

ANNUAL REPORT
2023/24

Club Hotel
Dolphin

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Club Hotel
Dolphin ANNUAL REPORT
2023/24

Our Vision and Mission



OUR VISION

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



OUR MISSION

Our Guests

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

Our Customers

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

Our People

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

Our Community

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

Our Shareholders

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

OUR VISION OUR MISSION

Overview

OUR PHILOSOPHY

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

OUR VALUES



We Think Boldly

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

We Lead Change

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

We Thrive On Creativity

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

We Evolve With Our Customers

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

We Personalise Experiences

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

We Keep Learning

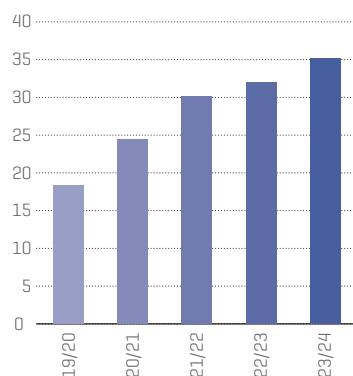
- » We constantly strive to be the best we can be. And when we get there, we strive to be even better-never stopping or resting on our laurels.

Financial Highlights

		2024	2023
Revenue	Rs.000's	1,311,439	575,897
Earnings/ [Loss] before Interest, Tax, Depreciation & Amortisation (EBITDA)	Rs.000's	105,754	[8,895]
Profit before Tax	Rs.000's	388,370	18,389
Profit/ [Loss] after Tax	Rs.000's	320,017	[103,009]
Earnings/ [Loss] per share	Rs.	5.06	[1.63]
Diluted Earnings/ [Loss] per Share	Rs.	-	[2.02]
Cash Loss per share	Rs.	[3.18]	[3.06]
Interest Cover	Times	6.71	[1.09]
Return on Equity (ROE)	%	0.11	[3.33]
Return on Capital Employed (ROCE)	%	0.05	[2.90]
Statement of Financial Position			
Highlights and Ratios			
Total Assets	Rs.000's	5,350,348	5,223,399
Total Debt	Rs.000's	669,621	937,227
Total Shareholders' Funds	Rs.000's	3,404,275	3,088,981
No. of Shares in Issue		63,242,954	63,242,954
Net Assets per Share	Rs.	53.83	48.84
Debt/ Total Equity	%	19.67	29.97
Debt/ Total Assets	%	12.52	17.73
Market/ Shareholder Information			
Market Price of Share as at 31st March	Rs.	35.10	32.00
Market Capitalization	Rs.000's	673,274	613,811
Price Earnings/ [Loss] Ratio	Times	6.94	[38.31]
Dividends per Share	Rs.	Nil	Nil
Dividends Payout	%	Nil	Nil

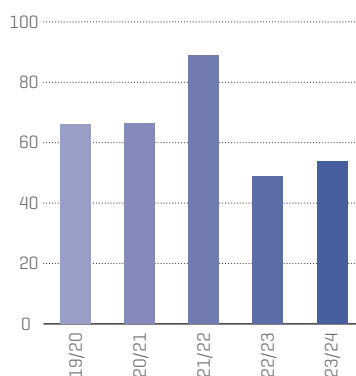
Market price Per Share

Rs.



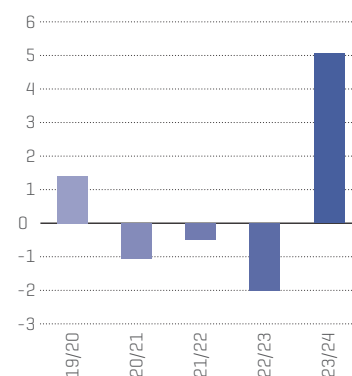
Net Assets Per Share

Rs.



Earning Per Share

Rs.



LEADERSHIP

Chairman's Review

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CEO's Review

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Board of Directors

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DEAR STAKEHOLDERS,

ON BEHALF OF THE BOARD, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF DOLPHIN HOTELS PLC FOR THE YEAR ENDED 31ST MARCH 2024.

GLOBAL TOURISM INDUSTRY.

In the first quarter of 2023/24, tourism arrivals grew 20% compared to 2023, boosted by better air connectivity, visa facilitation and decreasing airfares as well as a continuing post-pandemic recovery. Tourism contributed an estimated 3% to global GDP in 2023, reaching pre-pandemic levels. Travel prospects remain promising, with a full recovery expected this year despite macroeconomic, geopolitical, and climate-related headwinds.

The East Asia & Pacific region continues to drive growth as it catches up from a slow pandemic recovery. All regions have experienced double-digit year-on-year growth in estimated aviation passenger arrivals other than East Africa, which registered a 7% year on year increase. This includes The Middle East and North Africa, where overall growth remains strong amidst an ongoing conflict.

The future of global tourism is centred on sustainability, urging businesses to prioritise reducing their environmental footprint, fostering responsible tourism, and empowering local communities. This involves investing in training, education, and job creation to maximise the positive impacts of tourism.

SRI LANKA TOURISM INDUSTRY

The year 2023/24 has proven pivotal for Sri Lanka's tourism industry, showcasing a significant recovery from previous setbacks. With nearly 1.5 million visitors, the country has reached its highest tourist numbers since 2019. This revival is especially notable considering the challenges of recent years, including the Easter Sunday attacks and the global pandemic. The resurgence underscores Sri Lanka's enduring charm and its resilience as a premier travel destination.

Sri Lanka's tourism industry has proven its competitive edge, especially compared to regional counterparts such as the Maldives, Thailand, Malaysia and India. The UK, Germany, France and Russia are the primary source markets driving growth. The positive trend continues, and Sri Lanka remains optimistic of surpassing its annual target of 1.5 million tourists by the year-end.

COMPANY FINANCIAL PERFORMANCE

Driven by increased occupancy and revenue, the Company achieved revenue of Rs 1,311 million and a gross profit of Rs 907.7 million for the year. This marks a substantial improvement from the previous year's figures of Rs 575.8 million in revenue and Rs 342.3 million in gross profit.

Furthermore, the Company reported a Profit Before Tax of Rs 388.3 million for the 2023/24 financial year, a notable rise from the Rs 18.3 million recorded the prior year.

As the tourism sector continues to evolve swiftly, management is actively partnering with Foreign Tour Operators (FTOs) and local Destination Management Companies (DMCs) to manage the current market conditions affecting our target segments. Additionally, numerous Foreign Tour Operators are in the final stages of finalising contracts for the upcoming period.

In preparation for anticipated growth in the tourism industry over the next year, the Company has meticulously crafted short-term and long-term strategies aimed at achieving better results. This forward-thinking approach demonstrates the Company's commitment to adapting to evolving market conditions and leveraging opportunities for future success.

I wish to extend my heartfelt gratitude and appreciation to our esteemed guests and business partners, whose unwavering support has been a great strength in our journey and to our dedicated staff members who continue to deliver exceptional customer service amidst challenging times.

I would also like to recognise the invaluable contributions of my fellow colleagues on the Board. Their guidance and support has been instrumental in shaping our path forward.



Kapila Jayawardena
Chairman

SRI LANKA'S GROWING INTERNATIONAL RECOGNITION, INCLUDING TOP RANKINGS SUCH AS THE FOURTH MOST POPULAR SOLO TRAVEL DESTINATION BY FORBES MAGAZINE AND A TOP 5 SPOT ON THE 'WORLD'S BEST COUNTRIES TO VISIT IN YOUR LIFETIME' LIST BY CEO WORLD MAGAZINE, HAS SIGNIFICANTLY BOLSTERED OUR TOURISM AND HOSPITALITY SECTORS.

Sri Lanka's growing international recognition, including top rankings such as the fourth most popular solo travel destination by Forbes Magazine and a top 5 spot on the 'World's Best Countries To Visit In Your Lifetime' list by CEO World Magazine, has significantly bolstered our tourism and hospitality sectors. At Browns Hotels & Resorts, we harness this global acclaim to deliver not just luxury accommodations but also immersive experiences that resonate with the repeat clientele drawn to our island, echoing the sentiment of Sri Lanka's tourism tagline, "Sri Lanka, you'll come back for more." This approach has been key in driving our strategic success.

In 2023/24, Browns Hotels & Resorts successfully secured a substantial share of the market as Sri Lanka welcomed 1.5 million tourists. Our strategy focused on keeping the market open to all major source countries, ensuring that every nationality visiting our resorts experiences a seamless blend of international standards with a distinctive Sri Lankan touch. This local touch is reflected in the warm, smiling faces of our staff, the exceptional cuisine crafted by our talented local chefs, and the innovative beverages that perfectly complement each mood and moment.

Drawing upon three decades of industry experience, we have not only weathered numerous storms but have also transformed challenges into opportunities. In the wake of Sri Lanka's economic crisis marked by inflation, we have made strategic decisions to maintain financial resilience without compromising our commitment to service excellence. This includes using locally sourced products to bolster the domestic economy and reduce reliance on expensive imports. Our commitment to sourcing local ingredients allows us to refine our menus with innovative and culturally rich dishes. Simultaneously, we invest in cutting-edge energy-efficient technologies to reduce utility costs. Despite challenging economic conditions, Browns Hotels & Resorts has played a pivotal role in sustaining the business and contributing to Sri Lanka's economic recovery by bringing in much-needed foreign currency.

