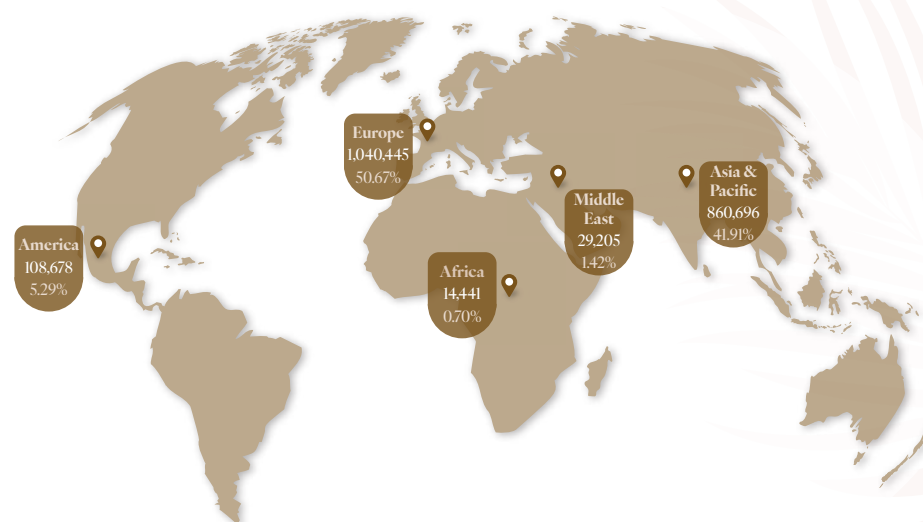
Tourist arrivals by region

From a regional perspective, Europe remained the dominant contributor, accounting for 50.67% of total arrivals. This continued preference reflects deep-rooted travel connections, efficient air access, and the success of long-standing promotional campaigns. The Asia and Pacific region followed closely with 41.91%, underscoring the importance of regional proximity and connectivity in driving inbound tourism.

Other regions contributed more modestly: the Americas (5.29%), Middle East (1.42%), and Africa (0.7%). These numbers indicate untapped potential, suggesting future growth opportunities through enhanced air links and market-specific strategies.

In terms of individual markets, India led as the top source, delivering 20.3% of all tourist arrivals, supported by geographic proximity, cultural ties, and improved bilateral relations. Russia (9.8%), the United Kingdom (8.6%), Germany (6.6%), and China (6.4%) also featured prominently, with arrivals bolstered by tailored promotions and strong air connectivity.

Secondary markets such as Australia (4.4%), France (4.3%), USA (2.9%), the Netherlands (2.4%), and Maldives (2.3%) further emphasised the global reach and growing diversity of Sri Lanka's tourism base. This spread mitigates risks associated with over-reliance on any one region and enhances the sector's resilience.



Management Discussion and Analysis

Purpose of Visit Outlook

A significant share of arrivals in 2024 was attributed to leisure and vacation travel, affirming Sri Lanka’s image as a recreational and cultural destination. Tourists visiting for pleasure included:

Country/region	Percentage of travellers
Germany	50.8%
The United Kingdom	44.3%
Russia	41.5%
China	37.9%
India	33.9%

These figures indicate a strong orientation toward beach holidays, cultural exploration, and wellness tourism, aligning well with the country’s strategic goals of promoting high-value experiences over mass-market travel.

OUR RESPONSE TO CHALLENGES

Fortress adapted strategically to both global and local challenges in 2024/25 by implementing forward-looking and data-driven measures:

- Digital Transformation & Marketing:** The resort increased digital marketing investments, optimising presence on OTAs including Booking.com, Agoda, Expedia, and its own website. The use of PPC advertising and targeted campaigns drove a 26% YoY increase in online room nights.
- Operational Adjustments:** Menu engineering based on local ingredients helped manage cost structures amidst global supply chain fluctuations. A biomass boiler project, completed in February 2024, reduced diesel consumption by 90%, saving Rs. 15 million.
- Talent Retention & Development:** Fortress retained top-tier talent with above-industry salary increments and trained hospitality school interns during the offseason.

- Sustainability Focus:** Initiatives included reducing water and energy use per occupied room night, eliminating plastic, and reusing treated water for gardening—positioning Fortress as a responsible tourism operator.
- Risk Mitigation:** The hotel developed Business Continuity Protocols to manage geopolitical risks, improved scenario planning for macroeconomic shifts, and expanded its supplier base to counter inflationary pressures.

MARKETING STRATEGY

In 2024/25, The Fortress Resort & Spa executed a focused and data-driven marketing strategy that directly translated into increased bookings, improved revenue mix, and enhanced brand visibility across global and emerging markets. Anchored by digital acceleration and platform diversification, the resort optimised its presence across key online travel agencies (OTAs) such as Booking.com, Agoda, Expedia, SLH, and its official website. These platforms collectively contributed 37% of total bookings, up from 30% the previous year, with a 26% YoY increase in online room nights—highlighting the return on investment from aggressive PPC advertising and targeted campaigns.

We meticulously analysed travel patterns to amplify our visibility in top-performing feeder markets, particularly the UK, Germany, France, and India. The hotel’s presence at ITB Berlin and ILTM London fostered relationships with high-value tour operators such as Kouni, Trailfinders, and TUI, which led to tangible conversions during the peak season. The monthly advertising budget was ramped up to USD 3,000 to drive awareness and engagement, especially in Q3 and Q4, aligning with the global tourism surge.

Fortress strategically positioned itself as a destination for wellness, celebratory, and personalised travel—trends aligned with global demand. Wedding and anniversary events

alone contributed over 5% of total revenue. High repeat visit rates and a CSI (Customer Satisfaction Index) nearing 90% reflect not only superior guest experiences but also the effectiveness of brand storytelling across digital touchpoints.


COMPANY PERFORMANCE

The year began on a positive note, with April 2024 achieving 71% occupancy, signaling a turnaround from previous low-demand cycles. Despite traditional offseason dips in May (17%) and June (27%), performance improved steadily through the year, peaking in February 2025 at 77% occupancy.

Total occupancy for the year averaged 52%, up from 50% in 2023/24. This improvement was attributed to better OTA performance, strategic marketing efforts, and growth in bookings from both traditional (UK, Germany, France) and emerging markets (India, Israel). Guest satisfaction remained high, with a CSI (Customer Satisfaction Index) close to 90% and a repeat customer rate above 10%. Fortress also maintained its standing as a venue for celebratory travel—weddings and anniversaries contributed over 5% of annual revenue.

Financial Performance

The financial year 2024/25 was marked by solid top- and bottom-line growth for The Fortress Resort & Spa, reflecting the successful execution of its marketing strategies, operational improvements, and favorable market conditions. Total revenue reached Rs. 1,006 million, recording a 9% increase over the previous year’s Rs. 921 million. Gross profit improved by 12%, climbing to Rs. 715 million from Rs. 639 million, underscoring enhanced efficiency and better margin management. Profit before tax grew by 14% to Rs. 305 million, while profit after tax rose by 11% to Rs. 236 million. These gains translated into earnings per share of Rs. 2.13, up from Rs. 1.91 the previous year, reflecting a 12% increase and highlighting the company’s improved profitability.



A significant contributor to the overall financial performance was a six-fold increase in other income, which rose from Rs. 3 million to Rs. 21 million. This provided additional stability and diversified income streams. The company's balance sheet also strengthened during the year under review. Total assets increased by 11% to Rs. 2,411 million, driven by a 21% growth in current assets and a 2% uptick in fixed assets. Meanwhile, total equity expanded by 13% to Rs. 2,044 million, reinforcing the company's robust capital base and ability to fund future growth initiatives.

Operational Performance

Operationally, 2024/25 was a year of meaningful recovery and growth for The Fortress Resort & Spa. The year commenced strongly with an impressive 71% occupancy in April 2024, marking a significant improvement over the previous year. While May and June saw lower occupancies of 17% and 27% respectively—consistent with historical seasonality—performance gradually picked up in the subsequent months. Occupancy levels in July and August reached 38% and 52%, respectively, outperforming the same period in the previous year. September and October recorded moderate occupancies of 39% and 49%, impacted by geopolitical tensions and economic instability in some source markets.

The resort's aggressive marketing and promotional campaigns bore fruit during the peak season from November 2024 to March 2025, where occupancy consistently exceeded 65%. December saw occupancy climb to 69%, followed by 68% in January, a peak of 77% in February, and 66% in March 2025. On an annual basis, the average occupancy increased to 52%, compared to 50% in 2023/24, while the average room rate rose to Rs. 58,606 (USD 197), reflecting improved yield management and higher-value bookings.

Revenue from all key service areas showed healthy growth. Room revenue rose by 8% to Rs. 592 million, while food and beverage revenue increased by 9% to Rs. 343 million.

Spa revenue experienced a substantial 23% increase, reaching Rs. 36 million, and sundry revenue, including income from excursions, transport, and laundry, grew by 25% to Rs. 35 million. Online booking platforms made a significantly larger contribution to performance, with online room nights increasing by 26% year-over-year, and accounting for 37% of total bookings—up from 30% in the prior year. The success of these operational strategies contributed not only to higher guest volumes but also to enhanced guest satisfaction and repeat patronage.

CHANNEL PERFORMANCE

Online booking channels contributed 37% of total room nights, up from 30% the previous year. Notably, Booking.com, the hotel website, and Expedia showed strong YoY increases in performance.

Sustainability Review

Our approach to sustainability is a strategic imperative that drives how we operate, engage, and grow. Our sustainability strategy is designed to consistently create long-term value for all stakeholders by focusing on our economic, environmental, and social impact. As such, we ensure that our operations remain transparent, accountable, and aligned with our future aspirations. This integrated thinking informs our efforts to balance profitability with purpose, particularly as the tourism sector evolves toward sustainability-driven experiences.

SUSTAINABLE GOVERNANCE

Sustainability governance at Fortress is integrated into operational and strategic decision-making. We measure and monitor our ESG progress through clear and practical metrics across environmental, social, and governance domains. Monthly reviews, internal compliance audits, and departmental responsibility allocation ensure that ESG is embedded in the day-to-day running of the resort. Staff are engaged through regular training programs, and our reporting reflects our commitment to continuous improvement.

ENVIRONMENTAL STEWARDSHIP

Energy and Emissions

We have implemented a range of energy-efficient solutions, including full adoption of LED lighting, HVAC upgrades, and cold wash laundry systems. A significant achievement in 2024/25 was the introduction of a biomass boiler, which helped reduce diesel consumption for boiler operations by 90%, from 71,893 litres in 2023/24 to 13,484 litres in 2024/25.

Electricity consumption per room night improved marginally to 170 kWh from 174 kWh, despite increased occupancy. In addition, we have installed solar panels to reduce dependency on non-renewable energy sources and integrated power-saving habits across staff and guest operations. Our ongoing carbon reduction program includes transitioning to low-emission transport solutions and exploring offsetting mechanisms.

Electricity consumption (Kwh)	2024/25	2023/24
Electricity units	1,716,123	1,695,301
Room nights	10,104	9,726
Consumption per room night	170	174

Diesel consumption (Liters)	2024/25	2023/24
Diesel consumed	13,484	71,893
Room nights	10,104	9,726
Consumption per room night	1.3	7.3

Water Management

We recognize water as a vital and shared resource. Our water conservation measures include low-flow fixtures, greywater treatment and reuse, and smart irrigation systems for landscaping. In 2024/25, water consumption per room night was 2,755 litres, slightly lower than the previous year's 2,772 litres. Educational programs for both staff and guests enhance our ability to conserve and reuse water responsibly.

Water consumption (Liters)	2024/25	2023/24
Water consumed	27,832,000	26,958,000
Room nights	10,104	9,726
Consumption per room night	2,755	2,772

Waste and Resource Management

We have a comprehensive waste management program, including the segregation of recyclable, organic, and non-recyclable waste streams. Composting, recycling, and partnerships with certified waste management services—including e-waste and hazardous material disposal—are integral to our system. We actively reduce single-use plastics and now offer alternatives such as glass bottles and biodegradable packaging. Excess food is composted or redirected to local farms, supporting a circular economy approach.

Biodiversity and Ecosystem protection

Located along Sri Lanka's pristine southern coast, we are acutely aware of our responsibility to preserve marine and coastal biodiversity. We organise regular coastal clean-up programs and ensure that our water sports and guest excursions do not harm local ecosystems. Our partnerships with environmental groups further enhance our commitment to protecting the natural heritage of Koggala and its surroundings.

HEALTH AND SAFETY

Ensuring the health and safety of our guests, staff, and partners remains a top priority at The Fortress Resort and Spa. We comply fully with all local and international health and safety regulations, and continuously monitor risks to provide a safe and secure environment. Comprehensive health and safety protocols are in place across all guest-facing and back-of-house areas, including hygiene standards for food preparation, pool and spa operations, fire safety systems, and emergency response procedures. Regular training sessions are conducted for all staff on occupational safety, first aid, and emergency preparedness. Periodic audits and inspections are carried out to ensure that our facilities meet stringent quality and safety benchmarks. These efforts are critical not only to safeguarding wellbeing but also to sustaining guest confidence and trust in the hospitality experience we offer.


COMMUNITY ENGAGEMENT

Local economic impact and procurement

We prioritise local sourcing of produce, seafood, crafts, and services to strengthen the regional economy. We engage local vendors, artisans, and farmers to reduce transportation emissions and support inclusive economic growth. A significant portion of our F&B supplies and boutique shop items are sourced locally, reinforcing our commitment to community integration.

Community Investment and CSR

We support the nearby school through clean water access projects and facilitate hospitality



training for local youth. Our resort promotes local crafts to international guests, ensuring that proceeds go directly to the artisans. Quarterly beach clean-ups, village outreach programs, and skill-building sessions form the foundation of our social impact strategy.

Employee engagement

Sustainability training is a core component of our employee engagement plan. Monthly sessions cover responsible resource use, environmental impact awareness, and participation in CSR initiatives. Staff are also mobilised to monitor and contribute to group-level sustainability projects.

SUPPLY CHAIN MANAGEMENT

Sourcing and procurement

Our procurement process is guided by strategic sourcing principles—evaluating suppliers on cost, quality, reliability, and environmental impact. We use a just-in-time procurement model to reduce storage and waste. Preference is given to suppliers who demonstrate responsible practices.

Supplier assessment and engagement

All suppliers undergo regular evaluations, including audits and environmental practice assessments. Grievances are resolved via a structured escalation process to ensure accountability. Our screening includes adherence to ethical labor standards, health and safety compliance, and environmental legislation.

Compliance and Certification

The Fortress has maintained all Green Globe environmental standards even though formal certification lapsed post-COVID-19. We have had no incidents of non-compliance or fines during the reporting year. Internal audit processes and staff training ensure our adherence to both local and international regulatory frameworks.

FUTURE OUTLOOK

Looking forward, we remain committed to scaling up our environmental and social impact. Plans include increasing our renewable energy usage, enhancing waste and water management systems, and deepening our community partnerships—especially in education and SME development. We will also re-engage with environmental certification bodies and continue to monitor our impact rigorously to ensure sustainability remains a core pillar of our identity.

Risk Management

RISK MANAGEMENT

As the Hotels Group navigates through a constantly shifting risk landscape, we continue to evolve in the face of geopolitical unrest, a sluggish global economy, and persistent macroeconomic hurdles in our domestic markets. In addition, social and environmental concerns, such as rising labor migration rates and the impact of climate change, present ever-increasing risks to our operations. We are committed to closely monitoring these developments and taking a proactive approach to identify both risks and opportunities. Through effective risk management strategies and responses, we aim to build resilience and create sustainable value for all our stakeholders.

Enterprise Risk Management

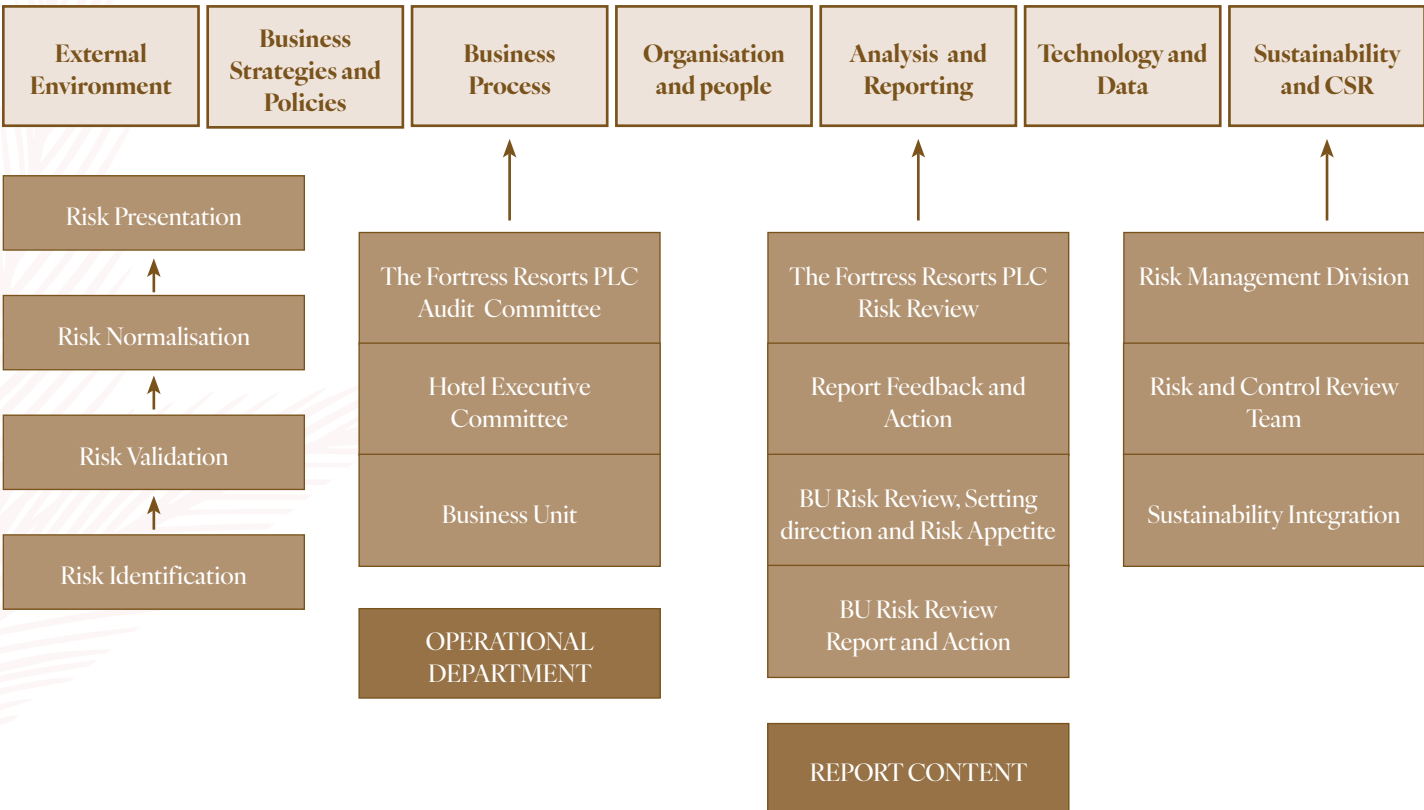
Enterprise Risk Management is an ongoing process where the Group identifies events that would affect the entity, assess them and respond accordingly to provide a reasonable assurance in achieving its objectives. In assessing the risks, the Hotel considers the existing and emerging risk factors that may impact the business. The risks are evaluated thereafter in terms of likelihood and impact, after which appropriate risk treatments are decided upon. Effective risk management is crucial to enhance value creation via sustainable business operations. A solid risk management framework ensures that the Board discharges its responsibilities in identifying, assessing and responding to the identified risks efficiently and effectively.