At Browns Hotels & Resorts, we position ourselves as leaders in experiential travel. We strive to go beyond providing exceptional hotel experiences by inviting our guests to immerse themselves in the local community and embark on adventures that define each stay. From visiting schools and temples to exploring community spaces and the rich tapestry of nature and culture, our holistic

approach enables tourists to take a piece of Sri Lanka home with them. In doing so, we also support local artisans and their generational crafts, fostering a meaningful connection between travellers and the vibrant culture of our island.

Sustainability is a cornerstone of our operations. We educate both tourists and local communities on sustainable practices, emphasising the importance of preserving our environment for future generations. Our success in staff engagement and satisfaction has been exemplary. By fostering a culture of shared responsibility without increasing the staff cadre, we effectively communicated the benefits of collective ownership, resulting in the highest-ever service charges. This motivated our workforce to remain in Sri Lanka, allowing them to stay close to their families while enhancing individual growth. As a result, we delivered outstanding guest service, achieved high online ratings, and built a strong base of repeat guests. Our team consistently went the extra mile, caring for each guest and demonstrating a commitment to excellence that transcended departmental boundaries.

TOURISM SECTOR OVERVIEW: GLOBAL DYNAMICS AND SRI LANKAN GROWTH

The global tourism industry rebounded significantly in 2023/24, recovering to 88% of pre-pandemic levels. This resurgence was driven by pent-up demand, improved air connectivity, and a strong recovery in Asian markets. Despite challenges posed by the COVID-19 pandemic and geopolitical tensions, the industry demonstrated remarkable resilience and growth, creating a favourable environment for destinations like Sri Lanka to capitalise on the increasing flow of travelers.

In Sri Lanka, the tourism sector experienced its highest revenue and visitor influx since 2019, with a robust comeback following a four-year hiatus. The country welcomed 1.5 million tourists in 2023/24, with key contributors including Russia, the UK, France, and the Asia Pacific region. Looking ahead to 2024, Sri Lanka Tourism has set ambitious targets, aiming to welcome 2.5 million tourists and generate \$4.6 billion in revenue.

CEO's Review

Long-term goals envision reaching 5 million visitors and \$21.6 billion in earnings within five years, with a strong focus on attracting high-end tourists.

FINANCIAL PERFORMANCE - CLUB HOTEL DOLPHIN

Fueled by increased occupancy and revenue, the Company recorded Rs 1,311 million in revenue and Rs 907.7 million in gross profit for the year. These figures represent a significant boost from the prior year's revenue of Rs 575.8 million and gross profit of Rs 342.3 million. The Company also reported a Profit Before Tax of Rs 388.3 million for the 2023/24 financial year, marking a notable rise from the Rs 18.3 million earned the previous year.

EXPANDING HORIZONS WITH FRESH OFFERINGS

Club Hotel Dolphin unveiled an array of new experiences that promise to enhance every guest's stay. A key highlight is our expanded animation programme, which has quickly become a favourite among guests. From vibrant cultural shows and engaging theater performances to interactive guest events, our entertainment options offer something for everyone. Outdoor and indoor games, including beach volleyball, archery, and water aerobics, ensure active fun, while our special kids' activities keep the little ones entertained. Our new animation activities have gone viral, making Club Hotel Dolphin the only Club hotel in the Negombo and Waikkal areas with such an extensive and popular range of guest experiences.

Guests can savour a delightful Beach BBQ or enjoy an intimate dinner setup by the beach, perfect for creating memorable moments. For a more unique experience, we offer special dinners in our Beach Hut and exclusive Irish Coffee promotions to delight coffee enthusiasts.

In addition to these culinary delights, Club Hotel Dolphin is proud to announce the opening of our new Ayurveda spa, Ayuwaasa. This serene sanctuary offers a range of treatments designed to promote relaxation and rejuvenation.

FOSTERING SUSTAINABILITY & CSR PRACTICES

At Club Hotel Dolphin, the unwavering commitment to corporate social responsibility and sustainability remains central to the organisation's operations. This financial year, the hotel successfully implemented several impactful initiatives focused on educating and uplifting the community. Significant awareness sessions were conducted in collaboration with the Women & Child Protection Bureau and local law enforcement, addressing child and women's health welfare. Informative ocean conservation sessions were hosted in partnership with MEEPA.

On the sustainability front, Club Hotel Dolphin established a Herbal Park, revitalised its biogas system, and implemented a waste management programme that converts waste into fertiliser for its gardens. A highlight of this year's initiatives was the planting of 100 king coconut trees across the hotel's 14-acre premises, engaging repeat guests in the process and allowing them to witness the growth of these trees firsthand. Additionally, the hotel partnered with local authorities to implement a comprehensive dengue control programme, addressing public health concerns in the Waikkal area.



R.L.E.C. Wijeratne
Chief Executive Officer

Board of Directors

W. D. K. JAYAWARDENA

Chairman

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

He also serves the following Boards;

Eden Hotel Lanka PLC	Non-Executive Chairman
Serendib Hotels PLC	Non-Executive Chairman
Dolphin Hotels PLC	Non-Executive Chairman
Palm Garden Hotels PLC	Non-Executive Chairman
LOLC Securities Limited	Non-Executive Chairman
Brown & Company PLC	Non-Executive Director
Browns Investments PLC	Non-Executive Director
LOLC International (Private) Limited	Non-Executive Director
LOLC Advanced Technologies (Private) Limited	Non-Executive Director
LOLC Asia (Private) Limited [formerly LOLC Private Limited]	Non-Executive Director
LOLC Global (Private) Limited [Formerly LOLC Asia (Pvt) Ltd]	Non-Executive Director
Ceylon Graphene Technologies (Private) Limited	Non-Executive Director
LOLC Africa Holdings (Private) Limited	Non-Executive Director
Leapstitch Technologies (Private) Limited	Non-Executive Director
LOLC Life Assurance Limited	Non-Executive Chairman

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). In 2024, Mr. Jayawardena, was honoured with the esteemed CITI Distinguished Alumni Award for Leadership by CITI Group in New York, recognizing his exceptional leadership and transformative achievements at LOLC Holding. He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States - Sri Lanka Fulbright Commission.

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

D. S. K. AMARASEKERA

Non-Executive Director

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

DR. J. M. SWAMINATHAN

Independent Director

Attorney-at-Law, LLB (Ceylon), LL.M, M. Phil. (Colombo) and LLD (Honoris Causa)

Dr. J. M. Swaminathan is an Attorney-at-Law with over 60 years in practice and has been appointed a Senior Instructing Attorney-at-Law by his Excellency the President. He was the former Senior Partner of Messrs. Julius & Creasy. He was a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission and a Member of the Board of Management of the Superior Court Complex. He is the Chairman of the Board of Studies of the Council of Legal Education and was also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LL.M Course of the University of Colombo.

Board of Directors

STEFAN FURKHAN**Independent Director**

Mr. Stefan Furkhan had his initial hospitality education in Australia and Post Graduate training in Germany, with over 30 years of experience in the hospitality industry. He is also a Graduate Diploma Holder of the Chartered Institute of Marketing, UK (CIM), and a Fellow Member of the Institute of Hospitality UK.

He is a seasoned hospitality industry professional with a proven track record having successfully managed multiple hotels, and the launching of green field hotel projects. During his career he has been instrumental in identifying and introducing several new concepts to the tourism industry in Sri Lanka. His experience spans across Europe, South Asia, Australia and the South Pacific.

Mr. Furkhan currently holds Board positions on several company boards and is engaged in providing specialised consultancy services to hotel companies, focusing on asset management, hotel acquisition and investment, new developments and management company selection.

Mr. Furkhan is currently the Chairman of the Confi Group of Companies and a Director of Eden Hotel Lanka PLC., Browns Investments PLC., Dolphin Hotels PLC., and Hotel Sigiriya PLC. He is also a Promoter, Shareholder and Director of the Radisson Colombo, Radisson Kandy, and Radisson Blue Resort in Galle.

EKSATH WIJERATNE**Non-Executive Director**

Eksath Wijeratne, the dynamic Chief Executive Officer of Browns Hotels & Resorts under the LOLC group, which is one of the most diversified conglomerates in Sri Lanka, is a versatile hotelier with an impressive track record in the industry. He also serves as a Director of Excel World and the Director of Sun & Fun Resorts Limited. With over three decades of experience, his leadership prowess and passion for nurturing talent position him as a driving force behind the continued success of the organisation.

Currently serving as the Vice President of Resort Hotels at the Tourist Hotel Association of Sri Lanka (THASL), Eksath's influence extends beyond his role at Browns Hotels & Resorts. His past presidency at the Sri Lanka Hospitality Graduates Association underscores his commitment to shaping the professional development of emerging hoteliers. Highlighting his extensive dedication to advancing the tourism sector, he has played a pivotal role as a former board member at the Sri Lanka Institute of Tourism and Hotel Management and currently serves as a board member at the Sri Lanka Tourism Promotion Bureau.

Under Eksath's transformative leadership, Browns Hotels & Resorts has flourished, boasting a portfolio of properties strategically located in prime destinations across Sri Lanka, including Bentota, Dickwella, Pasikudah, Sigiriya, and Negombo. Eksath's innovative thinking has been instrumental in shaping the unique character of Browns Hotels & Resorts. His visionary approach has not only ensured the brand's competitiveness but has also positioned it as a trendsetter in the industry. His commitment to excellence, coupled with a keen eye for market trends, is reflected in the organisation's ability to offer idyllic spaces for travellers seeking to discover Sri Lanka in style.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

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Operational Review

Dive into the Management Discussion and Analysis (MD&A) of Dolphin Hotel PLC, where we provide a comprehensive overview of the fiscal year 2023/24. This report delves into our key achievements, the challenges we faced during the financial year, and our strategic plans as we navigate the evolving landscape of Sri Lanka's tourism industry.

OVERALL PURVIEW

In 2023, Sri Lanka's economy began rebounding from its deepest crisis in recent years. This recovery was fueled by rapid disinflation, improved external resilience, enhanced fiscal balances, and ongoing financial stability. Key to this turnaround were swift and coordinated actions by the Government and the Central Bank, a series of structural reforms, and support from the International Monetary Fund's Extended Fund Facility (IMF-EFF). These measures restored macroeconomic stability and set the stage for economic growth. After six consecutive

quarters of contraction, the economy began to expand in the latter half of 2023, easing the annual decline. Notably, a surge in tourism revenue led to a current account surplus for the first time in several years.

SRI LANKAN TOURISM INDUSTRY

In 2023, Sri Lanka's tourism sector showcased remarkable resilience, with total arrivals reaching 1,487,303—more than double the number recorded in 2022. This impressive increase resulted in a significant rise in tourism earnings, which soared to USD 2,068 million, up from USD 1,136 million the previous year. The sector's performance saw a marked improvement from May 2023 onwards, peaking with 210,352 arrivals in December 2023.

Despite the ongoing challenges from the pandemic, Sri Lanka's tourism industry achieved 63.7% of the tourist arrivals recorded in 2018, highlighting the enduring allure of the country's culture, landscapes, and hospitality.

India emerged as the leading source market with 302,844 arrivals, accounting for 20.3% of the total and marking a 146% increase from the previous year. Russia followed with 197,498 arrivals, representing 13.27% of the total. The UK and Germany also made notable contributions to the overall figures.

While arrivals from Russia have surpassed pre-pandemic levels, overall tourist arrivals still fall short of pre-pandemic figures. The Indian market has seen a year-on-year increase but remains below pre-pandemic numbers. Conversely, arrivals from China have significantly declined due to border closures, with outbound travel from China recovering only gradually.

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

Key Focus Area	Key Development	Impact
Sustainable and Eco-Friendly Travel Sustainability has become a pivotal trend in the tourism industry. Travellers are increasingly prioritising eco-friendly practices and seeking destinations and services that minimize environmental impact.	Eco-Friendly Accommodations: Hotels and resorts are adopting green practices, such as energy-efficient systems, water conservation measures, and waste reduction initiatives.	Consumer Behaviour: Travellers are willing to pay a premium for eco-friendly options and are actively seeking out destinations and experiences that align with their values.
	Eco-Tourism: There is a growing interest in eco-tourism, which focuses on preserving natural habitats and supporting conservation efforts. Activities such as wildlife safaris, guided nature hikes, and eco-lodges are gaining popularity.	
	Carbon Offsetting: Many travellers and travel companies are investing in carbon offset programs to mitigate the environmental impact of their trips. These programmes support projects like reforestation or renewable energy.	Destination Management: Destinations are implementing sustainable practices to attract eco-conscious tourists and preserve their natural resources.
Digital Transformation and Technology Integration The integration of technology is revolutionising the tourism industry, enhancing the travel experience and streamlining operations.	Mobile Apps and Digital Services: Travel apps offer features like real-time flight updates, booking management, and local guides. Contactless check-in and digital room keys are becoming standard in hotels.	Enhanced Customer Experience: Technology provides convenience and personalisation, leading to higher customer satisfaction and streamlined travel planning.
	Artificial Intelligence (AI): AI is used for personalised recommendations, customer service through chatbots, and predictive analytics for forecasting travel trends and managing resources.	Operational Efficiency: Automation and data analytics improve operational efficiency for travel companies, reducing costs and optimising resource allocation.
	Virtual and Augmented Reality (VR/AR): VR and AR technologies are providing virtual tours of destinations, hotels, and attractions, allowing travellers to explore before they book.	

Operational Review

Key Focus Area	Key Development	Impact
Experience-Driven Travel Travellers are increasingly seeking unique, immersive experiences rather than traditional sightseeing. This trend reflects a shift towards personalised and meaningful travel.	Cultural Immersion: Travellers are looking for authentic cultural experiences, such as local cooking classes, traditional festivals, and community-based tourism.	Destination Appeal: Destinations that offer unique and authentic experiences can attract a more engaged and loyal customer base.
	Adventure Tourism: There is a growing interest in adventure and experiential travel, including activities like hiking, scuba diving, and wildlife encounters.	Customised Offerings: Travel companies are developing tailored itineraries and personalised experiences to meet the growing demand for bespoke travel.
	Wellness Tourism: Wellness travel, which focuses on physical and mental well-being, is on the rise. This includes retreats, spa experiences, and health-focused travel packages.	
Local and Domestic Travel With international travel facing uncertainties, local and domestic travel has gained prominence. Travellers are exploring closer-to-home destinations and experiences.	Staycations: Many travellers are opting for staycations, exploring attractions and accommodations within their own country or region.	Economic Support: Local and domestic travel helps boost regional economies and support small businesses affected by international travel restrictions.
	Support for Local Businesses: There is a heightened focus on supporting local businesses and communities, which includes dining at local restaurants and staying at locally-owned hotels.	Rediscovery of Local Attractions: Travellers are rediscovering the value of local and regional attractions, leading to a more balanced distribution of tourism.
	Regional Tourism Campaigns: Destinations are launching campaigns to promote local attractions and encourage domestic tourism.	
Data Privacy and Security With international travel facing uncertainties, local and domestic travel has gained prominence. Travellers are exploring closer-to-home destinations and experiences.	Data Protection Measures: Travel companies are implementing robust data protection measures to safeguard customer information and comply with regulations.	Consumer Trust: Ensuring data privacy and security is crucial for maintaining consumer trust and confidence in digital travel services.
	Secure Transactions: Enhanced security protocols are being used to protect online transactions and personal data during bookings and payments.	Regulatory Compliance: Companies must navigate and comply with evolving data protection regulations to avoid legal and financial repercussions.

IMPACT ASSESSMENT OF DOLPHIN

HOTEL PLC

Dolphin Hotel PLC stands as a prominent figure in Sri Lanka's hospitality industry, known for its luxury accommodations and exceptional services. This impact assessment evaluates the effects of Dolphin Hotel PLC on the local economy, society, environment, and culture, providing stakeholders with insights into the hotel's role in promoting sustainable tourism and community development.

Economic Impact:

Dolphin Hotel PLC makes a substantial contribution to the local economy through various avenues. As a major employer, it creates direct job opportunities in hospitality, management, and support services. The hotel attracts both domestic and international tourists, which benefits local restaurants, shops, and other businesses within the tourism sector.

Social Impact:

The social impact of Dolphin Hotel PLC includes both positive contributions and potential challenges. Positively, the hotel enhances community well-being through corporate social responsibility (CSR) initiatives, such as supporting local schools, healthcare projects, and community development efforts. The presence of the hotel also fosters cultural exchange by hosting guests from diverse backgrounds. However, challenges such as gentrification need to be addressed, as they can influence local living conditions and cultural dynamics.

Operational Review

Environmental Impact:

The environmental footprint of Dolphin Hotel PLC involves factors like energy consumption, water usage, and waste management. The impact assessment should review the hotel's sustainability practices, including energy-efficient systems, water conservation efforts, and waste management strategies. Many hotels are now adopting eco-friendly practices such as reducing single-use plastics, using renewable energy sources, and engaging in conservation activities. Evaluating the effectiveness of these initiatives in minimizing environmental impact is a crucial component of the assessment.

Cultural Impact:

Dolphin Hotel PLC's cultural impact includes both the promotion and potential modification of local cultural heritage. The hotel supports the preservation of Sri Lankan culture by integrating local traditions into its services and decor, providing authentic experiences, and supporting local artisans. However, it is important to ensure that cultural practices are presented respectfully and not commercialized to the extent that they lose their authenticity. The assessment should examine how the hotel balances showcasing cultural heritage with maintaining genuine local traditions.

The impact assessment of Dolphin Hotel PLC reveals a complex interaction of economic, social, environmental, and cultural effects. By analysing these dimensions, stakeholders can pinpoint areas for improvement and develop strategies to enhance positive outcomes while addressing challenges. Emphasizing sustainable practices and community engagement will be essential for Dolphin Hotel PLC to positively contribute to Sri Lanka's tourism sector and overall development.

GOING CONCERN

The Directors have assessed the Company's ability to continue as a Going Concern and are confident that it has the resources to sustain operations in the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt on the Company's ability to

continue as a Going Concern and does not intend to liquidate or cease the operations of the Company and its subsidiaries.

FINANCIAL REVIEW

During the reviewed year, the Company demonstrated significant growth in net revenue, reaching Rs 1.3 billion. These figures reflect a substantial increase compared to the previous year's revenues of Rs 575.9 million for the Company.

The Company achieved notable improvements in operational performance, recording a positive EBIT of Rs 217 million for the year, a significant turnaround from the negative EBIT of Rs 116.8 million reported in the previous year. The Company also saw considerable progress, substantially converting its losses from 103 million to a net profit of 320 million.