RISK GOVERNANCE

The Board assumes the ultimate responsibility for managing risk. The Board is assisted by the Audit Committee, which oversees risk and internal control matters. The Fortress Group's outsourced Internal Auditors support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems. In addition, the sector risk management team is responsible for the effective execution of the risk management framework.

RISK MANAGEMENT PROCESS

Enterprise risk management is integral to strategy formulation and applied across all functions. Risk management is governed by a standard framework designed by the Group's, ensuring that risk management practices are standardised in the Hotel. In addition, ongoing review, assessment and guidance by the Hotel Sustainability and Enterprise Risk Management (ERM) division ensures alignment with Group Risk Management policies. The risk management process is carried out through a manual Enterprise Risk, Audit, and Incident Management platform that maintains a live and dynamic risk register for the Hotel.



The ERM Framework adopted by the Fortress and implemented by the Hotel involves the following:

1. Identification of types of risk

Risk Event- Any event with a degree of uncertainty which, if it occurs, may result in the organisation or Business Unit failing to meet its stated objectives.

Core Sustainability Risks - Core Sustainability Risks are those risks that have a catastrophic impact on and from the organisation. Still, they may have a very low or nil probability of occurrence.

2. We have established a Risk Register that includes the likelihood of occurrence and the potential severity of impact. We used Group guidelines to create a risk grid specifically for the Hotels Group. Every risk is analysed in terms of the likelihood of occurrence and severity of impact and assigned a score ranging from 1 (low probability/impact) to 5 (high probability/ impact) to signify the probability of occurrence and the level of impact on the organisation.

3. Use the matrix below to establish risk levels based on the values assigned for each risk.

RISK MATRIX

Table 1 - Guideline for Rating Risk

Impact/ Severity	5. Catastrophic/ Extreme Impact	5	10	15	20	25
	4. Major/ Very high Impact	4	8	12	16	20
	3. Moderate/ High Impact	3	6	9	12	15
	2. Minor Impact	2	4	6	8	10
	1. Low/ Insignificant Impact	2	2	3	4	5
		Rare/Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
		1	2	3	4	5
		Occurrence/ Likelihood				

The Colour Matrix implies the following:

Priority Level	5	4	3	2	1
Colour Code	Very High	High	Medium	Low	Insignificant
Score	13 - 25	10 - 12	7 - 9	3 - 6	1 - 2

Sustainability Review

RISK MANAGEMENT STRATEGY

The Hotels Group follows a holistic approach to identify and manage risks where the risk management function is closely intertwined with its sustainability management framework and Corporate Social Responsibility (CSR) functions. Risk Management, therefore, extends beyond managing the operational and financial risks faced by the Company to incorporate broader environmental, community, employee, value chain and other non-financial risks related to Environmental, Social and Governance (ESG) considerations of the Company. High-level risks or core risks are reviewed by the Board of Directors and the Audit Committee to validate the risk process at the Business Unit level. The significant risk areas that impact the achievement of the strategic business objectives of the Company and the measures taken to address these risks are discussed below.

Key risks		Risk rating
operating environment	Geo-political developments	High
	Macro-economic and political environment	High
	Threat from terrorism and civil unrest	Medium
	Change in consumer booking behavior	High
	Inflation risk	Medium
Financial Risks	Liquidity risk	Low
	Financial covenant breach	Low
	Interest rate risk	Medium
	Credit risk	Low
	Exchange rate risk	Medium
Operational Risks	Talent attraction and retention	High
	Fuel prices and electricity tariffs risk	Medium
	Occupational health and safety	Medium
	Operational resilience to incidents or disruption or control breakdown	Medium
	Fraud and anti-corruption	Low
	Brand reputation impact	Medium
	Technology and data risk	Low
Environmental Risks	Climate change risk	Low

Impact Key

Ultra High	High	Medium	Low	Insignificant
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OPERATING ENVIRONMENT

Risk Description	Impacted Strategic Imperative	Risk responses
Geo-Political developments Geo-political developments, including the conflicts between Russia and Ukraine and Israel and Palestine and the low levels of economic growth in key feeder markets.	Grow with intent	<ul style="list-style-type: none"> Proactively implement marketing strategies to pursue other key feeder markets. The company will continue to put efforts in to enhancing revenue in sales channels. Preparing contingency plans.
Macro-economic and political environment Macro-economic instability in the domestic economy impacts both demand and supply factors.	OPEARTE with excellence GROW with intent	<ul style="list-style-type: none"> Scenario testing and proactively identifying action plans to mitigate risks. The senior management of our hotel actively participate in the development and promotion of economic policies by engaging in consultative committees, trade associations and policy making bodies.
Threat from Terrorism and civil unrest Possible attacks on Civilians and economic targets by terrorists may lead to civil unrest and imposition of travel advisories against Sri Lanka.	OPEARTE with excellence	<ul style="list-style-type: none"> Establishment of protocols as per the Business Continuity Plans (BCP) on action to be taken in such an event. Appointment of vigilance officers in the hotel and establishment of reporting protocols. Establishment of direct links with local intelligence for information on potential risks. Review/ Implementation of Emergency Response Plans for armed intrusions/ hostage/ handling/ isolation/ bomb threat.
Change in consumer booking behavior Traveler needs are evolving rapidly in response to technological and socio-economic developments. Not responding to these changes, impacts customer satisfaction levels.	GROW with Intent	<ul style="list-style-type: none"> Greater focus on revenue management to predict customer behavior. Product and rate positioning were refined to correspond with the value proposition of the hotel/resort. High level of guest engagement through satisfaction surveys, social media platforms and face-to-face interactions, including positioning staff with multilingual skills in guest interface areas. Reassure employees and existing and potential guests of the Hotel's commitment to safety and well-being, through a dedicated page on the Hotel website. Reviewing and innovating our experiential offerings to cater to evolving requirements.
Inflation Risk Inflationary pressures can have a significant impact on our business and operational results.	OPEARTE with excellence	<ul style="list-style-type: none"> Supply chain management Lock in short-term, medium-term, and long-term supplier contracts. Expanding supplier base Build up stocks. Menu re-engineering Cost-saving strategies.
Financial Risks		
Liquidity risk Uncertainty about the effects of geopolitical uncertainty has adversely affected the Hotels Group financial results and growth. Hence, the immediate priority is to preserve cash flow and maintain its cash position and unutilised credit facilities to ensure sufficient liquidity going forward	OPERATE with Excellence	<ul style="list-style-type: none"> Preserving cash flow by reducing cash burn. Pursue long-term funding options and minimise capital expenditure

Risk Management

Risk Description	Impacted Strategic Imperative	Risk responses
Financial Risks Contd.		
Financial covenant breach Possibility of breaching financial covenants imposed by Banks due to financial constraints.	OPERATE with Excellence	The Company and Hotel endeavors to maintain a strong financial position ensuring all covenants are complied with through the following measures: <ul style="list-style-type: none"> • Close monitoring and forecasting of possible covenant breaches and informing financial institutions of potential breaches. • Take precautionary measures to seek waivers from banks • Pursue covenant amendments from banks
Interest rate risk Impact of interest rate fluctuations on investments and borrowing costs	OPERATE with Excellence GROW with intent	<ul style="list-style-type: none"> • Prudent management of financial assets • Closely monitoring interest rate movements in the market • Continuous negotiations with financial institutions • Diversifying the sources and tenors of debt
Credit risk Risk of customers defaulting on payments	OPERATE with Excellence	<ul style="list-style-type: none"> • Stringent credit policy in place • Evaluation of customer creditworthiness. • Obtaining periodic confirmation of outstanding balances • Regular follow-up on debtors • Weekly debtors meeting with Management
Exchange rate risk Devaluation of the Rupee is likely to increase operating cost base and finance cost of Dollar borrowings	OPERATE with Excellence	<ul style="list-style-type: none"> • Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments • Inclusion of terms in third party agreements to mitigate foreign currency exposure
Operational Risks		
Talent attraction and retention Attraction and retention of skilled employees is an ongoing challenge in the hospitality industry due to rising migration levels in the country	OPERATE with Excellence	<ul style="list-style-type: none"> • Explore innovative recruitment and employment models such as part-time work and flexible work options to attract and retain non-traditional cohorts • Communicating Employer Brand Value proposition more effectively to attract and retain new employees • Ongoing investment in talent and competency development • Strengthening rewards and benefits schemes through global benchmarking and levelling exercises • Talent management and succession planning programs for critical positions
Fuel prices and electricity tariff risk Energy cost is a significant component of our operational costs. Rising fuel and energy prices, therefore, impact the margins and financial performance of the Hotels Group	OPERATE with Excellence	<ul style="list-style-type: none"> • Monitoring market prices of fuel and exchange rates and planning in advance • Evaluating alternative renewable energy sources • Engagement of energy experts to improve the energy efficiency
Occupational health and safety Non-compliance with health and safety standards can disrupt operations and seriously impact brand reputation	Impacted Strategic Imperative	<ul style="list-style-type: none"> • The Hotels Group has set environmental, health and safety policies and standards • Conducting periodic audits and addressing of gaps identified through training

Risk Description	Impacted Strategic Imperative	Risk responses
Operational Risk Contd.		
<p>Operational resilience to incidents or disruption or control breakdown</p> <p>The nature of our business continues to expose us to significant inherent operational risks, including factors related to safety, security, dependency on equipment, and operational finance controls</p>	OPERATE with Excellence	<ul style="list-style-type: none"> • Comprehensive schedule of preventive maintenance programmes • Valid service provider agreements with local spare part suppliers • Additional provisions for backup generators and identified generator providers in each resort location • Outsourced internal audits • Special investigations
<p>Fraud and anti-corruption</p> <p>Possibility for fraud and engaging in corruption can lead to financial losses as well as reputational damages to the entity.</p>	OPERATE with Excellence	<ul style="list-style-type: none"> • Data driven analytics • Internal audits • Special investigations
<p>Brand reputation impact</p> <p>Events that could negatively affect the reputation and relationships with key stakeholders</p>	OPERATE with Excellence	<ul style="list-style-type: none"> • Training and development of staff • Carrying out compliance audits/brand audits • Brand positioning, development, and marketing • Establishment of a Crisis Communication Plan/Team and Spokesperson
<p>Technology and data risk</p> <p>By its nature, our business involves managing large volumes of guests' data locally and globally</p> <p>Increased dependence on remote technology, including digital sales channels, remote working and online marketing, have increased the risk of cyber threats, making cyber security a priority to ensure no adverse impact on business operations and Hotel's reputation</p>	OPERATE with Excellence	<ul style="list-style-type: none"> • Well-defined cyber security incident response process addressing the pillars of device, information and user • Training employees and creating staff awareness on the importance of maintaining information security and handling sensitive information • Implementation and regular testing and verification of network protection technology • Pursuing opportunities with cloud-based applications
Environmental Risks		
<p>Climate change impact</p> <p>Group's footprint in Sri Lanka and Maldives exposes its businesses to current and emerging climate related risks, including natural disasters, deforestation, droughts, global warming, and coral bleaching</p>	OPERATE with Excellence	<ul style="list-style-type: none"> • Hotel recognises sustainability as an operational priority and has set long-term environmental goals, which include a reduction in greenhouse gas emissions and a reduction in single-use plastics • Promoting biodiversity conservation • Hotel's commitment to establishing long-term goals focusing on efficient resource utilisation and reducing emissions • Setting up standards, training and monitoring a range of environmental indicators, including water, energy, waste, and carbon footprint • Consider long-term climate change. Impacts in evaluating expansion plans • Promoting awareness among key stakeholders on sustainable operations • Business Continuity Plans including alternate working arrangements and emergency response plans in the event of natural disasters

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

The Directors of The Fortress Resorts PLC are pleased to present their Annual Report on the Affairs of the Company, together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, for the financial year ended 31st March 2025, in compliance with all relevant statutory requirements.

This Report includes the information required under the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the recommended best practices.

GENERAL

The Fortress Resorts PLC was incorporated on 29th March 1973 as a private limited liability company under the name “Ruhunu Hotels and Travels Limited.” It was subsequently converted into a public company and listed on the Colombo Stock Exchange. The Company’s name was changed to “The Fortress Resorts Limited” on 9th December 2003.

On 13th September 2008, the Company was re-registered under the Companies Act, No. 7 of 2007 as “The Fortress Resorts PLC,” bearing Registration No. PQ 207.

The Ordinary Shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange.

The registered office of the Company is located at Level 29, West Tower, World Trade Center, Colombo - 01 and the principal place of business is situated at Koggala, Sri Lanka.

PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The Company has invested in its wholly owned subsidiary, La Forteresse (Private) Limited, which operates a small luxury hotel and provides lodging, food, beverage and other hospitality industry related activities.

In December 2016, La Forteresse (Private) Limited, invested in a land at Thalarambe , Kamburugamuwa to build a 92 roomed hotel, under the name Summer Seasons, Mirissa, The project still in the planning stage and operations not yet commenced.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year under review.

FINANCIAL STATEMENTS

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act, No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries is given on pages 55 to 88.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 62 to 88 which are consistent with those of the previous year.

DIRECTORS

Directors of the Company

The names of the Directors of the Company who held office during the year and as at the end of the accounting period are given below:

Name of Director	Executive	Non-Executive	Independent Non-Executive
Mr. K D H Perera - Resigned w.e.f. 10/01/2025	-	✓	-
Mr. J R Gunaratne	-	-	✓
Mr. J A S S Adhihetty	-	✓	-
Mr. Malik J Fernando - Resigned w.e.f. 01/08/2024	-	✓	-
Mr. L N de S Wijeyeratne - Resigned w.e.f. 31/12/2024	-	-	✓
Mr. Jan P Van Twest	-	✓	-
Mrs. K D Weerasinghe - Appointed w.e.f. 01/01/2025	-	-	✓
Mr. C V Cabraal	-	✓	-
Mr. C M U Weerawardane	-	-	✓
Ms. A A K Amarasinghe	-	✓	-
Mr. V Leelananda	-	-	✓
Mr. D C Fernando - Resigned w.e.f. 01/08/2024	-	✓	-
Ms. K A D B Perera	-	✓	-
Mr. A M J Fernando - Appointed w.e.f. 01/08/2024	-	✓	-
Mrs. R N Pallegama - Appointed w.e.f. 01/08/2024	-	✓	-
Mr. A Y E Joseph - Appointed w.e.f. 10/01/2025	-	-	✓

Changes in the Directorate

Resignations/cessations

Mr. Malik J Fernando and Mr. D C Fernando resigned with effect from 1st August 2024. Accordingly, Mr. A M J Fernando ceased as the Alternate Director to Mr. D C Fernando with effect from 1st August 2024.

Mr. L N De S Wijeyeratne resigned with effect from 31st December 2024.

Mr. K D H Perera, Chairman, resigned with effect from 10th January 2025. Accordingly, Mr. J R Gunaratne was appointed as the Chairman of the Board of Directors with effect from 31st January 2025.

New Appointments

Mrs. R N Pallegama and Mr. A M J Fernando were appointed as Non-Executive Directors of the Company with effect from 1st August 2024.

Mrs. K D Weerasinghe and Mr. A Y E Joseph were appointed as Independent Non-Executive Directors with effect from 1st January 2025 and 10th January 2025, respectively.

Change of status

The Board resolved that Mr. C V Cabraal, who previously served as an Independent Non-Executive Director, will be a Non-Executive Director with effect from 1st January 2025.

Mr. Jan P Van Twest ceased his executive role with effect from 31st January 2025 and continues to serve on the Board as a Non-Executive Director.

Directors of subsidiary Companies as at 31st March 2025

La Forteresse (Pvt) Ltd

Mr. J A S S Adhihetty
Mr. Malik J Fernando
Mr. G A R D Prasanna
Mrs. R N Pallegama (Alternate Director to Mr. Malik J Fernando)
Mr. D C Fernando

Summer Season Mirissa (Pvt) Ltd

Mr. K D H Perera
Mr. J A S S Adhihetty
Mr. M H Jamaldeen
Mr. J A N R Adhihetty

RECOMMENDATION FOR RE-ELECTION OF DIRECTORS

In terms of Article 84 of the Articles of Association Mr. J R Gunaratne retires by rotation and being eligible is recommended by the Board for re-election at the forthcoming Annual General Meeting.

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

Mr. A M J Fernando, Mrs. R N Pallegama, Mrs. K D Weerasinghe and Mr. A Y E Joseph retire in terms of Article 91 of the Articles of Association and being eligible are recommended by the Board for re-election.

APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE

Mr. J A S S Adhihetty who is 75 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No. 07 of 2007, is recommended by the Board, for re-appointment as a Director under 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 Director.

Mr. Jan P Van Twest who is 70 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No. 07 of 2007, is recommended by the Board, for re-appointment as a Director under 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 Director.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

- (i) Material Business relationships
- None of the Directors or close family members have any material business relationships with other Directors of the Company.

- (ii) Other directorships held by Directors are disclosed on pages 9 to 13.

BOARD MEETINGS

Four (04) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 32.

BOARD SUB COMMITTEES

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, the Related Party Transactions Review Committee and Nominations and Governance Committee.