To enhance financial stability and reduce debt at the entity level, Dolphin Hotel PLC successfully executed a strategic Rights Issue during the year 2022/23, raising Rs 632 million. This significant capital injection was strategically allocated to settle outstanding borrowings of the company. By addressing these debts, the company aims to streamline its financial structure and reduce associated interest expenses.

In the long term, this strategic move is expected to have a substantially positive impact on Dolphin Hotel PLC's financial performance. With reduced debt servicing obligations, the company can redirect resources toward strategic initiatives, operational enhancements, and expansion projects, ultimately contributing to sustainable growth and value creation for stakeholders.

OUTLOOK FOR 2024

The United Nations World Tourism Organization [UNWTO] predicts that international tourism will fully return to pre-pandemic levels by 2024, with a modest growth of around 2% over 2019 figures. This anticipated recovery is primarily driven by the release of pent-up travel demand, improvements in global air connectivity, and a strong resurgence in Asian markets, which have shown significant recovery and growth.

Similarly, the World Travel and Tourism Council [WTTC] forecasts an exceptional year for the travel and leisure sector in 2024, projecting a historic contribution of USD 11.1 trillion to the global economy. This record-setting figure underscores the sector's critical role in economic recovery and its continued global significance.

However, despite this positive outlook, several challenges could temper this optimistic forecast. The global economy remains under pressure from persistent inflation, elevated interest rates, and volatile oil prices, all of which could impact consumer spending and travel costs. Additionally, ongoing trade disruptions may affect global supply chains, further influencing travel and tourism dynamics. Geopolitical tensions, particularly the conflicts involving Russia and Ukraine, and Israel and Palestine, may also undermine industry confidence and hinder overall global recovery.

According to the UNWTO, travel trends in 2024 are expected to focus on value-for-money options and proximity travel, as consumers remain cautious about economic pressures. There is also a growing emphasis on sustainable travel practices and the need for flexibility, with travellers seeking experiences that align with their values and can adapt to changing circumstances.

The industry also faces a significant challenge in addressing staff shortages. Many destinations are likely to struggle with insufficient labour to meet the anticipated surge in travel demand. This issue highlights the need for enhanced workforce planning and development within the sector to ensure that it can adequately support the expected increase in tourist activity.

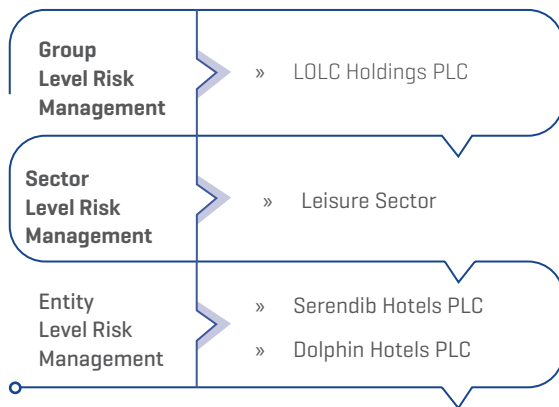
Overall, while the travel and tourism sector is poised for a strong recovery and growth in 2024, addressing these challenges will be crucial for maintaining momentum and achieving long-term success.

STEWARDSHIP

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Risk Management

Dolphin Hotels Plc is a leisure sector company with in the LOLC Group. Given the significant investments in the leisure sector by LOLC group, the risk management function considers a sector level view on risks. This allows us to better understand the behaviour of similar risks in the leisure sector across different jurisdictions and allows for the capture of material risks which are unique, yet common to the industry, and facilitate comparisons across regions.



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

RISK MANAGEMENT PROCESS

The Enterprise Risk Management (ERM) framework is a process consisting of risk identification, analysis, mitigation, monitoring & reporting at different levels within the leisure sector to identify significant sectorial risks that may materially impact the achievement of set objectives or expected outcomes. The leisure sector risk management is a synergy between Risk management, Internal audit & IS audit functions operated and managed at group level. The enterprise risk management unit has its reporting line to the Board of Management via the group Integrated Risk Management Committee (IRMC) and the Audit Committees (BAC) of respective companies with in the group as relevant.

The ERM strategy is set at group level with accountability and ownership for risks and operational level management set at the source of risk, at entity level. The respective entities identify risks of their operations. Risk identification is practiced at three levels: self-identification by the risk/process owner, peer identification and identification by the risk unit. Identified risks are assessed and if deemed material appropriate mitigating measures are taken.

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



Periodically, risk data are analysed to understand the sector level risk exposures and reported to the Group IRMC and Board of Management of the relevant entity for their perusal and to implement risk mitigation controls with due consideration to the impact at Group level and entity level.

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

This implies that we will:

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

RISK EVALUATION AND MAPPING

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

Risk Management

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

INTERNAL CONTROL AND RISK MANAGEMENT

Internal audit function operates on the same organisational structure as risk and managed under the scope of the LOLC Group internal audit which reports to the Serendib group BAC[Board Audit Committee] . The group internal audit operates on a sector level and executes its audits strategy unique to the sector covering the entity level operations. This ensures that the audit reviews are in line with sector specific risks and the required level of audit resources and expertise are available. A centralised IS audit team supports all internal audit activities and carries out its own IS audit reviews to obtain a reasonable assurance that IS controls are effective.

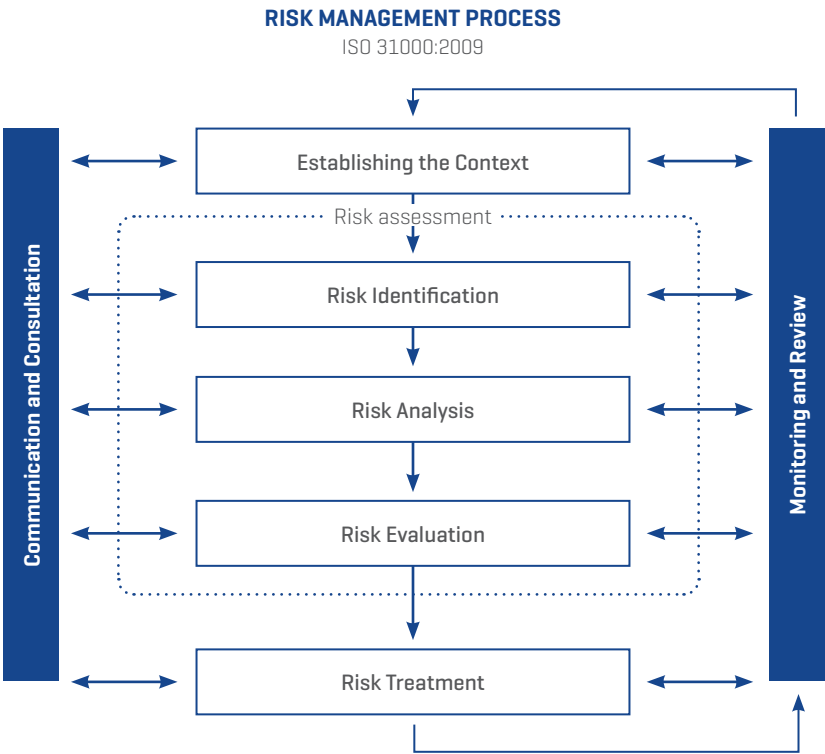
The Audit Committee of Dolphin Hotels PLC reviews and monitors internal controls. The internal audit scope is approved by the Audit Committee at the beginning of the financial year. Follow-up of internal audit findings are performed by the Internal Audit team of LOLC Holdings PLC.

RISK MATRIX

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

MANAGING RISK

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



Risk Management

Risk category	Risk Exposure	Risk Mitigating Actions
1. Global Travel Risk RISK ASSESSMENT » Impact : Extraordinary » Likelihood : Almost certain	Adverse impact on global travel due to country borders being shutdown/ negative travel advisories/ cancellation of flights and negative appetite of foreign travel among global travelers due to adverse social and economic condition of the country	» Implementation of recommended safety protocols to ensure safety of guests and employees » Actively participate in industry associations to lobby for releasing negative travel advisories » Join in Destination marketing campaigns on social media and other digital media
2. Macroeconomic & Political Risks RISK ASSESSMENT » Impact : Extraordinary » Likelihood : Almost certain	Increase of operational costs/ Decrease in revenue/ Increase in finance cost/ Cash flow deficiencies/ Cancellation of reservations/ Barriers on supply chain	» Placement of contingency and recovery plans to mitigate the exposure to unexpected fluctuations/ crisis » Active participation in industry associations to lobby for releasing negative travel advisories » Management being on alert regularly for changes in economic and political environment as to identify risks at possible earliest stage
3. Liquidity Risk RISK ASSESSMENT » Impact : Major » Likelihood : Likely	Risk of inability to meet short term loan repayments/ supplier payments and other liabilities	» A significant component of interest bearing loans and borrowings were settled from the cash proceeds obtained from the right issue. » Negotiating new overdraft facilities to fund short term cash requirements » Negotiation of longer credit periods with suppliers » Re-negotiation of all contracts/ subscriptions and annuities for better credit terms » Maintaining the fixed overheads at a minimum level to control operational cash-burn
4. Risk of noncompliance RISK ASSESSMENT » Impact : Major » Likelihood : Likely	Possible requirement of mandatory disclosure of star rating of hotels	» Invest in all properties for the necessary improvements to retain the currently advertise star rating

Risk Management

Risk category	Risk Exposure	Risk Mitigating Actions
5. Market Risk RISK ASSESSMENT » Impact : Major » Likelihood : Almost certain	Adverse impact on yields and occupancies due to fluctuation in demand	» Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets » Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence » Sourcing new markets and developing new channels » Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators
6. Credit Risk RISK ASSESSMENT » Impact : Moderate » Likelihood : Likely	Risk arising due to default by customers due to possible bankruptcy of travel agents/ tour operators. Impact on liquidity and profitability	» Credit is allowed only for approved customers which is reviewed bi-annually » Monitor and review the overdue debtor balances monthly » Obtain booking advances » Compliance to laid down credit SOPs on credit control » signing up for payment plans with Tour Operators & Travel Agents
7. Health and Safety Risk RISK ASSESSMENT » Impact : Moderate » Likelihood : Moderate	Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.	» Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition » The Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same » The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided » Tour operator safety standards are complied with and necessary action is taken immediately on any concern area related to health and safety based on audit inspections done by tour operators » The company sources its products and services from approved suppliers » Performing quarterly health and safety audit reviews

Risk category	Risk Exposure	Risk Mitigating Actions
8. Foreign Exchange Rate Risk RISK ASSESSMENT » Impact : Moderate » Likelihood : Likely	Adverse impact on P&L and gearing	» Exchange rate movements are taken into consideration when entering into contracts with travel agents » Structure Forex borrowings in proportion to the revenue currency mix » Hedge in Forward Rate Agreements (FRAs)
9. Human Resource Risk RISK ASSESSMENT » Impact : Moderate » Likelihood : Rare	Adverse impact on P&L and gearing	» Establish career development programmes and succession plans in order to retain and motivate the talent pool of the company » Provide focused and structured training for staff at all levels to aid personal and professional development » Develop a strong employer brand to attract staff of the right quality » Increasing employee engagement through designing recognition programmes

Assurance on internal controls & risk mitigation

The aforesaid approach on risk & audit allows us to have an overview of significant audit & risk matters and on the reliability of risk mitigation mechanisms/ internal control frameworks across the leisure sector in a cost-effective manner.

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

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

Annual Report of the Board of Directors

The Board of Directors of Dolphin Hotels PLC takes pleasure in presenting its Report together with the Audited Financial Statements of the Company for the year ended 31 March 2024

PRINCIPAL ACTIVITY

The Company's principal activity is carrying on the business of a Hotelier by the name of Club Hotel Dolphin in Waikkal.

The Directors to the best of their knowledge and belief confirm that the Company has not been engaged in any activity that contravenes laws and regulations.

CORPORATE GOVERNANCE

The Directors confirm that the Company complies with the Rules on Corporate Governance laid down by the Colombo Stock Exchange. The Corporate Governance practices of the Company are given from pages 25 of the Annual Report.

FIT & PROPER ASSESSMENT

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

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The financial statements together with the notes thereon are given on pages 38

GOING CONCERN

The Board having considered the financial position, operating conditions, regulatory and other factors and such matters required to be addressed by the Corporate Governance Rules, have a reasonable expectation that the

Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company continues to adopt the 'Going Concern basis in preparing the Financial Statements.

MATERIAL ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2024 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from pages 47 to 82.

PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on pages 62 to 65.

STATED CAPITAL

The Stated Capital of the Company as at 31 March 2024 amounted to Rs. 948,644,310/- divided into 63,242,954 ordinary shares.

STATUTORY PAYMENTS

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

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

CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 430,744/- (Rs. 258,829 in 2023).

DIRECTORS

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

W D K Jayawardena	Chairman
D. S. K. Amarasekera	Non-Executive Director
Dr. J M Swaminathan	Independent Director
S. Furkhan	Independent Director [Appointed w.e.f. 08.04.2024]
R.L.E.C. Wijeratne	Non-Executive Director [Appointed w.e.f. 14.06.2024]
J P S Kurumbalapitiya	Non-Executive Director [resigned w.e.f. 31.03.2024]
B S M De Silva	Independent Director [resigned w.e.f. 31.03.2024]
Mrs. K U Amarasinghe	Non-Executive Director [resigned w.e.f. 14.06.2024]

The profiles of the Directors are given on page 09

INTEREST REGISTER

In compliance with the requirements of the Companies Act. No. 07 of 2007 an interest Register was maintained by the Company during the accounting period ended 31 March 2024.

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 (2) of the Companies Act. The Directors have declared their interest in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors' interest in contracts with the Company is disclosed on page 64 of the Annual report.

DIRECTORS' INTEREST IN SHARES

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

Annual Report of the Board of Directors

The Shareholding of the Directors during the financial year was as follows.

	As at 31.03.2024	As at 31.03.2023
W D K Jayawardena	-	-
Mrs. K U Amarasinghe	-	-
D S K Amarasekera	-	-
Dr. J M Swaminathan	-	-
J P S Kurumbalapitiya	-	-
B S M De Silva	214,700	209,700

RETIREMENT AND RE-ELECTION OF DIRECTORS

Mr. W D K Jayawardena who is retiring in terms of Article 86 of the Articles of Association of the Company and offer himself for re-election. The Directors recommend his re-election.

Mr. S Furkhan & Mr. R L E C Wijeratne who are retiring in terms of Article 74 of the Articles of Association of the Company and offer themselves for re-election. The Directors recommend their re-election

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

DIRECTORS' REMUNERATION

The Directors were not paid any fees during the period under review.

BOARD SUB COMMITTEES

The Audit, Remuneration and Related Party Transaction Review Committees of the Parent Company, Serendib Hotels PLC, function as the Committees of the Company.

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically, and that all necessary information is called for. On occasion, senior management officers are invited to Board Sub Committee meetings. This enhances discussion and the resolving of issues in a manner that facilitates not only improved performance but also strengthened controls.

The Reports of these Committees can be found on pages xxx and provide further details.

BOARD AND BOARD SUB COMMITTEE MEMBERSHIP

Director	Board	Audit Committee	RPTR Committee	Board Meeting Attendance 2023/2024			
				30.05.2023	14.08.2023	15.11.2023	14.02.2024
W. D. K. Jayawardena*	✓	-	✓	✓	✓	✓	✓
Mrs. K. U. Amarasinghe	✓	-	✓	✓	-	✓	✓
D. S. K. Amarasekera	✓	✓	-	-	✓[online]	✓	✓
Dr J M Swaminathan **	✓	✓	✓	✓	✓	✓	✓
Mr S Kurumbalapitiya	✓	-	-	✓[online]	✓	✓	✓
Mr. B S M De Silva	✓	-	-	-	-	✓	-

* Chairman

** Committee Chairman

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

The directors declare that;

- » as stated above under "Directors' Interest in Contracts", the Directors have declared all material interests in contracts with the Company and have refrained from voting on matters in which they were materially interested;
- » any change to applicable laws, rules and regulations including the Listing Rules and applicable capital market provisions are disseminated to the Board by the Company Secretaries which are discussed by the Board to ensure awareness, conformity and compliance with such laws and regulations.
- » compliance with laws and regulations

the Company has not engaged in any activity that contravenes any applicable law or regulation.

there is no material non-compliance with laws or regulations and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations in.

the Company was transferred to the Second Board of the Colombo Stock Exchange on 08th November 2022.

- » Internal Control & Risk Management

the review of the internal controls framework covering financial, operational, compliance and risk management is conducted by the Internal Audit team, the results of which are reported to the Board

Annual Report of the Board of Directors

Audit committee quarterly. Through the Audit committee, the Directors have obtained a reasonable assurance of the effectiveness of such Internal Controls and adherence thereto.

The Risk Management review can be found on pages 16.

TRANSACTIONS WITH RELATED PARTIES

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

Details of related party transactions are disclosed in the financial statements.

Related Party Transactions are disclosed in Note 28 to the Financial Statements. The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the Listing Rules of the Colombo Stock Exchange.

DIVIDENDS

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

AUDITORS

During the year under review Messrs. Deloitte Partners Formerly known as PricewaterhouseCoopers] Chartered Accountants, served as the External Auditors of the Company. The Auditors were paid Rs. 1,160,000 as audit fees.

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries apart from acting as external Auditors.

AUDITOR'S REPORT

The Auditor's report appears on pages 39.

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

During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 22 to the Financial Statements found on page 75.

RISK MANAGEMENT

The Company has put in place a process to identify, evaluate and manage any significant risks faced by the entity, where annual risk reviews had been carried out by the Group's Enterprise Risk Management Department. The principal risks and mitigating actions have been reviewed by the Audit Committee on a quarterly basis.

ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

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

ANNUAL GENERAL MEETING

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

For and on behalf of the Board of Dolphin Hotels PLC



W. D. K. Jayawardena
Chairman

30th August 2024



R.L.E.C. Wijeratne
Non-Executive Director

30th August 2024

Corporate Governance

INTRODUCTION

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

The Board of Directors of the Company presently comprises of 05 as of the date of this report.

The Board has determined that Dr. J M Swaminathan and Mr.S Furkhan can appropriately be classified independent directors. This determination is based on their professionalism and conduct. Their expertise and experience are of great value in decision making.