DIRECTORS' INTERESTS IN CONTRACTS

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

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

DIRECTORS' REMUNERATION

The Directors remuneration is disclosed under Key Management Personnel of the Company in Note 24.2 to the Financial Statements. The Directors of the subsidiary companies were not paid any remuneration during the period under review.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs. The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 58 to 88 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 43.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 was Rs 1,108,866,840/- represented by 110,886,664 shares. There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2025 and 31st March 2024 are as follows:

Name of Director	Shareholding as at 31/03/2025	Shareholding as at 31/03/2024
Mr. K D H Perera - Resigned w.e.f. 10/01/2025	-	-
Mr. J R Gunaratne*	-	-
Mr. J A S S Adhihetty	13,741	13,741
Mr. Malik J Fernando - Resigned w.e.f. 01/08/2024	-	-
Mr. L N de S Wijeyeratne - Resigned w.e.f. 31/12/2024	-	-
Mr. Jan P Van Twest	-	-
Mrs. K D Weerasinghe* - Appointed w.e.f. 01/01/2025	-	-
Mr. C V Cabraal	-	-
Mr. C M U Weerawardane*	-	-
Ms. A A K Amarasinghe	-	-
Mr. V Leelananda*	-	-
Mr. D C Fernando - Resigned w.e.f. 01/08/2024	-	-
Ms. K A D B Perera	-	-
Mr. A M J Fernando - Appointed w.e.f. 01/08/2024	-	-
Mrs. R N Pallegama - Appointed w.e.f. 01/08/2024	-	-
Mr. A Y E Joseph* - Appointed w.e.f. 10/01/2025	-	-

* Independent Non-Executive Directors

Mr. J A S S Adhihetty is a Director of L B Finance PLC, which held 4,051,100 shares as at 31st March 2025.

Mr. J A S S Adhihetty is also a Director of Vallibel One PLC, which held 20,618,257 as at 31st March 2025.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty largest shareholders, public holding, distribution of shareholding and ratios and market price information (as applicable) are given on pages 91 and 92.

AUDITORS

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company and its subsidiaries, during the year under review.

A sum of Rs.126,000/- is payable by the Company to the Auditors as Audit Fees (Group -Rs, 921,000/-) for the year under review.

The Auditors have also provided non-Audit services and the fee payable therefore amounts to Rs 104,212/- (Group - Rs 318,120/-) for the year under review.

Based on the recommendations of the Audit Committee a resolution to re-appoint the Auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

RISK MANAGEMENT AND INTERNAL CONTROL

A detailed risk management report is included from page 20 to page 25 of the annual report.

DONATIONS

The Company did not make any donations during the year under review. (The donations made by the subsidiary, La Forteresse (Pvt) Ltd amounted to 160,253/-)

DIVIDEND

The Company did not pay any dividends for the year under review.

PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and changes during the year are given in Note 10 of the Financial Statements.

LAND HOLDINGS

The Company does not own any freehold or leasehold land or buildings. (The subsidiary company La Forteresse (Pvt) Ltd holds leasehold rights of the lands on which the hotel buildings are constructed and Summer Season Mirissa (Pvt) Ltd holds the ownership of the land at Thalarambe, Kamburugamuwa).

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

MATERIAL FORESEEABLE RISK FACTORS

Foreseeable risks that may materially impact the business are disclosed in the Chairman's review on page 6 and Risk Management Practices on page 20 to 25 of this report.

INVESTMENTS

Information on investments held by the Group and the Company are given in Note 17 and 17.1 on page 81.

EMPLOYEES AND INDUSTRIAL RELATIONS

There were no material issues pertaining to employees and industrial relations during the year under review.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

DECLARATION UNDER THE LISTING RULES ON RELATED PARTY TRANSACTIONS

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has made arrangements to stay informed of applicable laws, rules, regulations, and any amendments thereto—particularly the Listing Rules and relevant capital market provisions—through regular updates provided

by Directors with expertise in finance, leisure, and hospitality sectors, as well as by the Company Secretaries.

To the best of knowledge and belief of the Directors, there were no material non compliances with laws or regulations and there were no fines which are material imposed on the Company by any government or regulatory authority in the country.

CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2025 are given in Note 23 to the Financial Statements on page 83.

EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 25 to the Financial Statements on page 86.

GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING

Amendment to Articles of Association

The Directors in the Notice of Meeting have placed before the shareholders under "Special Business" amendments to certain Articles of the Articles of Association of the Company.

- (a) Article 51 is introduced to facilitate meetings of shareholders to be held in addition to physical meetings as per the present Article; by means of audio or audio and visual communication; thereby

providing the Board to have the option to determine whether a General Meeting of shareholders would be held as a physical meeting, electronic meeting or as a hybrid meeting.

- (b) Due to the introduction of a new Article 51, the remaining Article 51 to 155 required to be re-numbered as 52 to 156.
- (c) Currently, the minimum number of Directors shall not be less than two (02). The recent amendments to Listing Rules required the minimum number to be increased to five (05). The amendment is to be in line with the new rule.
- (d) Currently, the Articles stipulate Directors to hold a minimum of 500 shares. With the Listing Rules requiring a Board of a Listed Company to appoint Independent Directors, it has become necessary to remove the share qualification for Directors.
- (e) The Listing Rules recently amended the circumstances under which/ the period for which an Alternate Director may be appointed. The amendment is in line with the Rule.
- (f) Additional methods were brought in to serve notice on shareholders.
- (g) Further provision in terms of the Rules that publication by advertisement must be done in all three languages in a national newspaper. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 30th June 2025 at 11.00 a.m at the Auditorium of L B Finance PLC, Corporate Office, No.20, Dharmapala Mawatha, Colombo 03.

The notice of the Annual General Meeting appears on page 93.

ACKNOWLEDGEMENT

The Board of Directors has approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 27 May 2025.

This Annual Report is signed for and on behalf of the Board of Directors by



Director



Director



Lasanthi Abeyakoon
PW Corporate Secretarial (Pvt) Ltd
Secretaries

27 May 2025
Colombo

Corporate Governance

The Company is committed to upholding best practices in Corporate Governance by promoting transparency, business integrity, professionalism, and ethical values in the best interests of all stakeholders.

Its governance framework is guided by the principles outlined in applicable laws and regulations, as well as by voluntary codes and standards.

BOARD OF DIRECTORS

The Board comprises twelve (12) Directors, including seven (07) Non-Executive Directors and five (05) Independent Non-Executive Directors.

The Company's business and operations are overseen by the Board of Directors, whose members bring extensive knowledge and experience in the finance, leisure, and hospitality sectors.

The Board is responsible for formulating the overall business policies and strategy of the Company and for monitoring their effective implementation.

The names of the Directors who served during the year under review are listed on page 27.

INDEPENDENCE OF DIRECTORS

Based on declarations submitted by the Non-Executive Directors, the Board has determined that Five (05) Directors are 'independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange; such Directors being, Mr. J R Gunaratne, Mrs. K D Weerasinghe, Mr. C M U Weerawardane, Mr. V Leelananda and Mr. A Y E Joseph.

CHAIRPERSON AND GM

The Chairperson of the Board is an Independent Non-Executive Director.

The General Manager is responsible for overseeing the day-to-day operations and reports directly to the Board of Directors.

BOARD MEETINGS

The performance of the Company's business is reviewed and monitored against the approved budgets during the Board meetings, where a standard agenda is followed along with the discussion of any other matters requiring the Board's attention.

During the year ended 31st March 2025, four (04) Board meetings were held. The attendance at these meetings was as follows:

Name of Director	Executive/Non-Executive/ Independent Non-Executive	Attendance
Mr. K D H Perera - Resigned w.e.f. 10/01/2025	Non-Executive	00/02
Mr. J R Gunaratne	Independent/Non-Executive	04/04
Mr. J A S S Adhihetty	Non-Executive	04/04
Mr. Malik J Fernando - Resigned w.e.f. 01/08/2024	Non-Executive	00/02
Mr. L N de S Wijeyeratne - Resigned w.e.f. 31/12/2024	Independent/Non-Executive	02/02
Mr. Jan P Van Twest	Non-Executive	04/04
Mrs. K D Weerasinghe - Appointed w.e.f. 01/01/2025	Independent/Non-Executive	02/02
Mr. C V Cabraal	Non-Executive	04/04
Mr. C M U Weerawardane	Independent/Non-Executive	03/04
Ms. A A K Amarasinghe	Non-Executive	04/04
Mr. V Leelananda	Independent/Non-Executive	04/04
Mr. D C Fernando - Resigned w.e.f. 01/08/2024	Non-Executive	00/02
Ms. K A D B Perera	Non-Executive	03/04
Mr. A M J Fernando - Appointed w.e.f. 01/08/2024	Non-Executive	01/02
Mrs. R N Pallegama - Appointed w.e.f. 01/08/2024	Non-Executive	01/02
Mr. A Y E Joseph - Appointed w.e.f. 10/01/2025	Independent/Non-Executive	01/02

The functions of the Board include assessing the adequacy and effectiveness of internal controls, ensuring compliance with applicable laws and regulations, and reviewing management and operational information. The Board is also responsible for approving the annual and interim financial statements prior to publication, reviewing exposure to key business risks, guiding the strategic direction of operational and management units, approving annual budgets, monitoring progress against those budgets, and sanctioning major capital expenditures, among other responsibilities.

APPOINTMENT AND RE-ELECTION OF DIRECTORS/ APPOINTMENT OF DIRECTORS OVER 70 YEARS OF AGE

The Board is guided by the Nominations and Governance Committee, which makes recommendations on the structure and composition of the Board, new appointments, re-election and re-appointment of Directors, and the evaluation of Board performance.

In accordance with the Articles of Association, at each Annual General Meeting, one-third of the Directors for the time being or if their number is not a multiple of three, the number nearest to (but not exceeding) one-third shall retire and offer themselves for re-election by the shareholders.

The Articles further provide that Directors appointed by the Board to fill a casual vacancy or as additional Directors shall hold office only until the next Annual General Meeting and must seek appointment by the shareholders at that meeting.

Directors who are over 70 years of age shall be appointed or re-appointed only with the approval of the shareholders.

INDUCTION AND TRAINING

The Board recognises the value of continuous training and development in corporate governance and in their respective areas of expertise, to enhance the collective capabilities of the Board. The Company's Management supports this by providing relevant information and facilitating visits to project sites and other operational locations, as required or requested.

Directors also engage with service providers and other key stakeholders, as deemed appropriate. All Directors are encouraged to participate in relevant programmes to sharpen their skills and stay informed on developments that may impact the business interests of the Company and the Group.

BOARD SUB COMMITTEES

In pursuance of the Listing Rules of the Colombo Stock Exchange on Corporate Governance, the Board of The Fortress Resorts PLC has appointed four Sub-Committees, namely, the Audit Committee, Remuneration Committee, the Related Party Transactions Review Committee and the Nominations and Governance Committee.

AUDIT COMMITTEE

The Audit Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Directors. The Committee is chaired by Mrs. K D Weerasinghe, an Associate Member of the Chartered Institute of Management Accountants (UK). Mr. V Leelananda and Mr. C V Cabraal serve as Members of the Committee.

Senior Management attends the meetings by invitation, as required.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three (3) Non-Executive Directors, two (02) of whom are Independent Director. Mr. V Leelananda is the Chairman of the Remuneration Committee and Mr. J A S S Adhietty and Mr. J R Gunaratne are Members.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee comprises three (03) Non-Executive Directors, two (02) of whom are Independent Directors. Mrs. K D Weerasinghe serves as the Chairperson of the Committee, while Mr. J A S S Adhietty and Mr. C M U Weerawardena serve as Members.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee consists of three (03) Non-Executive Directors, two (02) of whom are

Independent Directors. It is chaired by Mr. V Leelananda and Mr. J R Gunaratne and Ms. K Amarasinghe serve as Members.

DIRECTORS' REMUNERATION

Remuneration for Non-Executive Directors reflects the time commitment and responsibilities associated with their role, taking into account prevailing market practices. The Board is responsible for approving the remuneration of the Directors. Details of Directors' remuneration are disclosed in Note 24.2 to the Financial Statements on page 85.

COMPANY SECRETARY

PW Corporate Secretarial (Pvt) Ltd serves as the Company Secretary. The Company Secretary is responsible for maintaining Board minutes and records, ensuring the timely circulation of relevant information, and providing advice on matters related to corporate governance, Board procedures, rules, and regulations.

All Directors have access to the advice and services of the Company Secretary. The removal and appointment of the Company Secretary are matters to be decided by the Board as a whole.

FINANCIAL REPORTING

The Board aims to provide a balanced assessment of the Company's position and prospects, in compliance with Sri Lanka Accounting Standards (LKAS/SLFRS) and the relevant statutes. It has established formal and transparent processes for financial reporting and internal controls.

The Statement of Directors' Responsibilities for the Financial Reporting is given on page 43 of this Report.

Corporate Governance

CORPORATE GOVERNANCE POLICIES

In accordance with Section 9 of the Listing Rules on Corporate Governance of the Colombo Stock Exchange, the following policies have been established and published on the Company's website: www.thefortressresort&spa.com

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

The Directors confirm compliance with the requirements of the Policy on matters relating to the Board of Directors.

COMMUNICATION AND RELATIONS WITH SHAREHOLDERS

The policy on effective communication and relations with Shareholders

Contact person: Thilaksiri Dunuhunga - Chief Financial Officer.

The Board of Directors of the Company has adopted a Policy on effective communication and relations with Shareholders to provide the framework for the shareholders to be fully informed about the Company and have access to the relevant information pertaining to the Company in a timely manner.

Shareholders and investors may at any time direct their general inquiries in relation to the Company and its activities.

Shareholders and investors should direct their concerns/requests to the Company Secretaries. The Company Secretaries shall direct such concerns/ requests to the Board and the Board shall release such information so requested or address queries raised after careful consideration of relevant factors including the nature and sensitivity of the information requested. However, any information that must be mandatorily disclosed to a shareholder by law/ is in public domain, shall be disclosed without further consideration.

INTERNAL CONTROLS

The Board is responsible for the Company's internal controls. In this regard, controls are established to safeguard the Company's assets, ensure the availability of accurate and timely information, and impose greater discipline on decision-making. This process is further strengthened by regular internal audits.

AFFIRMATIVE STATEMENT ON COMPLIANCE WITH THE LISTING RULES ON CORPORATE GOVERNANCE

The Fortress Resorts PLC has complied with the Corporate Governance Rules outlined in the Listing Rules of the Colombo Stock Exchange, both during the year under review and as of the date of this Report.

By Order of the Board
The Fortress Resorts PLC



PW Corporate Secretarial (Pvt) Ltd
Director/ Secretaries

27 May 2025

Appendix I - Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory Provisions - Fully Compliant

	Rule	Complied	Reference (within the Report)
(i)	Names of persons who during the financial year were Directors of the Entity	Yes	Board of Directors
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in Rs. or any other class of shares denominated in foreign currency and the percentage of such shares held	Yes	Shareholder information
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement	Yes	Investor Information
(v)	A statement of each Director's holding in each class of shares of the entity denominated in Rs. and in foreign currency (as applicable)	Yes	Annual Report of the Board of Directors'
(vi)	Information pertaining to material foreseeable risk factors of the entity	Yes	Risk Management & Note 26 of the Financial Statements
(vii)	Details of material issues pertaining to employees and industrial relations of the entity	Yes	N/A
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Yes	Note II and II.1 to the Financial Statements
(ix)	Number of shares representing the entity's stated capital	Yes	Note 19 to the Financial Statements
(x)	A distribution schedule of the number of holders in each class of equity securities, Investor Information and the percentage of their total holdings	Yes	Investor Information
(xi)	Financial ratios and market price information.	Yes	Investor Information and 10 year summary
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Note 10 to the Financial Statements
(xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement: a. a statement as to the manner in which the proceeds of such issue has been utilised b. if any shares or debentures have been issued, the number, class and consideration received and the reason for the issue; and c. any material change in the use of funds raised through an issue of Securities		Investor Information
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	NA	NA
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance
(xvi)	Related Party Transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the entity as per audited financial statements, whichever is lower	Yes	Note 24.1 and Note 24.3 to the Financial Statements
(xvii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	NA	NA

Corporate Governance

Appendix II - Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance, effective 1 April 2024.

Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	Yes	The Company complies with the Corporate Governance Rules and has stated so within the Report, with any deviations explained where applicable.
9.3 Board Committees			
9.3.1 b/c/d	Minimum required Board Committees	Yes	The required Committees are maintained and are functioning effectively.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	The Company complies with the requirements in respect of the Board Committees
9.4 Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained.	Yes	The Company maintains all records and information regarding resolutions considered at General Meetings.
9.4.2 a/b/c	Communication and relations with shareholders and investors	Yes	Refer to Stakeholder management and effective communications under the Corporate Governance Report.
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the same individual holds the positions of Chairperson and CEO	N/A	N/A as the Chairperson is a NED
9.6.2	Market announcement on the rationale behind the appointment of a SID	N/A	N/A
9.6.3 a-d	Requirement for a SID	N/A	N/A
9.6.3 E	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	N/A	N/A
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	N/A	N/A

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.7 Fitness of Directors and CEO			
97.1 - 97.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Yes	<p>Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.</p> <p>The Nominations Committees reviews and makes recommendation to the Board on the fitness and propriety of Directors. No non-compliances were reported during the year in this regard.</p>
9.8 Board Composition			
98.3 (i) to (viii)	Requirements for meeting the criteria to be an ID	Yes	Details of the independence criteria are explained within the Corporate Governance Commentary
98.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'.	Yes	All independent NEDs have submitted declarations as to their independence, and a determination of their independence is evaluated. No non compliances were reported during the year under review
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Yes	No Alternate Directors were appointed during the financial year.
9.10 Disclosures relating to Directors			
9.10.2/9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	Yes	Timely market announcement of the new independent NED appointed was made through the CSE.
9.10.4 a-i	Details about the Board members	Yes	Refer to the Board of Director Profiles report
9.11 Nominations and governance committee			
	The nominations and governance committee shall established	Yes	Refer to the nominations and governance committee report
9.12 Remuneration Committee			
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual Directors.	Yes	Refer to the Human Resources and Compensation Committee Report
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure the independence.	Yes	Refer to the Director Remuneration section in the Corporate Governance Report

Corporate Governance

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Yes	
9.12.6 (2)	An ID shall be appointed as the Chairperson of the Remuneration Committee	Yes	Refer to the Human Resources and Compensation Committee Report
9.12.7	Functions	Yes	
9.12.8 A	Names of Remuneration Committee Chairperson and members	Yes	
9.12.8 B	Statement of Remuneration Policy	Yes	
9.12.8 C	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Yes	Refer to the Audit Committee section of the Corporate Governance Report
9.14 Related Party Transactions Review Committee			
9.14.2 (1)	Related Party Transactions Review Committee shall comprise a minimum of 3 members, the majority of whom should be IDs, and an ID shall be appointed as the Chairperson	Yes	The Related Party Transactions Committee comprises only Independent Directors and maintains a minimum requirement of three members throughout the year.
9.14.3	Functions	Yes	Refer to the Related Party Transactions Review Committee section.
9.14.4	General Requirements	Yes	
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Yes	
9.14.6	Shareholder Approval	Yes	Refer to Extraordinary General Meetings, including Shareholder Approval through the Special Resolution section.
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	
9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Yes	Refer to Notes to the Financial Statements.
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Yes	Refer to the Report of the Related Party Transactions Review Committee.