BOARD INDEPENDENCE

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

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

To facilitate more detailed discussion, the Sub Committees of the parent company Serendib Hotels PLC function as the sub committees of the Company, in conformance of Section 7 of the Listing Rules. Details of these Sub Committees are provided in the individual Committee Reports on pages 34 to 36.

The Directors' profiles, shareholding and other information relating to the Board are given in the Directors' Report on pages 09

AUDITORS

The Auditors M/s. Deloitte Partners (Formerly known as PricewaterhouseCoopers), Chartered Accountants retire and offer themselves for reappointment.

The Board recommends their reappointment for the year 2024/2025 at a fee to be decided upon by the board.

STAKEHOLDERS

The Board is conscious of its relationship with all stakeholders, including the community within which it operates. Apart from aiming to be a model corporate citizen, with sustainable and ecofriendly practices, the hotel enhances and uplifts staff standards and morale through regular training and improved facilities.

This facilitates improvements in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotels.

COMPLIANCE WITH REGULATIONS

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

BOARD SUB-COMMITTEES

As permitted by the Listing Rules of the Colombo Stock Exchange, the Audit Committee, the Related Party Transaction Review Committee and the Remuneration Committee of the Parent Company, Serendib Hotels PLC function as the Audit, RPTR & Remuneration Committees of the Company.

The said sub-committees analyse the areas under their purview and make recommendations to the Board on necessary improvements and notifications to the systems and processes of the Company.

Corporate Governance

The following table presents the Company's compliance with Section 9 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.1.3	Company shall publish statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual report of the Company.	Complied with The Company's commitment to the Corporate Governance Code of CSE is detailed herein.
Policies		
9.2.1	<p>The Company shall establish and maintain the following new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.</p> <ul style="list-style-type: none"> a) Policy on the matters relating to the Board of Directors b) Policy on board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's Listed Securities f) Policy on Risk management and Internal 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 	<p>Moving towards compliance.</p> <p>The Company is in the process of finalizing the recommended policies for implementation by 01st October 2024</p>
Board Committees		
9.3.1.	<p>The Company to ensure that the following Board committees are established and maintained at a minimum and are functioning effectively.</p> <ul style="list-style-type: none"> a) Audit Committee b) Remuneration Committee c) Related Party Transaction Review Committee d) Nomination & Governance Committee 	<p>The following Committees of the parent company are already in place and are functioning effectively:</p> <ul style="list-style-type: none"> a) Audit Committee b) Remuneration Committee c) Related Party Transaction Review Committee <p>The Nomination & Governance Committee would be established on or before 1st October 2024 in order to be compliant.</p>

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.3.2.	The Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	Moving towards compliance. Steps are being taken to comply with the rules.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied with Mr W D K Jayawardena serves as the Chairman of the Company while Dr. J M Swamianthan-Independent Director serves as the Committee Chairman
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
9.4.1.	The Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained.	Complied with Records of all shareholder meetings are maintained by the Company Secretaries. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors	
	The Company shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.	In terms of Rule 9.2.1. a policy on Relations with shareholders and investors would be in place by 1st October 2024
9.5	Policy on matters relating to the Board of Directors	
9.5.1.	The Company to establish and maintain a formal policy governing matters relating to the Board of Directors.	In terms of Rule 9.2.1. a policy on Matters relating to the Board of Directors would be in place by 1st October 2024

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.6	Chairperson and CEO	
9.6.1	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	Complied with The Chairman of the Company is a Non-Executive Director. The positions of Chairman and CEO are not held by the same individual.
9.6.3.	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties	Agree to comply, should the need arise.
9.7	Fitness of Directors and CEOs	
9.7.1-9.7.3	The Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules:	Complied with All Directors have submitted written declarations confirming that they are fit and proper to hold their respective positions in the Company.
9.8	Board Composition	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Complied with The Board comprises 05 Directors as of date. W D K Jayawardena - Chairman D. S. K. Amarasekera - Non-Executive Director Dr. J M Swaminathan - Independent Director S. Furkhan - Independent Director [Appointed w.e.f. 08.04.2024] R.L.E.C. Wijeratne - Non-Executive Director [Appointed w.e.f. 14.06.2024] J P S Kurumbalapitiya - Non-Executive Director [resigned w.e.f. 31.03.2024] B S M De Silva - Independent Director [resigned w.e.f. 31.03.2024] Mrs. K U Amarasinghe - Non-Executive Director [resigned w.e.f. 14.06.2024]

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.8.2	Minimum Number of Independent Directors	
9.8.2[a]	The Board of Directors shall include at least two [2] Independent Directors or such number equivalent to one third of the directors whichever is higher.	<p>Complied with</p> <p>2 out of the 5 Board Members are Independent Directors.</p> <p>Both Directors have submitted annual declarations confirming their independence</p>
9.9.	Alternate Directors	
	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one [1] year from the date of appointment.	No Alternate Directors have been appointed to the Board thus far. Agree to comply should the need arise.
9.10	Disclosures relating to Directors	
9.10.1	The Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	<p>Moving towards compliance.</p> <p>The Policy on Matters Relating to the Board of Directors is currently being formulated. The maximum number of directorships that a Director could hold would be included in the above policy.</p>
9.10.2.	The Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement.	<p>Complied with.</p> <p>All new appointments to the Board are immediately disclosed and disseminated to the market, in compliance with Rule 9.10.2 including the following:</p> <ul style="list-style-type: none"> i. a brief resume of such Director; ii. his/her capacity of directorship; <p>A statement indicating whether such appointments have been reviewed by the Nominations and Governance Committee would be included in future announcements.</p>

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.11 & 9.11.4	Nomination and Governance Committee The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board together with written Terms of Reference.	Moving towards compliance. A Nominations and Governance Committee would be appointed on or before 1st October 2024 on the following basis:- <ul style="list-style-type: none"> » Three (03) Non-Executive Directors of the Company, including two (02) Independent Directors » Not comprise Executive Directors » An Independent Director to be appointed as the Chairperson
9.12	Remuneration Committee The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference	Complied with As of 31 March 2024, the Committee of the parent company comprised 02 Non-Executive Independent Directors with the Committee Chair being Independent. Please refer Committee report on page 35.
9.12.6.	Composition of the Remuneration Committee	Moving towards compliance. With effect from 1st October 2024, a Committee dedicated to the Company would be appointed in compliance with the rule set out below:- <ul style="list-style-type: none"> » Three (03) Non-Executive Directors of the Company, including two (02) Independent Directors » Not comprise Executive Directors » An Independent Director to be appointed as the Chairperson
9.13	Audit Committee	
9.13.1 & 9.13.2	Where the Company do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Moving towards compliance. The Audit Committee of the parent company is already in place. Steps would be taken to include the oversight of the Risk function, in addition, going forward. Suitable Terms of Reference for both Audit and Risk, would also be drawn up in conformance of the Rules. With effect from 1st October 2024, a Committee dedicated to the Company would be appointed in compliance with the terms set out below:- <ul style="list-style-type: none"> » Three (03) Non-Executive Directors of the Company, including two (02) Independent Directors » Not comprise Executive Directors » An Independent Director to be appointed as the Chairperson

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
19.13.3	Composition 1) The members of the Audit Committee shall; (a) comprise a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors (b) not comprise Executive Directors 2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation 6) Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary. 7) The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	Complied with As of 31 March 2024 the Committee comprised 3 Non- Executive Directors of whom 2 are independent. Complied with Please refer attendance in Committee Report Complied with The Committee met 04 times during the financial year ended 31st March 2024. Complied with Complied with The CEO-BHRL and AGM-Finance attend the Audit Committee meeting by invitation. Complied with Moving toward compliance. Please refer committee report on page 36.
9.13.4 & 9.13.5	Functions and Annual Report Disclosures of the Audit Committee	Complied with Please refer Committee Report on page 38.
9.14	Related Party transaction Review Committee	
9.14.1.	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation	Complied with In conformity with the Listing Rules, the Related Party Transactions Review Committee of the Parent Company, Serendib Hotels PLC functions as the Related Party Transactions Review Committee of the Company. Please refer committee report on page 34.

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance
9.14.2.	Composition The Related Party Transactions Review Committee shall comprise a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	Moving towards compliance. As at 31 March 2024 the Committee comprised 2 Non - Executive Directors and 1 Independent Director, who is the Committee Chairman. To comply with the Listing Rules Mr. W A T M Wijesinghe has been appointed to the Committee w.e.f. 01st April 2024 With effect from 1st October 2024, a Committee dedicated to the Company would be appointed in compliance with the rule set out below:- <ul style="list-style-type: none"> » Three (03) Non-Executive Directors of the Company, including two (02) Independent Directors » May comprise Executive Directors [optional] » An Independent Director to be appointed as the Chairperson.
9.14.4	General Requirements (i) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. (ii) Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis. (iii) Members of the RPTRC to ensure they have or have access to adequate knowledge, expertise and advice. (iv) Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. (v) Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter	The Committee met 4 times during the year under review, held quarterly. Complied with Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter. Complied with Complied with No such occurrence to report during the financial year 2024. Complied with
9.14.6.	Shareholder Approval The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	During the year under review there were no such transactions which required shareholder approval.
9.16	Additional disclosures	Please refer Report of the Board of Directors page 34 for the disclosures.

Directors' Declarations

Name of the Director	Number of Board Seats held in Listed Companies	Designation
Mr W D K Jayawardena	LOLC Holdings PLC	Group Managing Director/ CEO
	Eden Hotel Lanka PLC	Non-Executive Chairman
	Palm Garden Hotels PLC	Non-Executive Chairman
	Serendib Hotels PLC	Non-Executive Chairman
	Dolphin Hotels PLC	Non-Executive Chairman
	Hotel Sigiriya PLC	Non-Executive Chairman
	Brown & Company PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	LOLC General Insurance PLC [r.w.e.f.27th December 2023]	Non-Executive Chairman
Dr. J M Swaminathan	Acme Printing & Packaging PLC	Non-Executive Director
	C M Holdings PLC	Non-Executive Director
	Colombo Fort Investments PLC	Non-Executive Director
	Colombo Investments Trust PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Renuka Holdings PLC	Non-Executive Director
	Serendib Land PLC	Independent Director
	Browns Investments PLC	Non-Executive Director
	Serendib Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
D S K Amarasekera	Balangoda Plantation PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	Browns Capital PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Independent Director
	Kelani Tyres PLC	Non-Executive Director
	Lanka Milk Foods [CWE] PLC	Non-Executive Director
	Madulsima Plantations PLC	Non-Executive Director
	Palm Garden Hotels PLC	Independent Director
	Serendib Hotels PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
R L E C Wijeratne	Dolphin Hotels PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
Stefan Furkhan	Eden Hotel Lanka PLC	Non-Executive Director
	Brown Investments PLC	Non-Executive Director
	Hotel Sigiriya PLC	Independent Director
	Dolphin Hotels PLC	Independent Director

The Related Party Transactions Review Committee

In conformity with the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee ("the Committee") of the parent Company, Serendib Hotels PLC, functions as the Related Party Transactions Review Committee of the Company.

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

Dr. J. M. Swaminathan
Independent Director/Committee Chairman

W. D. K. Jayawardena
Company Chairman

D. S. K. Amarasekera
Non-Executive Director

Mrs. K. U. Amarasinghe
Non-Executive Director (resigned w.e.f. 14.06.2024)

In order to be compliant with Section 9.14.2 of the revised Listing Rules, Mr W A T M Wijesinghe - Independent Director was appointed to the committee w.e.f. 01st April 2024.

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

The RPT Policy developed by the Committee and recommended for adoption by the Board of Directors of Serendib Hotels PLC and its listed subsidiaries, is consistent with the operating model. The policy in detail is as follows:

(a) Shareholder Approval

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

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

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

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

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

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

(B) Disclosures

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

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

of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same

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

Disclosures in the Annual Report

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

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


The details of the Related Party Transactions reviewed and approved by the Committee are disclosed in Note 25 of the Financial Statements for the year ended 31 March 2024 and are found on page 75 of the Annual Report.

During the period under review, In terms of Rule 9.14.8 (4) the Committee declares that the Company had not entered into any transaction with related parties which warranted a disclosure nor shareholder approval.

The Committee met 04 times during the year ended 31 March 2024 and the attendance are given in the following table:

MEETING ATTENDANCE

Director	Attendance
Dr. J M Swaminathan	4/4
W D K Jayawardena	4/4
Mrs. K U Amarasinghe	4/4
D S K Amarasekera	2/4



Dr. J. M. Swaminathan
Committee Chairman

Remuneration Committee

In conformity with the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee ["the Committee"] of the parent Company, Serendib Hotels PLC, functions as the Remuneration Committee of the Company.

COMPOSITION

The Remuneration Committee comprises the following Directors :

Dr. J M Swaminathan -
Independent Director

W A T M Wijesinghe -
Independent Director [Serendib Hotels PLC]

The Composition of the Remuneration Committee satisfies the criteria as specified by Section 7 – Continuing Listing Rules for listed companies as of 31st March 2024. However, the amended Listing Rules (under Section 9);

- » require Committees to comprise of 3 Directors of which the majority, independent.
- » and a separate Committee to be appointed for each listed entity with effect from 1st October 2024.

The Company is moving towards compliance in connection with the above requirements.

TERMS OF REFERENCE

The Company has a Board approved Remuneration Policy, and the principles of this policy are taken into account in Committee deliberations. In terms of this Policy, the Committee reviews the Directors' remuneration annually and directors' fees decided upon are meant to serve as a recognition of the Directors' contribution to Board and Board sub-committee discussion and decision making.

The Committee also studies reports on the human resources of the hotel, which enable it to review the training provided as the Company's rewards are linked to performance. During the year under review, training had been carried out on areas such as health & risk mitigation intervention Guidelines, MOH training on health guidelines (conducted by area PHI) and crisis management team trainings.

The Committee met once during the year under review at which both Committee members were present.

On behalf of the Committee



Dr. J. M. Swaminathan
Chairman – Remuneration Committee

Report of the Audit Committee

The Audit Committee [“the Committee”] has been formally appointed by the Board of Directors of the parent Company in conformity with the Listing Rules of the Colombo Stock Exchange. The Chairman of the Audit Committee is an Independent Non-Executive Director.

COMPOSITION

The members of the Audit Committee as at 31 March 2024 were as follows:

Dr. J. M. Swaminathan
Independent Director/Committee Chairman

W. A. T. M. Wijesinghe
Independent Director

D. S. K. Amarasekera
Non-Executive Director

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

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

ROLE OF THE COMMITTEE

The Audit Committee operates within the Terms of Reference outlined in its Charter and assist the Board in fulfilling their oversight responsibilities in the following areas.

- i) Ensuring the quality and integrity of the Company’s Financial Statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.

- ii) Monitoring the system of internal accounting and financial controls of the Company.
- iii) Ensuring compliance with legal and statutory requirements including financial reporting requirements, disclosure requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- iv) Overseeing the performance of Internal Audit functions including the process to ensure that the internal controls and risk management of the Company are adequate.
- v) Assessing the independence and performance of the External Auditors of the Company and make recommendations to the Board pertaining to the appointment, re appointment or removal of External Auditors and their remuneration and approve terms of engagement.

INTERNAL AUDIT

The Internal Audit Function of the Company is being carried out by the Group Enterprise Risk Management Division. Internal audit had independently reviewed the financial and internal control systems of the Company. It had carried out independent audits in accordance with an internal Audit Plan which was approved by the Audit Committee before the commencement of the financial year.

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

EXTERNAL AUDIT

The Committee also met with the External Auditors, to facilitate a dialogue on any areas of concern. This enabled the Committee to gain additional assurance that the financial statements and the notes thereto contained all necessary information. Through these meetings, the Committee was able to review the effectiveness of the external auditors.

The Committee then made recommendations to the Board on the suitability of the Auditors for re-appointment, and on the audit fees to be paid.

Accordingly, the Committee proposed that M/s Deloitte Partners [formerly known as PricewaterhouseCoopers] be re-appointed as external auditors of the Company for the ensuing year subject to approval of the shareholders at the forthcoming Annual General Meeting.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Confirmation has been obtained from the External Auditors of their compliance with the independence guidelines given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee met 4 times during the financial year ended 31st March 2024. The details of attendance of individual members are given below:

Meeting Attendance

Director	Attendance
Dr. J M Swaminathan [Committee Chairman]	4/4
D S K Amarasekera	3/4
W A T M Wijesinge	2/4

On behalf of the Committee



Dr. J. M. Swaminathan
Chairman - Audit Committee

FINANCIAL STATEMENTS

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Statement of Directors' Responsibility in Relation to Preparing Financial Statements

FINANCIAL REPORTS

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

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

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

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

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

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

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

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

COMPLIANCE REPORT

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

By Order of the Board of Dolphin Hotels PLC



W D K Jayawardena
30th August 2024

Independent auditor's report



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100 Braybrooke Place
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Dolphin Hotels PLC (the Company). The financial statements of the Company comprise:

- » the statement of financial position as at 31 March 2024;
- » the statement of profit or loss for the year then ended;
- » the statement of comprehensive income for the year then ended;
- » the statement of changes in equity for the year then ended;
- » the statement of cash flows for the year then ended; and
- » the notes to the financial statements, which include a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ["CA Sri Lanka Code of Ethics"]. We have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka Code of Ethics.

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.

We have determined that there are no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises the Dolphin Hotels PLC annual report 2023/2024 but does not include the financial statements and our auditor's report thereon.

C S Manoharan FCA, T U Jayasinghe FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, L A C Tillekeratne ACA, M D B Boyagoda FCA, N R Gunasekera FCA, W D A S U Perera ACA, D C A J Yapa ACA, Minfaz Hilmy FCA

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



INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC (CONTD)

Report on the audit of financial statements (Contd)

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgement and maintain professional scepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 Company 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.



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC (CONTD)**

Report on the audit of financial statements (Contd)

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, related safeguards.

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.

A handwritten signature in black ink, appearing to read "Deloitte Partner", written over the Deloitte logo.