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules about Related Party Transactions or a negative statement otherwise	Yes	Refer to the Annual Report of the Board of Directors.
9.14.9 (1)/(2)	Shareholder approval for the acquisition and disposal of substantial assets	Yes	
9.14.9 (4)/(5)/ (6)	Competent, independent advice on the acquisition and disposal of substantial asset	Yes	There was no acquisition and disposal of substantial assets during the year 2024/25.
9.17 Additional Disclosures			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Directors disclose interests at appointment, at the beginning of every financial year and during the year as required.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Yes	The Board takes steps to ensure the integrity and effectiveness of internal control systems by periodically reviewing and monitoring them.
(iii)	Directors are aware of laws, rules and regulations and their changes, particularly to Listing Rules and applicable capital market provisions	Yes	
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates	N/A	N/A

Corporate Governance

Appendix III: Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

CSE Rule	Requirement	Compliance Status	Action/ Reference (within the Report)
168 (1) (a)	The nature of the business of the Company or of its subsidiaries or classes of business in which it has an interest, together with any change thereof	Yes	Our Presence
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Appointed Auditors' Report on the financial statements of the Company and any Group Financial Statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes during the accounting period	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Yes	Note 24.2.1 to the Financial Statements
168 (1) (g)	Corporate donations made by the Company during the accounting period	Yes	Note 7 to the Financial Statements
168 (1) (h)	This section provides information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period, as well as the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Yes	Annual Report of the Board of Directors
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Note 7 to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest in the Company and its Subsidiaries	Yes	Audit Committee Report/Financial
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries.	Yes	Financial Statements/Annual Report of the Board of Directors

Statement of Compliance with applicable Codes of Best Practice - Voluntary Compliance. The Company is also compliant with the Code of Best Practices on Related Party Transactions (2013) advocated by the SEC (mandatory), the Code of Best Practice on Corporate Governance (2013) jointly advocated by the SEC and CA Sri Lanka (voluntary) and almost all the provisions of the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka to the extent of business exigency and as required by the Company.

THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE (2017) ISSUED BY CA SRI LANKA

Directors	<ul style="list-style-type: none"> The Company is directed, controlled and lead by an effective Board that possess the skills, experience and knowledge and thus all Directors bring independent judgement on various subjects, particularly financial acumen.
	<ul style="list-style-type: none"> Chairperson of the board is a Non-Executive Director
	<ul style="list-style-type: none"> Board Balance is maintained as the Code stipulates.
	<ul style="list-style-type: none"> Whilst there is a transparent procedure for Board Appointments, election and re-election, subject to shareholder approval, takes place at regular intervals.
	<ul style="list-style-type: none"> Specified information regarding Directors is shared in the Corporate Governance Commentary
Director's Remuneration	<ul style="list-style-type: none"> The Remuneration Committee is responsible for determining the remuneration of Chairperson-CEO and EDs.
	<ul style="list-style-type: none"> Compensation commitments in the event of early termination, determination of NED remuneration, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.
	<ul style="list-style-type: none"> There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
Relationship with Shareholders	<ul style="list-style-type: none"> The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.
	<ul style="list-style-type: none"> Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
	<ul style="list-style-type: none"> The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
Accountability and Audit	<ul style="list-style-type: none"> There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.
	<ul style="list-style-type: none"> The Internal Audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.
	<ul style="list-style-type: none"> A Related Party Transactions Review Committee is in place and functions in line with the Code.
	<ul style="list-style-type: none"> There were no violations of the Group Code of Conduct and the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.
Institutional Investors	<ul style="list-style-type: none"> The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM.
Other Investors	<ul style="list-style-type: none"> Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and exercise their voting rights and seek clarity, whenever required.
Sustainability	<ul style="list-style-type: none"> ESG (environmental, social, and governance) is a pivotal consideration in the Group's decision making.
Internet and Cybersecurity	<ul style="list-style-type: none"> The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

CA Sri Lanka issued a revised Code of Best Practice on Corporate Governance in December 2023, effective from 1 April 2024. While the Group has presented its compliance in line with the 2017 Code of Best Practice on Corporate Governance, The Group has reviewed the 2023 Code for further adoption, as applicable, and relevant to the Group.

Responsibility Statement of Chairman/ General Manager and Chief Financial Officer

The financial statements of The Fortress Resorts PLC and the consolidated financial statements of the Group, as at 31st March 2025, are prepared and presented in conformity with the requirements of the following:

1. Sri Lanka Accounting Standards, issued by the Institute of Chartered Accountants of Sri Lanka
2. The Companies Act No. 07 of 2007
3. The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
4. Listing Rules of the Colombo Stock Exchange
5. The Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

We confirm that the significant accounting policies used in the preparation of the financial statements are appropriate, and are consistently applied, unless otherwise stated in the notes to the financial statements. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our external auditors.

We have also taken proper and sufficient care in installing systems of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the company have been consistently followed were provided by periodic audits conducted by the Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets quarterly with the internal auditors and the independent auditors to review the

effectiveness of audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.

The financial statements were audited by the independent external auditors, Messrs Ernst & Young, Chartered Accountants. The Audit Committee approves the audit and non-audit services provided by the external auditor, in order to ensure that the provision of such services do not impair their independence.

We Confirm that

- the company and its subsidiaries have complied with all applicable laws, regulations and prudential requirements;
- there are no material non-compliances; and
- there are no material litigations that are pending against the group



J R Gunaratne
Chairman



R M C K Bandara
General Manager



Thilaksiri Dunuhing
Chief Financial Officer

27 May 2025

Statement of Directors' Responsibility for Financial Reporting

The responsibilities of the Directors regarding the Financial Statements of the Company and its subsidiaries differ from those of the Auditors.

The responsibility of the Independent Auditors with respect to the Financial Statements is outlined in the Report of the Auditors, which can be found on pages 55 to 57 of the Annual Report.

In accordance with Sections 150(1), 151, 152(1) and (2), and 153(1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, providing a true and fair view of the state of affairs of the Company and its subsidiaries as of the end of the financial year and the results of its operations for the financial year. These Financial Statements must be completed within six months, or such extended period as may be determined by the Registrar General of Companies. They must be certified by the person responsible for their preparation, confirming compliance with the Companies Act, and signed and dated on behalf of the Board by two Directors of the Company.

In accordance with Section 166(1), together with Sections 168(1)(b) and (c), and Section 167(1) of the Companies Act, the Directors shall ensure that a copy of the aforementioned Financial Statements, along with the Annual Report of the Board of Directors prepared in accordance with Section 166(1) of the Companies Act, is sent to every shareholder at least fifteen working days before the date fixed for the Annual General Meeting. The Directors fulfill this obligation by publishing and making the Company's Annual Report available for download on the Corporate Website of the Company and the Colombo Stock Exchange Website, and by notifying the shareholders accordingly. Printed copies of the Annual Report will be forwarded to shareholders upon request.

The Directors consider that in preparing the Financial Statements set out on pages 58 to 61, appropriate accounting policies have been selected and applied consistently, supported by reasonable and prudent judgment, and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are of the view that the Company and its subsidiaries have adequate resources to continue operations, either on their own or with assistance from the Company, as the holding company. The going concern basis has been applied in preparing these Financial Statements.

Furthermore, the Directors have a responsibility to ensure that the Company and its subsidiaries maintain sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and its subsidiaries and, in this regard, for giving proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Financial Statements prepared and presented in this report have been based on Sri Lanka Accounting Standards (SLFRS/LKAS), are consistent with the underlying books of accounts, and conform to the requirements of Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the view that they have discharged their responsibilities as outlined in this statement.

The Directors also confirm that, to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as of the reporting date have been paid, or where relevant, provided for.

By Order of the Board
The Fortress Resorts PLC



PW Corporate Secretarial (Pvt) Ltd
Secretaries

27 May 2025

Remuneration Committee Report

COMPOSITION

The Remuneration Committee of the Company was reconstituted with effect from 20th September 2024 and 1st January 2025 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange and comprises the following Directors:

Committee Composition from 1st April 2024 to 19th September 2024:

Mr. J A S S Adhihetty - Non-Executive Director (Chairman)

Mr. J R Gunaratne - Independent Non-Executive Director (Member)

Mr. C M U Weerawardena - Independent Non-Executive Director (Member)

Committee Composition from 20th September 2024 to 31st December 2024:

Mr. J R Gunaratne - Independent Non-Executive Director (Chairman)

Mr. C M U Weerawardena - Independent Non-Executive Director (Member)

Mr. J A S S Adhihetty - Non-Executive Director (Member)

Committee Composition from 1st January 2025 to 31st March 2025:

Mr. V Leelananda - Independent Non-Executive Director (Chairman)

Mr. J R Gunaratne - Independent Non-Executive Director (Member)

Mr. J A S S Adhihetty - Non-Executive Director (Member)

Name of the Director	Number of meetings conducted	Attendance
Mr. V Leelananda (Chairman)	2	2/ 2
Mr. J A S S Adhihetty (Member)	2	2/ 2
Mr. J R Gunaratne (Member)	2	2/ 2

The Managing director and the Executive Directors attend meetings of the committee by invitation and provide relevant information and their views to the committee for its deliberations, except when the Executive Director's remuneration packages and other matters relating to them are discussed.

FUNCTIONS

The functions of the committee include making recommendations to the board on the compensation and benefits of the Executive Director and key management personal. The primary objective of the remuneration policy of the company is to attract and retain a highly qualified and experienced workforce and reward their performance commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder return.

DIRECTORS' REMUNERATION

The total of Directors' remuneration paid during the year under review is set out in note 24.2.1 to the financial statements.



V Leelananda

Chairman - Remuneration committee

27 May 2025

MEETINGS

The committee met two times during the year to make recommendations on compensation structures and bonuses, increments and also on matters pertaining to recruitment of key management personal to ensure that the management and staff at all levels are adequately rewarded for their performance and commitment to the Company's goals on a competitive basis.

Audit Committee Report

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of Fortress Resorts PLC was reconstituted on 1st January 2025 by the Board of Directors, and the Committee comprises three Independent Non-Executive Directors, in compliance with Section 9.13 of the CSE Listing Rules. The following Directors served as members of the Committee during the financial year:

- Mr. Lalith N De S Wijeyeratne - Independent Non-Executive Director (Chairman-Resigned with effect from 31/12/2024)
- Mrs. K Devika Weerasinghe - Independent Non-Executive Director - (Chairperson-Appointed with effect from 01/01/2025)
- Mr. Chathura V Cabraal - Independent Non-Executive Director (Member)
- Mr. Vasantha Leelananda - Independent Non-Executive Director (Member)

The Chairperson of the Audit Committee is a qualified Accountant. The other two members bring different areas of expertise to the Committee. One member specialises in mechanical engineering (BSc) from Missouri University of Science and Technology with hotel background, while the other possesses a wealth of experience in the field of travel & tourism.

All Non-Executive Directors satisfy the criteria for independence as specified in the Standards on Corporate Governance for Listed Companies, issued by the Securities & Exchange Commission of Sri Lanka. The Audit Committee reports directly to the Board. The individual and collective financial and hotel industry-specific knowledge, business experience and the independence of members are brought to bear on all matters which fall within the committee's purview. In addition, the General Manager and Chief Financial Officer attend Audit Committee meetings by invitation.

PW Corporate Secretarial (Private) Limited serves as the Secretary to the Committee.

Terms of reference, principal focus and medium of reporting

The Audit Committee Charter governs the responsibilities of the Audit Committee, which is approved, and adopted by the Board and reviewed annually.

The Audit Committee focuses principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial reporting process, the process of risk identification and mitigation, internal controls, and its compliance with legal and regulatory requirements actively, reviewing procedures relating to statutory, regulatory, and related compliance, and the adequacy of the Company's internal and external audit function. The proceedings of the Audit Committee were regularly reported to the Board of Directors through verbal briefings by the Chairperson of the Committee and formal minutes. Further, the effectiveness of the Committee is evaluated annually by each member of the Committee, and the results are communicated to the Board.

MEETINGS HELD AND ATTENDANCE

The Committee met four times during the financial year ended 31 March 2025 and information on the attendance at these meetings by the members of the Committee is given below. Outsourced Internal Auditors and Independent External Auditors are required to attend meetings on a regular basis.

Name of the member	Attendance
Mr. Lalith N de S Wijeyeratne (Chairman, resigned 31/12/2024)	03/03
Mrs. K Devika Weerasinghe (Chairperson, appointed 01/01/2025)	01/01
Mr. Chathura V Cabraal	04/04
Mr. Vasantha Leelananda	04/04

ACTIVITIES PERFORMED

Financial Reporting

- Reviewed the activities and financial affairs of the Company and its subsidiaries and underlying hotel entities. They also reviewed the financial reporting system adopted in the preparation of quarterly and annual Financial Statements to ensure the reliability of the process, appropriateness and consistency of accounting policies and methods adopted and compliance with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS), the Companies Act No. 7 of 2007 and other relevant statutory and regulatory requirements.
- Reviewed the quarterly and year-end Financial Statements and recommended their adoption to the Board of Directors. The External Auditors were engaged in conducting a limited review of the Company's interim financial statements and agreed upon procedures on consolidated financial statements for the nine months ended 31 December 2024. The results of this review were discussed with the External Auditors prior to publication of these statements.
- Obtained and reviewed assurance received from the General Manager and CFO and other Key Management Personnel, as relevant that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

Audit Committee Report

Internal audit, risks, and controls

- Met the outsourced Internal Auditors (KPMG) to consider their reports, management responses and matters requiring follow-up on the effectiveness of internal financial controls that have been designed to provide reasonable but not absolute assurance to the Directors that assets are safeguarded, and that the financial reporting system can be relied upon in the preparation and presentation of the Financial Statements. Their scope of work and approach, the timeliness of their reports, and cooperation with External Auditors were also addressed.
- Formal confirmations and assurances were obtained from the senior management of the Company on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations.
- Appraised the independence and performance of the outsourced Internal Auditors (KPMG)
- Reviewed the Financial Risk Management processes and procedures adopted by the Company to manage and mitigate the impact of such risks and observed that risk analysis exercises had been conducted in the hotel, key risks that could impact operations had been identified to the extent possible, measures were taken to minimise the impact and likelihood of such risks.
- Conducted special review of processes, content, and the effectiveness of feeders to the deliberations of the Audit Committee, such as in-house accounting and record keeping.
- Met with External Auditors to discuss interim audit issues and management responses and to affect any corrective action where necessary.
- Met with External Auditors at the end of the annual audit to review the Financial Statements and the reports and respond as necessary to such reports.
- Reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as auditors has not been impaired.
- Reviewed the Company's compliance framework to determine that it provides reasonable assurance that all relevant laws, rules, and regulations have been complied with
- Participated in discussions with management to evaluate compliance with the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka in the year 2013 in relation to auditor appointments.
- The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest and confirmation has been received from the External Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.
- M/s Ernst and Young has been the External Auditor for 20 years, and the current audit partner has served for 4 years.

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

In conclusion, the Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Group policies and that Company assets are properly accounted for and adequately safeguarded.



Devika Weerasinghe
Chairperson
Audit Committee

27 May 2025

EXTERNAL AUDIT

- Met with the External Auditors before the commencement of the external audit to ascertain the nature, scope and approach of the audit and reviewed their audit plans.

The Senior management of the Company followed a formal assessment process to evaluate the performance of External Auditors, and the Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31 March 2026, subject to the approval of the shareholders at the next Annual General Meeting.

Related Party Transactions Review Committee Report

In accordance with the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of The Fortress Resorts PLC functions as the Related Party Transactions Review Committee of the Group.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company was reconstituted with effect from 1st January 2025 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange and comprises the following Directors:

Committee Composition from 1st April 2024 to 31st December 2024:

Mr. L N de S Wijeyeratne - Independent Non-Executive Director (Chairman)
Mr. J A S S Adhihetty - Non-Executive Director (Member)
Mr. Chatura Cabraal - Independent Non-Executive Director (Member)

Committee Composition from 1st January 2025 to 31st March 2025:

Mrs. K Devika Weerasinghe - Independent Non-Executive Director (Chairperson)
Mr. J A S Sumith Adhihetty - Non-Executive Director (Member)
Mr. C M U Weerawardena - Independent Non-Executive Director (Member)

MEETINGS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Fortress Resorts PLC -RPTRC had four (04) meetings during the financial year to discuss matters relating to the Company. The attendance of the Members of the Committee was as follows.

Names of the Directors	Attended/ Eligibility to attend
Mr. Lalith N de Silva Wijeyeratne	3/3
Mrs. K Devika Weerasinghe	1/1
Mr. J A S Sumith Adhihetty	4/4
Mr. C M U Weerawardena	4/4

PURPOSE OF THE COMMITTEE

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the listed company of the Group, other than those exempted by the 'Related Party Transactions Compliance Code' (RPT code), prior to the transaction being entered in to or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

SCOPE

- Monitoring, and considering for approval and making recommendations to the Board in relation to Related Party Transactions and managing conflicts of interest;
- Providing an independent review, approval and oversight of Related Party Transactions;
- Establishing guidelines in respect of Recurrent Related Party Transactions for Senior Management to follow in its ongoing dealings with the relevant Related Party;
- Managing relationships with Related Parties and uphold good governance in the best interests of the Company and to ensure that the interests of Shareholders as a whole is taken into account when entering into Related Party Transactions.
- The RPTRC shall have authority to seek external independent professional advice on matters, which will assist it with its duties and may invite professional advisers or others with relevant experience to assist, when required.

POLICIES AND PROCEDURES

The RPTRC reviews all the Related party Transactions of the listed company of the Fortress Group, except RPTs which are exempt from approval as per the listing rules of the CSE. Where the Committee decides that the approval of the Board of Directors of the respective company is necessary to approve a Related Party Transaction, such Board approval was obtained prior to entering into the relevant Related Party Transaction.

When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or non-recurrent in nature.

Related Party Transactions Review Committee Report

Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.

In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take in to account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the directors and key Management Personnel are obtained for the purpose of identifying parties related to them. Further the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable, have been documented even in the case of once approved recurrent transactions which are operational in nature, which as per the RPT Code need to be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

There is compliance with the Code
Shareholder interests are protected and
Fairness and transparency are maintained
The Committee has criteria for designating the
Fortress Group Key Management Personnel.
Further, processes have been introduced
to obtain annual disclosures from all Key
Management Personnel so designated.

The Related Party Transactions of the Company for the period 01st April 2024 to 31st March 2025 have been reviewed by the members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company. Minutes of the RPTRC meetings have been made available to the Board. The approval of the shareholders has been obtained and announcements were made to the Colombo Stock Exchange where applicable.



Devika Weerasinghe

Chairperson

Related Party Transactions Review Committee

27 May 2025

Colombo

Nominations and Governance Committee Report

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee (NGC) is a sub-committee of the Board of Directors, established on 31st July 2024 in accordance with Rule 9.11 of the CSE Listing Rules. The NGC's primary responsibility is to oversee the nomination and evaluation processes for Board members and key management personnel, ensuring alignment with the Company's strategic objectives and adherence to best practices in corporate governance.

COMPOSITION OF THE COMMITTEE

Committee member	Status	Date of appointment to the Committee
Mr. V. Leelananda	Chairman/Independent Non-Executive Director (Appointed as Chairman with effect from 1st January 2025)	31/07/2024
Mr. J.R. Gunaratne	Independent Non-Executive Director (Chairman from 31st July 2024 to 1st January 2025)	31/07/2024
Ms. K. Amarasinghe	Non-Executive Director	31/07/2024

ATTENDANCE AT MEETINGS HELD DURING THE YEAR

Committee member Status	Attendance
Mr. V. Leelananda	1/1
Mr. J.R. Gunaratne	1/1
Ms. K. Amarasinghe	1/1

The Company Secretaries, PW Corporate Secretarial (Pvt) Ltd function as the Secretaries to the Committee.

FUNCTIONS

Key functions of the NGC include:

- Evaluating the appointment and re-election of directors.
- Establishing transparent procedures for selecting and appointing directors.
- Conducting periodic evaluations of the Board's performance and that of the Chief Executive Officer.
- Developing succession plans for the Board and key management personnel.
- Reviewing the structure and size of the Board and its committees.
- Assessing the company's corporate governance framework and recommending updates as necessary.
- Monitoring compliance with governance policies and regulatory requirements.

ACTIVITIES DURING THE YEAR

During the year under review, the NGC considered and recommended the adoption of policies required to be maintained under Section 9.2 of the Listing Rules, and the Terms of Reference of the Committee, the appointment of new Directors to the Board, the reconstitution of Board Sub-Committees, and the appointment of the Chairman. These matters were deliberated at formal Committee meetings as well as through circular resolutions, in accordance with the Company's governance framework and procedures. The Committee ensured that all appointments were made following a rigorous review of qualifications, experience, and alignment with the Company's strategic direction and governance needs.

INFORMATION ON DIRECTORS' RE-ELECTION / RE-APPOINTMENT

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 40th Annual General Meeting held on 28th June 2024, and the details of those Directors who are recommended for re-election / re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Nominations and Governance Committee Report

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
40th Annual General Meeting held on 28th June 2024					
Re-election in terms of Article 84 of the Articles of Association of the Company					
Mr. C V Cabraal	AC	08.01.2014	28.06.2024	Refer profile on page 10	None
Mr. C M U Weerawardena	RPTRC	19.09.2018	28.06.2024	Refer profile on page 10	None
Re-election in terms of Article 91 of the Articles of Association of the Company					
Ms. A A K Amarasinghe	NGC	04.07.2023	28.06.2024	Refer profile on page 11	None
Mr. D C Fernando (Resigned wef 01.08.2024)	-	07.08.2023	N/A	-	-
Mr. V Leelananda	RC NGC AC	02.09.2023	28.06.2024	Refer profile on page 10	None
Ms. K A D B Perera	-	01.03.2024	28.06.2024	Refer profile on page 11	Is the daughter of Mr Dhammika Perera, who holds 63.48% of the issued shares of Vallibel One PLC, which in turn holds 18.59% of the issued shares of the Company.
Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007					
Mr. J A S S Adhihetty	RPTRC RC	26/05/2010	30.6.2023	Refer profile on page 9	None
Mr. L N D S Wijeyeratne (Resigned w.e.f 31.12.2024)	-	22/03/2010	30.6.2023	-	-
41st Annual General Meeting to be held on 30th June 2025					
Recommended for re-election in terms of Article 84 of the Articles of Association of the Company					
Mr J R Gunaratne	RPTRC RC	01.02.2023	30.06.2023	Refer profile on page 9	None
Recommended for re-election in terms of Article 91 of the Articles of Association of the Company					
Mr. A M J Fernando	-	01.08.2024	N/A	Refer profile on page 12	None
Mrs. R N Pallegama	-	01.08.2024	N/A	Refer profile on page 12	None
Mrs. K D Weerasinghe	AC RPTRC	01.01.2025	N/A	Refer profile on page 12	None
Mr. A Y E Joseph	-	10.01.2025	N/A	Refer profile on page 13	None
Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007					
Mr. J A S S Adhihetty	RPTRC RC	26.05.2010	28.6.2024	Refer profile on page 9	None
Mr. Jan P Van Twest	-	31.10.2013	-	Refer profile on page 9	None

AC Audit Committee
 RPTRC Related party Transactions Review Committee
 RM Remuneration Committee
 NGC Nominations and Governance Committee

BOARD DIVERSITY

Board diversity is considered a critical factor in ensuring effective Board performance. In this context, the Company is committed to maintaining a diverse Board across dimensions that align with its strategic objectives and governance standards. The current Board comprises Directors with a wide range of experience and expertise in disciplines relevant to the Company's operations, including **leisure, hospitality, entrepreneurship and finance**. Additionally, the Board possesses essential skills necessary to drive the Company's business, such as communication, leadership, decision-making, and organizational capabilities, along with a shared commitment to embodying the Company's vision. Many Directors are seasoned entrepreneurs, professionals, and business leaders, contributing significantly to the strategic direction of the Company and its subsidiaries through their diverse skills and attributes.

The NGC is committed to upholding the highest standards of corporate governance and ensuring that the Board comprises individuals with the requisite skills, experience, and independence to effectively oversee the Company's strategic direction and operations.

POLICIES AND PROCEDURES

The NGC operates within the terms of reference as approved by the Board and according to further timely revisions thereof. As per the said terms of reference, the Committee shall consist of not less than three (3) Non-Executive Directors of which at least two (2) Directors shall be Independent Directors who are free from any business or relationship that in the opinion of the Board will materially interfere with the exercise of his/her judgement as a member of the Committee. The NGC shall meet at least once every calendar year and as frequently as may be required.

A documented Board approved Procedure for Nomination of Directors is in place, based on which the Committee recommends suitable individuals to be selected for appointment to the Board subject to the relevant regulatory approvals.

The retirement and re-election of Directors as stated in the Articles of Association (Articles 84 and 85) require 1/3 of the Directors eligible for retirement by rotation, to retire from office at each Annual General Meeting, and the Committee after evaluation, recommends (where appropriate) the re-election of Directors who are retiring by rotation to be placed before the shareholders, for re-election.

PERIODIC EVALUATION OF THE BOARD AND EXECUTIVE DIRECTORS

In accordance with the Corporate Governance Rules set out in the Listing Rules, as well as the Company's Policy on Corporate Governance, Nomination, and Re-election, the performance of the Board of Directors is subject to periodic evaluation. This evaluation is conducted through a structured self-assessment process undertaken individually by each Director. The Nominations and Governance Committee is responsible for overseeing this evaluation and reporting its findings to the Board.

PROCESS ON THE FLOW OF INFORMATION TO INDEPENDENT DIRECTORS ON MAJOR ISSUES

The Company ensures that Independent Directors are kept informed on key matters through a structured communication framework. This includes regular Board and Committee meetings, with detailed agendas and supporting documentation shared in advance. Independent Directors receive periodic updates on significant financial, operational, and strategic developments, and

have direct access to Senior Management and the Company Secretaries for clarification and discussion.

INDUCTION AND ORIENTATION PROGRAMS

Newly appointed Directors are provided with comprehensive induction programs covering the Company's operations, governance framework, regulatory environment, strategic objectives and financial performance.

Regular updates are also presented to the Board on corporate governance practices, regulatory developments, and applicable legal requirements. This ensures ongoing compliance, effective risk management, and alignment with legislative changes to safeguard shareholder interests.

DETERMINATION OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The NGC confirms that all Independent Directors satisfy the independence criteria set forth in Rule 9.8.3 of the Listing Rules.



Vasantha Leelananda
Chairman – Nominations and Governance Committee

27 May 2025





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Independent Auditor's Report



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TO THE SHAREHOLDERS OF THE FORTRESS RESORTS PLC AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code

of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters common to both Group and Company

Key audit matter	How our audit addressed the key audit matter
Investments in short term deposits As at 31 March 2025, the Group has invested an amount of Rs. 1,001,438,110/- in short term deposits in related party registered finance companies from which the Group earned an interest income of Rs. 67,553,112/- for the year as disclosed in Note 24 to the financial statements. This was a key audit matter due to: <ul style="list-style-type: none"> The materiality of the short-term deposits which represent 43% of total assets Inherent risk associated with related party transactions and disclosures including probable effects of current economic conditions on liquidity needs of the Group 	Our audit procedures included the following key procedures: <ul style="list-style-type: none"> Evaluated the appropriateness of management's process for identifying and recording related party transactions Inspected fixed deposit certificates and confirmations to understand the nature, terms and conditions of the transactions. Corroborated the management's plan for reinvestment and upliftment of short-term deposits upon maturities by tracing to cashflow forecasts/ requirements and credit ratings of the respective finance companies. We also assessed the adequacy of the related disclosures set out in note 24 to the financial statements

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCCA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranjitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



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Key audit matter	How our audit addressed the key audit matter
<p>Revenue</p> <p>The Group's revenue for the year ended 31 March 2025 amounted to Rs. 1,006,141,976/-, as disclosed in Note 04 to the financial statements.</p> <p>The accounting policy for revenue recognition is disclosed in Note 2.3.3 to the financial statements.</p> <p>Revenue was a key audit matter due to the materiality of revenue reported for the year; and the increase of 9% it represents, over the previous year.</p>	<p>Our audit procedures included the following key procedures;</p> <ul style="list-style-type: none"> assessed whether the Group's accounting policy for revenue recognition has been appropriately applied. tested the relevant key controls over revenue. Our procedures included testing the general IT control environment. performed analytical procedures to understand and assess the reasonableness of the reported revenues. tested revenue transactions to invoices and other supporting documents such as house keeping and guest-in-house reports, guest reservation cards, etc. our procedures included testing: <ul style="list-style-type: none"> revenue transactions around the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts; and Journal entries recognised to revenue <p>We also assessed the adequacy of the related disclosures set out in notes 04 and 2.3.3 to the financial statements.</p>

OTHER INFORMATION INCLUDED IN THE 2025 ANNUAL REPORT OF THE COMPANY

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or

otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk



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of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Groups' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the 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 1864.

27 May 2025
Colombo

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	4	1,006,141,976	921,486,693	-	-
Cost of sales		(291,446,489)	(282,850,182)	-	-
Gross profit		714,695,487	638,636,511	-	-
Other income and gains	5	21,162,314	3,161,763	-	-
Advertising and marketing expenses		(64,943,701)	(53,565,161)	-	-
Administrative expenses		(434,485,150)	(408,258,763)	(9,040,096)	(7,722,646)
Finance cost	6.1	(7,683,077)	(7,345,875)	-	-
Finance income	6.2	76,377,171	94,076,274	-	-
Profit/(loss) before tax	7	305,123,045	266,704,749	(9,040,096)	(7,722,646)
Income tax expense	8	(69,014,615)	(54,362,809)	-	-
Profit/(loss) for the year		236,108,429	212,341,940	(9,040,096)	(7,722,646)
Other comprehensive loss					
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods					
Actuarial loss on defined benefit plan	20	(8,264,848)	(7,674,606)	-	-
Income tax effect		1,652,970	1,534,921	-	-
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(6,611,879)	(6,139,685)	-	-
Other comprehensive loss for the year, net of tax		(6,611,879)	(6,139,685)	-	-
Total comprehensive income/(loss) for the year, net of tax		229,496,551	206,202,255	(9,040,096)	(7,722,646)
Profit/(loss) and total comprehensive income/(loss) attributable to:					
Entire profit/(loss) and total comprehensive income/(loss) is attributable to the equity holders of the parent.					
Basic/diluted earnings/(loss) per share	9	2.13	1.91	(0.08)	(0.07)

The accounting policies and notes on pages 62 to 88 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2025		Group		Company	
		2025	2024	2025	2024
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	1,149,992,539	1,131,833,505	-	-
Right of use assets	11	37,529,630	39,442,536	-	-
Investments in subsidiary	12	-	-	1,000,009,990	1,000,009,990
Intangible assets	13	3,063,302	710,315	-	-
		1,190,585,471	1,171,986,356	1,000,009,990	1,000,009,990
Current Assets					
Inventories	15	31,966,929	28,265,542	-	-
Trade and other receivables	16	53,780,616	58,934,945	76,064,833	84,957,227
Advances and prepayments		38,965,053	47,967,069	-	-
Short term investments	17	1,029,645,273	862,330,930	-	-
Cash and cash equivalents	18	65,519,517	8,705,090	41,842	42,544
		1,219,877,388	1,006,203,576	76,106,675	84,999,771
Total Assets		2,410,462,859	2,178,189,932	1,076,116,665	1,085,009,761
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated capital	19	1,108,866,840	1,108,866,840	1,108,866,840	1,108,866,840
Retained earnings/(losses)		935,976,345	706,479,795	(34,806,605)	(25,766,509)
Equity attributable to equity holders of the parent		2,044,843,185	1,815,346,635	1,074,060,235	1,083,100,331
Non controlling interest		1,000	1,000	-	-
Total Equity		2,044,844,185	1,815,347,635	1,074,060,235	1,083,100,331
Non-Current Liabilities					
Interest bearing loans and borrowings	14	64,553,209	61,712,129	-	-
Retirement benefit obligation	20	42,320,218	30,449,451	-	-
Deferred tax liability	8.4	33,998,519	44,636,462	-	-
		140,871,946	136,798,042	-	-
Current Liabilities					
Trade and other payables	21	131,442,792	121,856,425	2,056,430	1,909,430
Contract liabilities	22	36,814,967	61,917,494	-	-
Interest bearing loans and borrowings	14	12,677,835	13,328,551	-	-
Income tax payables		43,811,134	28,941,785	-	-
		224,746,728	226,044,255	2,056,430	1,909,430
Total Equity and Liabilities		2,410,462,859	2,178,189,932	1,076,116,665	1,085,009,761

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.



Chief Financial Officer

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



Director



Director

The accounting policies and notes on pages 62 to 88 form an integral part of these financial statements.

27 May 2025
Colombo

Statement of Changes in Equity

Year ended 31 March 2025

Group	Attributable to the equity holders of the parent		Non Controlling Interest	Total
	Stated Capital Rs.	Retained earnings Rs.	Rs.	Rs.
Balance as at 01 April 2023	1,108,866,840	500,277,541	1,000	1,609,145,381
Profit for the year	-	212,341,940	-	212,341,940
Other comprehensive loss for the year, net of tax	-	(6,139,685)	-	(6,139,685)
Balance as at 31 March 2024	1,108,866,840	706,479,795	1,000	1,815,347,635
Profit for the year	-	236,108,429	-	236,108,429
Other comprehensive loss for the year, net of tax	-	(6,611,879)	-	(6,611,879)
Balance as at 31 March 2025	1,108,866,840	935,976,345	1,000	2,044,844,185

Company	Stated Capital Rs.	Retained Loss Rs.	Total Rs.
Balance as at 01 April 2023	1,108,866,840	(18,043,863)	1,090,822,977
Loss for the year	-	(7,722,646)	(7,722,646)
Balance as at 31 March 2024	1,108,866,840	(25,766,509)	1,083,100,331
Loss for the year	-	(9,040,096)	(9,040,096)
Balance as at 31 March 2025	1,108,866,840	(34,806,605)	1,074,060,235

The accounting policies and notes on pages 62 to 88 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March 2025	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash flows from/(used in) operating activities					
Profit/(loss) before tax		305,123,045	266,704,749	(9,040,096)	(7,722,646)
Adjustments for:					
Depreciation		68,173,686	62,638,072	-	-
Amortisation of intangible assets	13	442,846	705,959	-	-
Depreciation of right of use assets	11	1,912,906	1,912,905	-	-
Finance cost	6.1	7,683,077	7,345,875	-	-
Finance income	6.2	(76,377,171)	(94,076,274)	-	-
(Profit)/Loss on disposal of property, plant and equipment		(11,047,976)	499,921	-	-
Provision for defined benefit obligation	20	6,931,012	5,964,966	-	-
Operating profit/(loss) before working capital changes		302,841,424	251,696,174	(9,040,096)	(7,722,646)
(Increase)/decrease in inventories		(3,701,388)	(2,339,523)	-	-
(Increase)/decrease in trade and other receivables and prepayments		14,156,345	(45,196,042)	8,892,394	7,819,337
Increase/(decrease) in trade and other payables and contract liabilities		(15,516,159)	70,142,256	147,000	(97,791)
Cash generated from/(used in) operations		297,780,222	274,302,865	(702)	(1,100)
Finance cost paid		(10,877)	(44,908)	-	-
Defined benefit obligation paid	20	(3,325,094)	(2,865,069)	-	-
Income tax paid		(63,004,113)	(87,026)	-	-
Net cash from/(used in) operating activities		231,440,139	271,305,862	(702)	(1,100)
Cash flows from/(used in) investing activities					
Proceeds from disposal of property plant and equipment		11,864,406	371,000	-	-
Acquisition of property, plant and equipment	10.4	(88,499,619)	(37,984,982)	-	-
Acquisition of intangible assets	13	(2,795,833)	(24,000)	-	-
Withdrawals of/ (Investment in) treasury bills		105,000,000	(111,503,995)	-	-
Investment in fixed deposits		(558,767,968)	(724,316,425)	-	-
Withdrawal of fixed deposits		288,362,025	497,068,695	-	-
Finance income received		75,693,115	100,788,894	-	-
Net cash from/(used in) investing activities		(169,143,875)	(275,600,813)	-	-
Cash flows from/(used in) financing activities					
Principal payments under lease liabilities		(3,740,383)	(3,901,820)	-	-
Net cash from/(used in) financing activities		(3,740,383)	(3,901,820)	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents					
Cash and Cash Equivalents at the beginning of the year	18	(1,328,712)	6,868,061	42,544	43,644
Cash and Cash Equivalents at the end of the year	18	57,227,170	(1,328,710)	41,842	42,544

The accounting policies and notes on pages 62 to 88 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

The Fortress Resorts PLC (“the Company”) is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at Level 29, West Tower, World Trade Center, Colombo - 01 and the principal place of business is situated at Koggala, Sri Lanka.

The Company has invested and managing the subsidiaries listed in note 2.2.1 to the financial statements. There are no any other operations were carried out by the Company during the year.

The consolidated financial statements of The Fortress Resorts PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors on 27 May 2025.

1.1 Parent Entity and Ultimate Parent Entity

The Company does not have an identifiable parent company of its own.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007.

The Financial Statements have been prepared on the historical cost basis. The consolidated financial statements are presented in Sri Lankan Rupees (Rs).

Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies have been consistently applied by the Group and,

are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

2.1.1 Going Concern

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

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2025. 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 investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made in the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2.1 Subsidiaries

The subsidiaries and its controlling percentage of the Group, which have been consolidated, are as follows:

Subsidiaries	2025	2024	Nature of the Operations
Direct holding			
La Forteresse (Private) Limited	100%	100%	Operation of Small Luxury Hotel
Indirect holding			
Summer Season Mirissa (Pvt) Ltd	99.99%	99.99%	Operations not yet commenced

Investment subsidiaries are carried at cost less impairments (if any) in the separate financial statements.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Group classifies all other liabilities as non-current.

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

2.3.2 Fair value measurement

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

- In the principal market for the asset or liability

Or

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

The principal or the most advantageous market must be accessible by the Group. As at reporting date, there is no assets or liabilities carried at fair value.

2.3.3 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The specific recognition criteria described below must also be met before revenue is recognised.

Room revenue

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

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from room sales because the consideration is receiving at the departure of the guests. Upon departure of guests, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment.

Contract liabilities

Customers may pay in advance for accommodation. In this case the Group has received consideration for services not yet

Notes to the Financial Statements

provided. This is treated as a contract liability until the performance obligation is met. The Group has taken advantage of the practical expedient in SLFRS 15 to not adjust the consideration for the effects of a financing component as the period between payment and the performance obligation is less than one year.

Food and beverage revenue

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

Interest income

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

Dividends

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income

Rental income is recognised in profit or loss as it accrues.

2.3.4 Taxation

Current Income Tax

Income tax expense comprises current and deferred tax. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date.

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

La Forteresse (Private) Limited

BOI Special Provisions

Pursuant to the agreement dated 08 July 2004, entered into with Board of Investment, the income tax in respect of the profits and income the Company shall be exempted for the period of five (05) years. After the expiration of the tax exemption, the profits and income of the Company shall be subject to concessionary period of tax at the rate of 10%, for two (02) years. After the expiration of the concessionary period, the profits and income shall be charged for any year of assessment at the rate of 20% (subject to the provisions of the Inland Revenue Act).

Current Tax

The profits and income of the Company arising on promotion of tourism liable for taxation at the rate of 20% as per the above mentioned provisions in the BOI agreement and investment income at 30% under the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Deferred Taxation

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the

temporary differences will not reverse in the foreseeable future.

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are

recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax on Dividends

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

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables that are stated with the amount of sales tax included

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

2.3.5 Functional and Presentation Currency

The Group's Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs), which is the functional and presentation currency of the Group.

i) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange prevailing at the reporting date. All exchange differences are taken to the statement of profit or loss.

2.3.6 Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such

cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings on Leasehold Lands	Over the balance lease period
Plant and Equipment	10 years
Furniture and Fittings	10 years
Fixtures and Fittings	10 years
Computer Equipment	05 years
Telephone Equipment	04 years
Kitchen Equipment	04 years
Electrical Equipment	10 years
Linen and Furnishing	04 years
Crockery of Cutlery	04 years
Other Equipment	04 years
Air-conditioners	10 years
Motor Vehicles	05 years

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each

financial year end and adjusted prospectively, if appropriate.

2.3.7 Leases

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

Group as a lessee

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land rights - 40 - 50 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease

Notes to the Financial Statements

payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets

The Group does not apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions during the year for any lease contracts.

2.3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing

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

2.3.9 Intangible Assets

An intangible asset acquired separately is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

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

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

2.3.10 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Subsequent measurement for purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortised cost includes trade receivables, and investment in fixed deposits included under other financial assets.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised

(i.e., removed from the Group's statement of financial position) when:

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

Impairment of financial assets

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a

loss allowance based on lifetime ECLs at each reporting date. For this purpose, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted, if any; for forward-looking factors specific to each debtor and the economic characteristics. Group is making a 100% provision for all the debtors aged more than 180 days.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Based on the management's assessment, no impairment was identified in respect of trade receivables and investment in fixed deposits as the impact is immaterial at the date of transition and subsequent reporting dates.

ii) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Amortised Cost *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Notes to the Financial Statements

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

2.3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost formulas applied by the Group are as follows;

Food and Beverages	
House Keeping and Maintenance and Other	- Weighted Average Basis

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

2.3.12 Impairment of non-financial assets

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

2.3.13 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.3.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for

example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

2.3.15 Post Employment Benefits

i) Defined Benefit Plan - Gratuity

Gratuity is a defined benefit plan. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group is liable to pay gratuity in terms of relevant statute.

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every year using "Project Unit Credit Method". An actuarial valuation of the gratuity liability of the Company as at 31 March 2025 was undertaken by Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The result of such valuation was incorporated in these Financial Statements.

The Group's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in Other Comprehensive Income (OCI). Current Service Cost and Interest Cost are recognised in the statement of profit or loss.

Further, this liability is not externally funded.

ii) Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

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

of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.16 Cash Dividends

The Company recognises a liability to pay a dividend when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.4 New and Amended Standards and Interpretations

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- 'A specific adaptation for contracts with direct participation features (the variable fee approach)
- 'A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Company's financial statements.

Lack of exchangeability - Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- | | |
|--|---------|
| • Financial risk management and policies | Note 26 |
| • Sensitivity analyses disclosures | Note 26 |
| • Capital management | Note 26 |

Judgements, Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

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

Retirement Benefit Obligation

The cost of retirement benefit obligation and the present value of the retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of long-term government bonds, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases, and pension

Notes to the Financial Statements

increases are based on expected future inflation rates of the country.

Further details about the assumptions used are given in Note 20.

Provision for expected credit losses of trade receivables

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

The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group has considered the current economic conditions in determining the provisioning under ECL. The Management has monitored the effect of the global economy to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. More than 90% of above receivables are due from well-established travel agents and the dues are still within the credit period. Travel agents have agreed to release the payments on due dates.

Leases - Estimating the incremental borrowing rate for discounting land lease commitments

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

4 REVENUE

		Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue from contracts with customers	(Note 4.1)	1,006,141,976	921,486,693	-	-
		1,006,141,976	921,486,693	-	-

4.1 Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time/the period of stay and at a point in time in the following major categories.

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<i>Over a period or period of stay</i>				
Room revenue	592,152,718	549,728,703	-	-
Rental income	355,932	2,085,446	-	-
<i>At a point in time</i>				
Food revenue	249,140,570	235,722,680	-	-
Beverage revenue	93,888,555	78,682,215	-	-
Spa revenue	35,901,472	29,106,732	-	-
Laundry income	10,088,615	6,745,257	-	-
Transport income	5,172,747	6,275,821	-	-
Excursions income	7,411,987	5,603,960	-	-
Boutique income	2,939,871	1,604,574	-	-
Income from other hotel operations	8,129,773	5,931,305	-	-
Wedding income	959,735	-	-	-
	1,006,141,976	921,486,693	-	-

Contract liabilities and its movement is disclosed in Note 22 to the financial statements.

5 OTHER INCOME AND GAINS

	Group	
	2025 Rs.	2024 Rs.
Profit on disposal of property, plant and equipment	11,047,976	-
Exchange gains	10,114,338	3,161,763
	21,162,314	3,161,763

Notes to the Financial Statements

6 FINANCE COST AND INCOME

6.1 Finance Cost

		Group	
		2025 Rs.	2024 Rs.
Interest expense on bank overdrafts		10,877	44,908
Finance charges on lease liabilities	(Note 11.3)	7,672,200	7,300,967
		7,683,077	7,345,875

6.2 Finance Income

Interest income		76,377,171	94,076,274
		76,377,171	94,076,274

7 PROFIT/(LOSS) BEFORE TAX

Stated after Charging	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Included in Cost of Sales				
Employees Benefits including the following	67,052,016	62,680,902	-	-
- Defined Benefit Plan Cost - Gratuity (included in Employee Benefits)	1,199,913	902,414	-	-
- Defined Contribution Plan Cost - EPF and ETF (included in Employee Benefits)	7,732,831	6,696,060	-	-
Depreciation	3,340,559	1,097,895	-	-
Included in Administrative Expense				
Employees Benefits including the following	129,484,664	106,512,223	-	-
- Defined Benefit Plan Cost - Gratuity (included in Employee Benefits)	5,731,100	5,062,553	-	-
- Defined Contribution Plan Cost - EPF and ETF (included in Employee Benefits)	15,084,613	12,588,213	-	-
Depreciation	64,833,127	61,540,176	-	-
Amortisation of Intangible Assets	442,846	705,959	-	-
Audit Fees	989,692	871,000	194,692	161,000
Professional Fees	1,265,272	776,028	285,751	92,863
Charity and Donations	160,253	75,300	-	-
Depreciation of ROU Assets	1,912,906	1,912,906	-	-
Maintenance Expenses	76,527,171	46,977,407	-	-
Electricity	44,785,314	70,164,527	-	-
TDL and Pradeshiya Sabha Tax	20,360,128	18,429,734	-	-
Included in Advertising and Marketing Expenses				
Advertising	24,372,043	18,665,607	-	-
Sales Promotion Expenses	24,499,070	20,496,099	-	-

8 INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 March 2025 and 2024 are:

Statement of Profit or Loss

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Income Tax				
Current income tax charge (Note 8.1)	77,999,590	28,941,785	-	-
Adjustments in respect of current income tax of previous year	-	(12,967,903)	-	-
	77,999,590	15,973,882	-	-
Deferred Tax				
Relating to origination and reversal of temporary differences (Note 8.4)	(8,984,974)	38,388,927	-	-
Income tax expense reported in the Statement of Profit or Loss	69,014,615	54,362,809	-	-

Statement of Other Comprehensive Income (OCI)

Deferred tax related to items recognised in OCI during the year:				
On actuarial gain or loss	(1,652,970)	(1,534,921)	-	-
Deferred tax charged to OCI	(1,652,970)	(1,534,921)	-	-

8.1 Taxable profit or loss from the business is as follows;

Taxable Profit/(Loss) from Business

Profit/(loss) from the business	290,343,553	233,266,228	(9,040,096)	(7,722,646)
Investment income	76,377,171	94,076,274	-	-
Exempted income (Investment income in foreign currency)	(9,940,910)	(4,493,888)	-	-
(-) Unrelieved losses	-	(222,930,883)	-	-
Taxable profit/(loss)	356,779,814	99,917,731	(9,040,096)	(7,722,646)
Total Assessable Income/(Loss)	356,779,814	99,917,731	-	-
Total Taxable Income/(Loss)	356,779,814	99,917,731	-	-
Income Tax on business income @ 20%	58,068,711	2,067,069	-	-
Income Tax on interest income @ 30%	19,930,878	26,874,716	-	-
Current Income Tax Charge	77,999,590	28,941,785	-	-

Notes to the Financial Statements

8.2 A reconciliation of tax expense and the accounting profit multiplied by the statutory tax rate is as follows:

	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit before income tax expenses	305,123,045	266,704,749	(9,040,096)	(7,722,646)
Tax at statutory income tax rate of 20%	58,068,711	2,067,069	-	-
Tax at statutory income tax rate of 30%	19,930,878	26,874,716	-	-
Income exempted from tax including exchange gains	(9,940,910)	(4,493,888)	-	-
Other allowable/disallowable items for tax purpose	955,936	(37,236,348)	-	-
Adjustments in respect of current income tax of previous years	-	(12,967,903)	-	-
Deferred tax effect on business losses	-	80,119,163	-	-
Income tax expense reported in the Statement of Profit or Loss	69,014,615	54,362,809	-	-

8.3 Tax Losses Utilised

Tax losses brought forward	92,573,588	351,914,789	92,573,558	84,850,912
Adjustments	-	(44,132,964)	-	-
Loss incurred during the year	9,040,096	7,722,646	9,040,096	7,722,646
Setoff with taxable profits during the year	-	(222,930,883)	-	-
Tax losses carried forward	101,613,684	92,573,588	101,613,654	92,573,558

Income Tax of La Forteresse (Private) Limited

The profit and income from business of La Forteresse (Private) Limited (Subsidiary) is liable for income tax as stated in Note 2.3.4 of these Financial Statements.

8.4 Deferred Tax - Group

	Statement of Financial position		Statement of Profit or Loss	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liability				
Capital Allowances for Tax purpose	50,780,389	57,682,195	(6,901,806)	(39,654,596)
	50,780,389	57,682,195	(6,901,806)	(39,654,596)
Deferred Tax Assets				
Retirement Benefit Obligation - Through Income Statement	(6,811,074)	(4,554,969)	(721,184)	1,347,515
Retirement Benefit Obligation - Through Other Comprehensive Income	(1,652,970)	(1,534,921)	-	-
ROU Assets and Related Lease Liabilities	(6,281,813)	(5,112,869)	(1,168,945)	(3,535,109)
Tax losses	-	-	-	80,119,163
Provisions	(2,036,013)	(1,842,973)	(193,039)	111,953
	(16,781,870)	(13,045,733)	(2,083,168)	78,043,523
Deferred Taxation Charge/(Reversal)			(8,984,974)	38,388,927
Net Deferred Tax Liability	33,998,519	44,636,462		

	Statement of Profit or Loss	
	2025 Rs.	2024 Rs.
8.4.1 Reconciliation of Deferred Tax Charge/ (Reversal)		
Deferred Tax Charge/(Reversal) reported in the Statement of Profit or Loss	(8,984,974)	38,388,927
Deferred Tax Charge/(Reversal) reported in Other Comprehensive Income	(1,652,970)	(1,534,921)
	(10,637,944)	36,854,006

8.5 The Group has a tax loss amounting to Rs. 101,613,684/- (2024 - Rs. 92,573,558/-) which is available for offsetting against future taxable income of the Company until 6 years from the incurred year of assessment. A deferred tax asset amounting to Rs. 20,322,737/- arising from tax loss of Rs. 101,613,684/- (2024 - Rs. 18,514,718/-) has not been recognised and other temporary differences which has resulted in a deferred tax assets as it is anticipated that the deferred tax asset will not realise in the foreseeable future.

9 BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

Amounts used as the Numerator	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit/(loss) attributable to ordinary shareholders for basic earnings/(loss) per share	236,108,429	212,341,940	(9,040,096)	(7,722,646)

Number of Ordinary Shares Used as the Denominator	Group		Company	
	2025 Number	2024 Number	2025 Number	2024 Number
Weighted average number of ordinary shares applicable to basic earnings per share	110,886,684	110,886,684	110,886,684	110,886,684
Earnings/(loss) per share (Rs.)	2.13	1.91	(0.08)	(0.07)

Notes to the Financial Statements

10 PROPERTY, PLANT AND EQUIPMENT - GROUP

10.1 Gross Carrying Amounts

	Balance As at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
At Cost				
Land	359,721,000	-	-	359,721,000
Buildings on Leasehold Land - Hotel	962,148,737	1,449,948	-	963,598,685
- Administration	74,737,579	717,996	-	75,455,575
Plant and Other Equipment	30,128,725	4,071,265	(297,900)	33,902,090
Furniture and Fittings	197,483,370	1,843,323	(2,306,132)	197,020,561
Fixtures and Fittings	100,870,340	34,213,150	(1,490,752)	133,592,738
Computer Equipment	33,302,502	6,631,818	(530,638)	39,403,682
Telephone Equipment	2,172,223	269,400	(61,873)	2,379,750
Kitchen Equipment	59,545,337	7,829,545	(6,684,347)	60,690,535
Electrical Equipment	147,813,049	672,400	(2,826,393)	145,659,056
Linen and Furnishing	15,080,687	14,567,109	(5,417,220)	24,230,576
Cutlery and Crockery	3,207,617	2,436,414	(957,821)	4,686,210
Other Equipment	24,474,771	3,806,767	(2,582,656)	25,698,882
Air conditioners	15,157,189	7,090,708	-	22,247,897
Motor Vehicles	70,413,783	-	(8,188,900)	62,224,883
	2,096,256,908	85,599,842	(31,344,632)	2,150,512,119
In the course of Constructions				
Buildings	-	2,899,777	-	2,899,777
Total Gross Carrying Amount	2,096,256,908	88,499,619	(31,344,632)	2,153,411,896

10.2 Depreciation

	Balance As at 01.04.2024 Rs.	Charge for the year Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
At Cost				
Buildings on Leasehold Land - Hotel	358,613,378	28,867,426	-	387,480,804
- Administration	23,071,883	2,489,974	-	25,561,857
Plant and Equipment	18,787,623	1,493,570	(297,900)	19,983,293
Furniture and Fittings	162,851,072	9,861,502	(2,306,132)	170,406,442
Fixtures and Fittings	73,583,067	7,241,042	(1,293,196)	79,530,913
Computer Equipment	30,392,169	1,685,318	(530,638)	31,546,849
Telephone Equipment	1,919,069	127,624	(51,637)	1,995,056
Kitchen Equipment	55,743,412	2,478,545	(6,684,347)	51,537,610
Electrical Equipment	129,947,650	5,691,022	(2,553,919)	133,084,753
Linen and Furnishing	7,727,721	3,228,046	(4,155,717)	6,800,050
Cutlery and Crockery	1,516,338	862,014	(536,534)	1,841,819
Other Equipment	16,965,278	3,313,017	(2,578,813)	17,699,482
Air conditioners	12,890,960	834,586	-	13,725,546
Motor Vehicles	70,413,783	-	(8,188,900)	62,224,883
Total Depreciation	964,423,404	68,173,686	(29,177,733)	1,003,419,357

10.3 Net Book Values

	2025 Rs.	2024 Rs.
At Cost		
Land	359,721,000	359,721,000
Buildings on Leasehold Land - Hotel	576,117,880	603,535,358
- Administration	49,893,718	51,665,696
Plant and Equipment	13,918,797	11,341,102
Furniture and Fittings	26,614,119	34,632,298
Fixtures and Fittings	54,061,825	27,287,273
Computer Equipment	7,856,833	2,910,333
Telephone Equipment	384,694	253,154
Kitchen Equipment	9,152,925	3,801,925
Electrical Equipment	12,574,304	17,865,399
Linen and Furnishing	17,430,526	7,352,967
Cutlery and Crockery	2,844,391	1,691,275
Other Equipment	7,999,399	7,509,493
Air Conditioners	8,522,351	2,266,229
	1,147,092,762	1,131,833,505
In the course of Constructions		
Buildings	2,899,777	-
Total Carrying Amount of Property, Plant and Equipment	1,149,992,539	1,131,833,505

10.4 During the financial year, the Group acquired property, plant and equipment and incurred on work in progress to the aggregate value of Rs. 88,499,619/- (2024 - Rs. 37,984,982/-) during the period.

11 RIGHT OF USE ASSETS - GROUP/COMPANY

	2025 Rs.	2024 Rs.
Leasehold Lands (Note 11.2)	37,529,630	39,442,536
	37,529,630	39,442,536

The Group has lease contracts with Sri Lanka Tourism Development Authority (SLTDA) and Board of Investments of Sri Lanka (BOI) for lands.

11.1

Nature of the property	Lessor	No of Buildings	Lease Term	Annual Rental 2025 Rs.	Annual Rental 2024 Rs.
Leasehold lands					
Land (Hotel Building)	SLTDA	1	2005 - 2045	2,877,984	2,806,034
Land (Administrative Building)	BOI	2	2005 - 2035	299,803	247,616
Organic Garden	BOI	1	2014 - 2064	426,086	464,567
				3,603,873	3,518,217
Total lease rentals				3,603,873	3,518,217

Notes to the Financial Statements

11.2 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year

	Lands Rs.	Total Rs.
As at 01 April 2024	39,442,536	41,355,441
Depreciation expenses	(1,912,906)	(1,912,905)
As at 31 March 2025	37,529,630	39,442,536

11.3 The following are the amounts recognised in profit or loss in respect of ROU Assets:

	2025 Rs.	2024 Rs.
Depreciation expense of right-of-use assets	1,912,906	1,912,906
Interest expense on lease liabilities	7,672,200	7,300,967
Total amount recognised in profit or loss	9,585,106	9,213,873

The Group had total cash outflows for leases of Rs. 3,740,383/- during the year (2024 - Rs. 3,901,920/-). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 23.4.

ROU Assets are depreciated on a straight line basis over the remaining lease period of the assets.

There are no variable lease payments.

12 INVESTMENT IN SUBSIDIARY - COMPANY

Non-Quoted Investments	Holding		Cost	
	2025 %	2024 %	2025 Rs.	2024 Rs.
La Forteresse (Private) Limited	100%	100%	1,000,009,990	1,000,009,990
			1,000,009,990	1,000,009,990

Other indirect holdings in other subsidiaries are listed in note 2.2.1 to the financial statements.

13 INTANGIBLE ASSETS - GROUP

13.1 Cost

	Balance As at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	Balance As at 31.03.2025 Rs.
Computer Software	17,061,764	2,795,833	-	19,857,597
	17,061,764	2,795,833	-	19,857,597

13.2 Amortisation

Computer Software	16,351,449	442,846	-	16,794,295
	16,351,449	442,846	-	16,794,295

13.3 Net Book Values

	2025 Rs.	2024 Rs.
Computer Software	3,063,302	710,315

13.4 Computer Software are amortised over 05 years

14 FINANCIAL LIABILITIES

14.1 Interest Bearing Loans and Borrowings

		Group	
		2025 Rs.	2024 Rs.
Current Interest Bearing Loans and Borrowings			
Bank Overdrafts	(Note 18)	8,292,346	10,033,800
Lease Liabilities	(Note 14.1.2)	4,385,489	3,294,751
Total Current Interest Bearing Loans and Borrowings		12,677,835	13,328,551
Non Current Interest Bearing Loans and Borrowings			
Lease Liabilities	(Note 14.1.2)	64,553,209	61,712,129
Total Non Current Interest Bearing Loans and Borrowings		64,553,209	61,712,129

14.1.2 Lease Liabilities

	Lands Rs.	Total Rs.
As at 01 April 2024	65,006,880	65,006,880
Interest Accrued on Lease Liabilities	3,931,817	3,931,817
As at 31 March 2025	68,938,697	68,938,698
Lease Payments		
Gross Payments	(3,740,383)	(3,740,383)
Interest expense recognised as finance expense	7,672,200	7,672,200
Capital Payments	3,931,817	3,931,817
Current	4,385,489	4,385,489
Non-Current	64,553,209	64,553,209
	68,938,698	68,938,698

Lease liabilities are effectively secured as the rights to the leased assets are recognised in the financial statements relevant to the lessor in the event of default.

Notes 11 and 23.3 provides the details of the above lease liabilities.

Notes to the Financial Statements

14.2 Fair Values

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

15 INVENTORIES - GROUP

	2025 Rs.	2024 Rs.
Food and Beverages	8,830,489	9,895,357
House Keeping and Maintenance	13,659,609	9,543,033
Stationary, Consumables and Others	9,476,831	8,827,152
	31,966,929	28,265,542

16 TRADE AND OTHER RECEIVABLES - GROUP

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Receivables	50,959,775	50,323,571	-	-
Other Receivables - Related Parties (Note 16.1)	-	-	76,064,833	84,957,227
Other Receivables - Other	2,820,840	8,611,374	-	-
	53,780,616	58,934,945	76,064,833	84,957,227

As at 31 March, the ageing analysis of trade receivables are as follows:

	Total	Neither past due or nor Impaired	Past due but not impaired					
			< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 180 days	> 180 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2025	50,959,775	39,887,307	-	10,258,618	654,588	159,263	-	-
2024	50,323,571	41,678,977	-	7,691,446	830,713	-	122,435	-

Provision Matrix and Impairment of Debtors

- Management has carried out an impairment provision based on the simplified approach of ECL method and no any impairment provision has been accounted for trade debtors as the ECL is insignificant. Management considered 100% ECL for debtors aged more than 180 days in determining the provision matrix for ECL.
- The Group has considered the historical payment patterns in assessing the provision matrix and the Group do not have significant delays in receiving the payments and all the receivables are from reputed customers. Provision based on ECL method is immaterial to the consolidated financial statements.
- Refer Note 26 on credit risk of Trade Receivables, which discusses how the Group measures credit quality of Trade Receivables that are neither past due nor impaired.

16.1 Other Receivables - Related Parties

Company	Relationship	2025 Rs.	2024 Rs.
La Forteresse (Private) Limited	Subsidiary Company	76,064,833	84,957,227

Outstanding receivable balance represents the dividends receivable from the La Forteresse (Pvt) Ltd and which is non interest bearing and expected to settle within one year. Note 24.1 provide the movement of the receivable balance.

17 SHORT TERM INVESTMENTS - GROUP

		2025 Rs.	2024 Rs.
Investments in Fixed Deposits	(Note 17.1)	1,029,645,273	760,817,872
Investments in Treasury Bills		-	101,513,058
		1,029,645,273	862,330,930

17.1 Investment in fixed deposits at amortised cost

LB Finance PLC	514,986,030	374,473,897
Vallible Finance PLC	232,535,271	276,122,110
Bank of Ceylon	28,207,163	42,102,594
Pan Asia Bank	238,876,343	68,119,271
Singer Finance	15,040,466	-
	1,029,645,273	760,817,872

No provision is recognised based on the expected credit loss (ECL) calculation as the required provision under ECL is immaterial to the Consolidated financial statements.

18 CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Favorable Cash and Cash Equivalent Balances				
Cash and Bank Balances	65,519,517	8,705,090	41,842	42,544
	65,519,517	8,705,090	41,842	42,544
Unfavorable Cash and Cash Equivalent Balances				
Bank Overdraft	(8,292,346)	(10,033,800)	-	-
Total Cash and Cash Equivalent for the Purpose of Statement Cash Flows	57,227,170	(1,328,710)	41,842	42,544

The bank overdrafts are secured by a portion of the Group's short-term deposits with Bank of Ceylon.

Notes to the Financial Statements

19 STATED CAPITAL - COMPANY/ GROUP

	2025		2024	
	Number	Rs.	Number	Rs.
Fully paid Ordinary Shares	110,886,684	1,108,866,840	110,886,684	1,108,866,840
	110,886,684	1,108,866,840	110,886,684	1,108,866,840

20 RETIREMENT BENEFIT OBLIGATION - GROUP

	2025 Rs.	2024 Rs.
Defined Benefit Obligation - Gratuity		
Balance at 1 April	30,449,452	19,674,948
Current Service Cost	2,972,583	2,226,726
Interest Cost	3,958,429	3,738,240
Actuarial (Gain)/ Loss	8,264,848	7,674,606
Benefits paid	(3,325,094)	(2,865,069)
Balance at 31 March	42,320,218	30,449,451

The expenses are recognised in the following line items in the statement of profit and loss and other comprehensive income.

Cost of Sales	1,199,912	902,413
Administrative Expenses	5,731,100	5,062,553
Other Comprehensive Income	8,264,848	7,674,606
	15,195,858	13,639,572

20.1 The defined benefit obligation of the Group is based on the Valuation done by Messers. Actuarial and Management Consultants (Private) Limited, actuaries. Appropriate and compatible assumptions were used in determining the cost of defined benefits.

20.2 The principle assumptions used were as follows:

	2025	2024
Discount Rate	11%	13%
Future Salary Increment Rate	10%	9%

20.3 Sensitivity of the principal assumptions used

	Expected Future Salaries		Discount Rate	
	1% increase Rs.	1% decrease Rs.	1% increase Rs.	1% decrease Rs.
2025				
Change in Present value of Defined Benefit Obligation	3,205,752	(2,917,145)	(2,713,218)	3,026,683
2024				
Change in Present value of Defined Benefit Obligation	1,698,610	(1,580,854)	(1,400,008)	1,525,041

20.4 The average duration of the defined benefit plan obligation at the end of the reporting period is 7.5 years (2024 - 5.4 Years).

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Creditors	39,834,579	39,379,755	-	-
Other Payables	77,101,958	69,705,445	123,000	-
Accrued Expenses	14,506,254	12,771,225	1,933,430	1,909,430
	131,442,792	121,856,425	2,056,430	1,909,430

Terms and Conditions of the above financial liabilities

- Trade and Other Payables are non-interest bearing
- Trade Payables are normally settled on 30 - 120 day terms.

22 CONTRACT LIABILITIES

	Group	
	2025 Rs.	2024 Rs.
Advances received for future bookings	36,814,967	61,917,494
Opening balance	61,917,494	39,056,181
Advance received during the year	556,075,661	586,435,813
Refunds due to cancellation of bookings	(19,449,633)	(24,851,074)
Setoff against the receivables	(561,728,553)	(538,723,426)
Closing balance	36,814,967	61,917,494

23 COMMITMENTS AND CONTINGENCIES

23.1 Capital Expenditure Commitments

The Group doesn't have significant capital commitment as at the reporting date other than those disclosed below.

The Group has planned for a renovation project for the hotel La Fortresse (Pvt) Ltd, scheduled to commence in the next financial year. The estimated cost of the project is approximately Rs. 250 million.

23.2 Contingent Liabilities

The Group doesn't have significant contingent liabilities as at the reporting date.

23.3 Lease commitments - Group as lessee

Land Lease

The hotel building has been constructed in a Land which belongs to the Ceylon Tourist Board and the Group has entered in to a lease agreement with them starting from 01 August 2005 and ending on 31 July 2035. There is a possibility to extend the lease period for a further 10 years if the Group wishes to do so. Lease rentals are paid on a monthly basis and rent is being revised five year intervals as per the agreement. The hotel service building is situated in a land owned by BOI and was entered in to a similar agreement with them starting from 28 January 2005 and ending on 27 January 2035. Rentals have been prefixed for the entire period and paid on a yearly basis. Lease of land used to organic garden has started from 2014 and ends on 2064.

Notes to the Financial Statements

23.4 Future minimum lease payments under land lease with the present value of the net minimum lease payments are, as follows:

	2025		2024	
	Minimum payments Rs.	Present value of payments (Note 14.1.2) Rs.	Minimum payments Rs.	Present value of payments (Note 14.1.2) Rs.
Within one year	5,554,665	2,534,099	4,377,450	1,810,871
After one year but not more than five years	33,006,630	10,572,533	24,199,843	7,854,586
More than five years	189,944,753	55,832,066	206,855,626	55,341,423
Total minimum lease payments	228,506,048	68,938,698	235,432,919	65,006,880
Less amounts representing finance charges	(159,567,350)	-	(170,426,039)	-
Present value of minimum lease payments	68,938,698	68,938,698	65,006,880	65,006,880

24 RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

24.1 Transactions with the Parent and Related Entities

	Subsidiaries	
	2025 Rs.	2024 Rs.
As at 1 April	84,957,227	92,776,564
Recurring related party transactions		
Expenses Incurred on behalf of the Company	(8,892,394)	(7,819,337)
As at 31 March	76,064,833	84,957,227
Included in		
Trade and Other Receivables	76,064,833	84,957,227

Outstanding receivable balance represents the dividends receivable from the La Forteresse (Private) Limited and which is non interest bearing and expected to be settled within one year. All the transactions were carried out at arm's length basis on an agreed terms with respective parties.

Subsidiaries: La Forteresse (Private) Limited and Summer Season Mirissa (Private) Limited

24.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company includes the Directors of the Company and Directors in subsidiaries.

24.2.1 Compensation to Key Management Personnel

Nature of transaction	2025 Rs.	2024 Rs.
Short Term Employment Benefits	11,346,873	10,461,007

24.3 Other Related Parties Disclosures

Transactions with the parties/entities in which Key Management Personnel or their Close Family Members have control or significant influence.

Recurring transactions			2025 Rs.	2024 Rs.
Related Party	Nature	Terms		
LB Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	200,000,000	824,100,000
	Withdrawal of Fixed Deposits	Market Terms	56,000,000	461,000,000
	Interest Income	Market Terms	37,178,636	35,945,823
	Balance as at 31 March		514,986,030	374,473,897
Vallible Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	41,000,000	584,000,000
	Withdrawal of Fixed Deposits	Market Terms	85,000,000	313,500,000
	Interest Income	Market Terms	23,114,318	22,336,010
	Balance as at 31 March		232,535,271	276,122,110
Singer Finance PLC (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits	Market Terms	15,000,000	-
	Interest Income	Market Terms	40,466	-
	Balance as at 31 March		15,040,466	-
Pan Asia Bank (USD) (Investments on 01 to 12 Months FDs at Market Rate)	Investment in Fixed Deposits (USD 687,633)	Market Terms	205,464,038	67,765,500
	Interest Income (USD 31,037)	Market Terms	9,205,175	353,782
	Withdrawal of Fixed Deposits (USD 125,000)	Market Terms	38,113,250	-
	Balance as at 31 March (USD 806,062)	Market Terms	238,876,343	68,119,282

No other material transactions have taken place during the year with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control or significant influence, which are required to be disclosed in these Financial Statements other than those disclosed above.

Notes to the Financial Statements

25 EVENTS OCCURING AFTER THE REPORTING DATE

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

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and Trade and Other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and short-term investments that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks.

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

Market risk

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

The Group's financial instruments affected by market risk include loans and borrowings and deposits.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2025 and 2024.

The analyses exclude the impact of movements in market variables on the carrying value of Retirement Benefit Obligation and provisions.

Interest rate risk

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
2025		
Interest Bearing Loans and Borrowings	+/- 50	+/- 41,462
2024		
Interest Bearing Loans and Borrowings	+/- 50	+/- 36,729

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Foreign currency risk

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

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible changes in the USD, GBP and EURO exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD/ GBP/ EURO rate	Effect on profit before tax	Effect on equity
2025	+/- 5%	+/- 505,717	+/- 354,002
2024	+/- 5%	+/- 158,088	+/- 110,662

Credit risk

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

Trade receivables

The Group has established policies, procedures and controls to manage the credit risk of Travel Agents of the Group. The Group carefully evaluates travel agents credentials and credit worthiness prior to contracting with them and as at reporting date more than 90% of the trade receivables are due from well established travel agents. Risk exposure to receivables from individuals and entities are minimal as most of the transactions with local individuals were done on cash basis.

An impairment analysis is performed at each reporting date using a provision matrix (simplified approach) to measure expected credit losses. The Group has received all the dues within the agreed credit period in the past without any delays. The management also considered the local and global economic indicators and the results of negotiations and subsequent cash receipts in determining the provision for impairment.

Liquidity risk

Liquidity risk management used to maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and lease contracts. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise as a number of Hotels are been set up and are engaged in tourism industry activities in the Group's geographical region and have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines mitigate those risk factors. The Group has improved the marketing activities specially in different customer segments and geographical region to attract many more tourists from those regions. Significant part of the Group customer base comprised foreign tourists and the Group is now considering to promote the Hotel to local customers as well.

Notes to the Financial Statements

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

	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Year ended 31 March 2025						
Bank Overdraft	8,292,346	-	-	-	-	8,292,346
Lease Liabilities	-	1,094,363	4,460,302	33,006,630	189,944,752	228,506,048
Trade and other payables	-	41,933,506	89,509,286	-	-	131,442,792
	8,292,346	43,027,869	93,969,588	33,006,630	189,944,752	368,241,187
	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	More than 5 Years Rs.	Total Rs.
Year ended 31 March 2024						
Bank Overdraft	10,033,800	-	-	-	-	10,033,800
Lease Liabilities	-	1,094,363	3,283,087	24,199,843	206,855,626	235,432,919
Trade and other payables	-	39,379,755	82,476,659	-	-	121,856,414
	10,033,800	40,474,118	85,759,746	24,199,843	206,855,626	367,323,133

Capital management

Capital includes only the equity attributable to the equity holders of the parent.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of the business. The Group's objectives when managing capital are to;

- safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group's policy is to keep the gearing ratio at minimum level. The Group includes within net debt, bank overdraft, trade and other payables, less cash and cash equivalents.

		2025 Rs.	2024 Rs.
Interest-bearing loans and borrowings	(Note 14)	77,231,044	75,040,680
Trade and other payables	(Note 21)	131,442,792	121,856,425
Less: Cash and cash equivalents	(Note 18)	(65,519,517)	(8,705,090)
Net debt		143,154,319	188,192,015
Equity		2,044,844,185	1,815,347,635
Total capital		2,044,844,185	1,815,347,635
Capital and net debt		2,187,998,504	2,003,539,650
Gearing ratio		7%	9%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024.

Ten Year Summary - Group

Year Ended 31 st March	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
(Figurs in Rs. 000 unless otherwise stated)										
TRADING RESULTS										
Turnover (Gross)	672,479	625,422	663,750	787,787	489,320	74,666	349,167	434,696	921,487	1,006,142
Profit/ (Loss) from operations	353,584	266,280	250,358	336,875	144,255	(85,816)	116,490	73,633	339,308	383,335
Depreciation and Amortisation	106,006	102,924	74,221	75,494	81,368	81,084	77,471	66,489	65,257	70,529
Interest	1,126	405	3,125	2,300	10,554	15,711	11,736	7,824	7,346	7,683
Profit/ (Loss) Before Tax	246,452	162,951	173,012	259,081	52,333	(182,611)	27,283	(680)	266,705	305,123
Profit/ (Loss) After Tax	187,754	134,865	140,799	209,521	27,380	(175,606)	33,049	(19,842)	212,342	236,108
STATED CAPITAL & RESERVES										
Stated Capital	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867	1,108,867
Revenue Reserves	371,832	505,655	646,211	744,405	662,810	487,909	519,797	500,277	706,480	935,976
Shareholders' Funds/ Net Assets	1,480,699	1,614,522	1,755,079	1,853,105	1,771,677	1,596,776	1,628,664	1,609,145	1,815,347	2,044,844
Long Term Loans/ Deferred Liabilities	-	33,298	22,010	17,169	148,415	225,643	82,705	-	-	-
ASSETS EMPLOYED										
Current Assets	666,594	431,189	583,071	716,951	781,680	711,869	668,076	625,920	1,006,204	1,219,877
Current Liabilities	110,753	107,756	130,498	137,998	180,777	240,877	169,509	132,773	226,044	224,747
Working Capital	555,841	323,433	452,573	578,953	600,903	470,992	498,567	493,147	780,160	995,130
Fixed Assets	972,276	1,360,689	1,375,574	1,347,190	1,379,315	1,318,989	1,251,190	1,200,710	1,171,986	1,190,585
Capital Employed	1,528,117	1,684,122	1,828,147	1,926,143	1,980,218	1,789,981	1,749,757	1,693,857	1,952,146	2,185,715
RATIO & STATISTICS										
Gearing (%)	-	2%	1%	1%	13%	17%	4%	-	-	-
Current Ratio (times)	6	4	4	5	4	3	4	5	4	5
Earnings Per Share (Rs.)	1.69	1.22	1.27	1.89	0.25	(1.58)	0.30	(0.18)	1.91	2.13
Net Assets Per Share(Rs.)	13.35	14.56	15.83	16.71	15.98	14.40	14.69	14.51	16.32	18.44
Return On Capital Employed (ROCE) %	12%	8%	8%	11%	1%	-10%	2%	-1%	11%	14%
Return On Equity (%)	13%	8%	8%	11%	2%	-11%	2%	-1%	12%	12%
Debt to Total Assets (%)	-	2%	1%	1%	7%	13%	4%	-	-	-
Interest Cover (times)	220	402	55	113	6	(11)	3	1	37	41
Earnings Before Interest & Tax (EBIT)(Rs.000)	247,578	163,356	176,137	261,381	62,887	(166,900)	39,019	7,144	274,049	312,806
Asset Turnover (%)	69%	46%	36%	41%	25%	4%	20%	26%	60%	57%

Group Value Added Statement

	2025 Rs. 000'	2024 Rs. 000'
Direct economic value generated		
Revenue (including other income)	1,027,304	924,649
Finance income	76,377	94,076
	1,103,681	1,018,725
Economic Value distributed		
Operating costs	443,907	447,657
Employee wages and benefits	254,007	212,202
Payments to providers of funds	7,683	7,346
Payments to government	100,431	48,500
	806,028	715,705
Economic value retained	297,653	303,020

Shareholder Information

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2025

Name	As At 31st March 2025		As At 31st March 2024	
	No of Shares	%	No of Shares	%
1 M.J.F. HOLDINGS (PRIVATE) LIMITED	28,616,411	25.81	28,616,411	25.81
2 VALLIBEL LEISURE (PRIVATE) LIMITED	24,417,932	22.02	24,417,932	22.02
3 VALLIBEL ONE PLC	20,618,257	18.59	20,618,257	18.59
4 MR. K.D.D. PERERA	10,329,317	9.32	10,329,317	9.32
5 L.B. FINANCE LIMITED	4,051,100	3.65	4,051,100	3.65
6 EST.OF LAT M.J. FERNANDO	2,124,400	1.92	2,124,400	1.92
7 MERCHANT BANK OF SRI LANKA & FINANCE PLC/S.A.A. HASITHA	2,000,473	1.80	1,627,771	1.47
8 SANDWAVE LIMITED	1,194,775	1.08	-	-
9 MR. A.P.L. FERNANDO	1,157,811	1.04	1,144,400	1.03
10 MR. M.P.D. COORAY	860,000	0.78	658,145	0.59
11 MR. D.C. FERNANDO	833,333	0.75	833,333	0.75
12 MR. M.J. FERNANDO	833,333	0.75	833,333	0.75
13 DR. D. JAYANNTHA	621,000	0.56	621,000	0.56
14 HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	608,047	0.55	378,704	0.34
15 MERCHANT BANK OF SRI LANKA & FINANCE PLC/D. WEERASINGHE	600,000	0.54	499,327	0.45
16 SEYLAN BANK PLC/JAYANTHA DEWAGE	464,281	0.42	1,441,400	1.30
17 SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	371,000	0.34	194,502	0.18
18 MR. G.B.D. THILAKARATNE	342,182	0.31	-	-
19 ROYAL CERAMICS LANKA PLC.	336,100	0.30	336,100	0.30
20 SAKUVI INVESTMENT TRUST (PRIVATE) LIMITED	284,166	0.26	284,166	0.26
	100,663,918	90.78	99,009,598	89.29
OTHERS	10,222,766	9.22	11,877,086	10.71
TOTAL	110,886,684	100.00	110,886,684	100.00

SHARE DISTRIBUTION

Shareholding as at 31st March 2025

From To	No of Holders	No of Shares	%
1 - 1,000	1163	346,581	0.31
1,001 - 10,000	407	1,550,448	1.40
10,001 - 100,000	127	4,431,952	4.00
100,001 - 1,000,000	32	10,047,227	9.06
Over 1,000,000 -	9	94,510,476	85.23
	1738	110,886,684	100.00

CATEGORIES OF SHAREHOLDERS

	No of Holders	No of Shares	%
Local Individuals	1614	22,671,554	20.45
Local Institutions	107	86,946,422	78.41
Foreign Individuals	17	1,268,708	1.14
Foreign Institutions	-	-	-
	1738	110,886,684	100.00

Shareholder Information

DIRECTOR'S SHAREHOLDING AS AT 31ST MARCH 2025

Name	No of Shares	%
Mr. J A S S Adhihetty	13,741	0.01
Mr. C V Cabraal	Nil	-
Mr. C U Weerawardena	Nil	-
Mr. J P V Twest	Nil	-
Mr. J R Gunaratne	Nil	-
Ms. A A K Amarasinghe	Nil	-
Mr. V Leelananda	Nil	-
Ms. K A D B Perera	Nil	-
Mr. A M J Fernando	Nil	-
Mrs. R N Pallegama	Nil	-
Mr. A Y E Joseph	Nil	-
Mrs. K D Weerasinghe	Nil	-

SHARE PRICES FOR THE YEAR

Market price per share	As at 31/03/2025	Date	As at 31/03/2024	Date
Highest during the year (Rs.)	33.40	(03.01.2025)	23.00	(28.03.2024)
Lowest during the year (Rs.)	19.10	(12.09.2024)	17.30	(24.11.2023)
As at end of the year (Rs.)	24.50	(28.03.2025)	23.00	(28.03.2024)

PUBLIC HOLDING

- Public Holding Percentage as at 31st March 2025-18.3660 %
- Total No. of Shareholders who holds the Public Holding as at 31st March 2025 - 1729
- The float adjusted market capitalisation as at 31st March 2025 - Rs. 498,952,422.50
- The Float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty First (41st) Annual General Meeting of the Company will be held at the Auditorium of L B Finance PLC, Corporate Office, No.20, Dharmapala Mawatha, Colombo 3, on 30th June 2025 at 11.00 a.m. for the following purposes:

1. ORDINARY BUSINESS

- 1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
- 1.2 To re-elect Mr. J R Gunaratne who retires by rotation pursuant to the provisions of Article 84 of the Articles of Association of the Company, as a Director.
- 1.3 To re-elect Mr. A M J Fernando who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.
- 1.4 To re-elect Mrs. R N Pallegama who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.
- 1.5 To re-elect Mrs. K D Weerasinghe who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.
- 1.6 To re-elect Mr. A Y E Joseph who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.
- 1.7 To pass the ordinary resolution set out below to re-appoint Mr. J A S S Adhihetty, who is 75 years of age, as a Director of the Company.

“IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. J A S S Adhihetty who is 75 years of age and that he be and is hereby re-appointed a Director of the Company.”

- 1.8 To pass the ordinary resolution set out below to re-appoint Mr. Jan P Van Twest, who is 70 years of age, as a Director of the Company.

“IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Jan P Van Twest who is 70 years of age and that he be and is hereby re-appointed a Director of the Company.”

- 1.9 To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorise the Directors to determine their remuneration.
- 1.10 To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

2. SPECIAL BUSINESS

To consider and, if thought fit, to pass the following **Special Resolution** to amend the Articles of Association of the Company:

“IT IS HEREBY RESOLVED THAT

- (a) the following new Article be inserted as Article 51, immediately prior to the existing Article 51;

METHODS OF HOLDING GENERAL MEETINGS

51.

- (1) A General Meeting of shareholders may be held either
 - (i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical meeting); or
 - (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic Meeting); or
 - (iii) by a meeting held both physically and electronically (called Hybrid Meetings); or
 - (iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.
- (2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 51. (1)(i) or held as an electronic General Meeting as referred to in 51. (1)(ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 51. (1)(iii) or by a Resolution in writing as referred to in 51. (1)(iv).
- (3) The Board shall specify in the notice calling the general meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.

Notice of Annual General Meeting

- (4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no member necessarily in physical attendance at the Electronic General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question.
- (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 54 shall apply to that adjournment.
- (iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting
- (b) to renumber the existing Article 51 to Article 155 as Article 52 to Article 156, respectively; and any cross references in the said Article 51 to Article 155 to be accordingly re-numbered based on the re-numbering of Article 51 to Article 155 as Article 52 to Article 156.
- (c) the re-numbered Article 74 be deleted in its entirety and replaced with the following new Article 74:
74. The Directors shall not be less than five (05) nor more than fourteen (14) in number.
- (d) the re-numbered Article 75 be deleted in its entirety and replaced with the following new Article 75:
75. The shareholding qualification for Directors may be determined by the Company in a general meeting, and unless and until so determined, no such qualification shall be required.”
- (e) the re-numbered Article 105 be deleted in its entirety and replaced with the following new Article 105:

ALTERNATE DIRECTORS

105. (i) (a) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence.
- (b) Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board.
- (c) The attendance of any Alternate Director at any meeting, including a Board committee meeting, at which the appointer is absent, shall be counted for the purpose of quorum at such meeting.
- (ii) The appointment of an Alternate Director shall be subject to the approval of the Board.
- (iii) An alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any Share qualification. However, the Board may reimburse an Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend, or as he may otherwise properly incur in or about the business of the Company. Alternatively, the Board may pay such allowances as it considers proper in respect of such expenses.
- (iv) An alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, due to the reasons stated in Article 105(i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 101 hereof.
- (v) Subject to Article 105(i) hereof, an Alternate Director shall ipso facto cease to be an alternate Director on the occurrence of any of the following events:
- (a) If his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (b) If the appointment of the Alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;
- (c) If the Board resolves that the appointment of the Alternate Director be terminated on a date determined by it prior to the completion of the period of one (1) year.

- (vi) A Director shall not vote on the question of the approval of an Alternate Director to act for him, or on the question of the termination of the appointment of such an Alternate under Article 105(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.
- (vii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.
- (viii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange.
- (f) to add the following words at the end of the re-numbered Article 147 :
- The Company may serve notice by electronic mail to an electronic mail account notified by the shareholder in writing or any other acceptable means, to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail.
- (g) to delete the re-numbered Article 153 and substitute therefore the following :
153. Any notice required to be or which may be given by advertisement shall unless otherwise require by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (if the company is listed on the Colombo Stock Exchange)."

By order of the Board
THE FORTRESS RESORTS PLC



PW Corporate Secretarial (Pvt) Ltd
Director/ Secretaries
At Colombo
27 May 2025

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Centre, Colombo - 01, by 11.00 a.m. on 28 June 2025.

Notes

Notes

Handwriting practice lines consisting of 25 horizontal dotted lines.

Notes

Form of Proxy

I/We* (NIC/Passport/Company Reg No)
of being a Shareholder/s* of
THE FORTRESS RESORTS PLC, hereby appoint.....
(holder of NIC/Passport No.....) of or failing him/her*

Mr. J R Gunaratne	or failing him*
Mr. J A S S Adhihetty	or failing him*
Mr. Jan P Van Twest	or failing him*
Mrs. K D Weerasinghe	or failing her*
Mr. Chatura V Cabraal	or failing him*
Mr. C M U Weerawardane	or failing him*
Ms. A A K Amarasinghe	or failing her*
Mr. V Leelananda	or failing him*
Ms. K A D B Perera	or failing her*
Mr. A M J Fernando	or failing him*
Mrs. R N Pallegama	or failing her*
Mr. A Y E Joseph	

as my/our* proxy to represent and speak and vote for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 30th June 2025 and any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We* the undersigned, hereby authorise my/our* proxy to speak and vote for me/us* and on my/our* behalf in accordance with the preference as indicated below:

		For	Against
1.0	Ordinary Business	<input type="checkbox"/>	<input type="checkbox"/>
1.1	To re-elect Mr. J R Gunaratne who retires by rotation pursuant to the provisions of Article 84 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.2	To re-elect Mr. A M J Fernando who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.3	To re-elect Mrs. R N Pallegama who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.4	To re-elect Mrs. K D Weerasinghe who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.5	To re-elect Mr. A Y E Joseph who retires pursuant to the provisions of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.6	To pass the ordinary resolution set out under item 1.7 of the Notice of Meeting to re-appoint Mr. J A S S Adhihetty, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.7	To pass the ordinary resolution set out under item 1.8 of the Notice of Meeting to re-appoint Mr. Jan P Van Twest, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
1.8	To re-appoint Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
1.9	To authorise the Directors to determine donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
2.0	Special Business To consider and if thought fit, to pass the Special Resolution set out under item 2 of the Notice of Meeting to amend the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands thisday ofTwo Thousand and Twenty Five.

Signature of Shareholder/s

*Please delete as appropriate

- Notes 1. A proxy need not be a shareholder of the Company
2. Instructions as to completion are noted on the reverse hereof

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Centre, Echelon Square, Colombo 01 by 11.00 a.m. on 28 June 2025.
3. The Proxy shall -
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a Notary certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate/ statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate/ statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

NAME OF THE COMPANY

The Fortress Resorts PLC

COMPANY REGISTRATION NO

PQ 207

LEGAL FORM

Public Quoted Company with Limited Liability, Quoted on the Diri Savi Board of the Colombo Stock Exchange.

REGISTERED OFFICE

Level 29, West Tower
World Trade Center, Echelon Square
Colombo 01.

BOARD OF DIRECTORS

Mr. J R Gunaratne (Chairman)
Mr. J A S S Adhihetty
Mr. J P Van Twest
Mr. C V Cabraal
Mr. C U Weerawardena
Ms. A A K Amarasinghe
Mr. V Leelananda
Ms. K A D B Perera
Mrs. R N Pallegama
Mr. A M J Fernando
Mrs. K D Weerasinghe
Mr. A Y E Joseph

SUBSIDIARY COMPANIES

La Forteresse (Private) Limited.
Summer Season Mirissa (Pvt) Ltd.

HOTEL

The Fortress Resorts & Spa, Koggala
Telephone : 091 4389400
Fax : 091 4389458
Email: cfo@thefortress.lk

SECRETARIES

PW Corporate Secretarial (Pvt) Ltd.
No.3/17, Kynsey Road.
Colombo 08.
Telephone : 011 4640360-3
Fax : 011 4740588
Email: pwcs@pwcs.lk

EXTERNAL AUDITORS

Ernst & Young
(Chartered Accountants)
Rotunda Tower, No.109, Galle Road
P.O.Box 101, Colombo 03
Telephone : 011 22463500
Fax : 011 5578180

INTERNAL AUDITORS

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha
P.O.Box 186
Colombo 03
Telephone: 011 5426426
Fax: 011 2445872

BANKERS

Bank of Ceylon
Sampath Bank PLC
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC



THE FORTRESS RESORTS & SPA

SRI LANKA

www.thefortressresortandspa.com