CHARTERED ACCOUNTANTS

CA Sri Lanka membership number 3015
COLOMBO

30 August 2024

Statement of Financial Position

As At 31 March 2024

As at 31 March	Note	2024 Rs.	2023 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	10	2,866,555,696	2,905,027,205
Intangible Assets	11	1,639,986	2,434,566
Other Financial Assets	12	2,682,566	1,957,382
Total Non-Current Assets		2,870,878,248	2,909,419,153
Current Assets			
Inventories	13	37,780,719	31,555,007
Trade and Other Receivables	14	579,651,010	341,572,306
Other Financial Assets	12	660,313,348	474,086,161
Cash and Cash Equivalents	15	1,201,725,091	1,466,766,808
Total Current Assets		2,479,470,168	2,313,980,282
Total Assets		5,350,348,416	5,223,399,435
EQUITY AND LIABILITIES			
Equity			
Stated Capital	16	948,644,310	948,644,310
Other Components of Equity	17	1,114,347,919	1,113,622,735
Retained Earnings		1,341,282,974	1,026,649,349
Total Equity		3,404,275,203	3,088,916,394
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	18	409,591,369	761,943,755
Deferred Tax Liability	8.2	679,594,426	677,722,114
Retirement Benefit Obligation	19	33,904,489	26,407,123
		1,123,090,284	1,466,072,992
Current Liabilities			
Trade and Other Payables	20	504,954,208	488,620,154
Dividends Payable	21	3,754,046	3,754,046
Income Tax Payables		54,244,711	752,500
Interest Bearing Loans and Borrowings	18	180,900,005	164,085,577
Bank Overdraft	15	79,129,959	11,197,772
		822,982,929	668,410,049
Total Equity and Liabilities		5,350,348,416	5,223,399,435

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



S.S. Kotakadeniya
Chief Financial Officer - LOLC Group

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 page 47 through 82 form an Integral Part of the financial statements.

30th August 2024

Colombo

Statement of Profit or Loss

For the year ended 31 March 2024

For the year ended 31 March	Note	2024 Rs.	2023 Rs.
Revenue	4	1,311,438,532	575,896,844
Cost of Sales		[403,661,661]	[233,551,541]
Gross Profit		907,776,871	342,345,303
Other Operating Income and Gains	5	5,489,857	16,020,820
Sales and Marketing Expenses		[8,890,718]	[7,436,892]
Administrative Expenses		[687,227,859]	[467,785,801]
Operating Profit		217,148,151	[116,856,570]
Finance Cost	6	[75,176,531]	[130,672,943]
Finance Income	6	246,397,962	265,918,130
Profit Before Tax		388,369,582	18,388,617
Income Tax Expense	8	[68,352,392]	[121,397,913]
Profit/ [loss] for the Year		320,017,190	[103,009,296]
Earnings/ [loss] Per Share - Basic	9	5.06	[1.63]
Diluted loss per share	9	-	[2.02]
Dividends Per Share	9	-	-

The accounting policies and notes on page 47 through 82 form an Integral Part of the financial statements.

Statement of Comprehensive Income

For the year ended 31 March 2024

For the year ended 31 March	Note	2024 Rs.	2023 Rs.
Profit/ [loss] for the Year		320,017,190	[103,009,296]
Other Comprehensive Income			
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods			
Changes in Fair value of Financial Assets at FVOCI	12	725,184	85,085
Deferred Taxation Attributable to Revaluation of Land and Buildings	8	-	[254,962,042]
Defined Benefit Obligation Actuarial Loss	19	[7,690,806]	1,870,855
Deferred Taxation Attributable to Actuarial Loss	8	2,307,241	[561,256]
Net Other Comprehensive Income/ (Loss) not to be Reclassified to Profit or Loss in Subsequent Periods		[4,658,381]	[253,567,358]
Other Comprehensive Income for the Year, Net of Tax		[4,658,381]	[253,567,358]
Total Comprehensive Income for the Year, Net of Tax		315,358,809	[356,576,654]

The accounting policies and notes on page 47 through 82 form an Integral Part of the financial statements.

Statement of Changes in Equity

For the Year ended 31 March 2024

For the Year Ended 31 March	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
As at 01 April 2022		316,214,770	1,370,627,395	(2,127,703)	1,128,349,046	2,813,063,508
Net Profit for the Year		-	-	-	(103,009,296)	(103,009,296)
Other Comprehensive Income						
Deferred Taxation Attributable to Revaluation of Land and Buildings	8	-	(254,962,042)	-	-	(254,962,042)
Fair Value Gain on Fair Value Through OCI Investments	12	-	-	85,085	-	85,085
Actuarial Gain on Defined Benefit Obligation	19	-	-	-	1,870,855	1,870,855
Deferred Taxation Attributable to Actuarial Gain	8	-	-	-	(561,256)	(561,256)
Total Comprehensive Income		-	(254,962,042)	85,085	(101,699,697)	(356,576,654)
Transactions with Shareholders in their capacity as owners						
Shares Issued		632,429,540	-	-	-	632,429,540
As at 31 March 2023		948,644,310	1,115,665,353	(2,042,618)	1,026,649,349	3,088,916,394
As at 01 April 2023		948,644,310	1,115,665,353	(2,042,618)	1,026,649,349	3,088,916,394
Net Profit for the Year		-	-	-	320,017,190	320,017,190
Other Comprehensive Income						
Fair Value Gain on Fair Value Through OCI Investments	12	-	-	725,184	-	725,184
Actuarial loss on Defined Benefit Obligation	19	-	-	-	(7,690,806)	(7,690,806)
Deferred Taxation Attributable to Actuarial Loss	8	-	-	-	2,307,241	2,307,241
Total comprehensive Income		-	-	725,184	314,633,625	315,358,809
As at 31 March 2024		948,644,310	1,115,665,353	(1,317,434)	1,341,282,974	3,404,275,203

The accounting policies and notes on page 47 through 82 form an integral part of the financial statements.

Statement of Cash Flows

For the Year ended 31 March 2024

For the Year Ended 31 March	Note	2024 Rs.	2023 Rs.
Operating Activities			
Net Profit Before Income Tax		388,369,582	18,388,617
Adjustments for			
Depreciation	10	110,599,111	107,167,097
Amortisation	11	794,580	794,580
Finance Income	7	(226,719,269)	(265,918,130)
Foreign Currency Gain		(49,398,853)	(23,873,871)
Finance Costs	6	75,176,531	130,672,943
Employee Benefit Obligation	19	5,888,325	6,254,387
Impairment of Debtors	14	12,589,048	5,122,572
		317,299,055	(21,391,805)
Working Capital Adjustments:			
Increase in Inventories		(6,225,712)	(17,162,310)
Increase in Trade and Other Receivables & Other Financial Assets		(447,575,570)	(56,821,585)
Increase/(Decrease) in Trade and Other Payables		16,334,055	(22,170,707)
Cash used in Operations		(120,168,172)	(117,546,407)
Finance Costs Paid		(75,176,531)	(49,214,438)
Employee Retirement Benefit Paid	19	(6,081,765)	(6,597,475)
Income Tax Paid		-	(3,137,434)
Net cash used in Operating Activities		(201,426,468)	(176,495,755)
Investing Activities			
Purchase of Property, Plant and Equipment	10	(72,127,601)	(48,828,198)
Loans Settled by Related Parties	12	-	942,366,177
Finance Income		226,719,269	164,699,960
Net cash flows generated from Investing Activities		154,591,668	1,058,237,938
Financing Activities			
Loans Obtained During the Period	18	16,814,428	-
Issue of Shares		-	632,429,540
Repayment of Interest Bearing Loans and Borrowings	18	(302,953,532)	(67,399,251)
Net cash [used in] / generated from Financing Activities		(286,139,104)	565,030,289
Net [Decrease] / Increase in Cash and Cash Equivalents		(332,973,904)	1,446,772,473
Cash and Cash Equivalents at the Beginning of the Year		1,455,569,036	8,796,563
Cash and Cash Equivalents at the End of the Year	15	1,122,595,132	1,455,569,036

The accounting policies and notes on page 47 through 82 form an Integral Part of the financial statements.

Notes to the Financial Statements

Year ended 31 March 2024

1. CORPORATE INFORMATION

1.1 General

Dolphin Hotels PLC ("Company") is a Public limited liability Company listed on the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office is located at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is operation of a hotel in Waikkal, Sri Lanka.

1.3 Parent Entity and Ultimate Parent Entity

On 15 December 2020, Serendib Hotels PLC which is the immediate parent of Dolphin Hotels PLC was acquired by Eden Hotel Lanka PLC. Thus, subsequently to 15 December 2020, Company's first intermediate, second intermediate and ultimate parent undertaking and controlling parties are Eden Hotel Lanka PLC, Browns Investments PLC and LOLC Holdings PLC respectively, which are incorporated in Sri Lanka. However, Serendib Hotels PLC continues to be the immediate parent of the Company despite of the said acquisition.

1.4 Date of Authorisation for Issue

The Financial Statements of Dolphin Hotels PLC for the year ended 31 March 2024 were authorised for issue, in accordance with a resolution of the Board of Directors on 30 August 2024.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in note 2.7 to the financial statements.

(a) New standards and amendments – applicable for the first time for periods commencing 1 April 2023

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 April 2023:

(i) Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The group has adopted the amendments to LKAS 1 for the first time in the current year. The amendments change the requirements in LKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in LKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Accounting standards committee, the Institute of chartered Accountants of Sri Lanka (ICASL) has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in SLFRS Practice Statement 2.

(ii) Amendments to LKAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The group has adopted the amendments to LKAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to LKAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in LKAS 12

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

These Standard and amendments are effective for the annual periods beginning on or after 1 April 2023.

(b) New standards and amendments issued but not effective or early adopted in 2024

The following standards and interpretations had been issued by The Accounting standards committee, the Institute of chartered Accountants of Sri Lanka (ICASL), but not mandatory for annual reporting periods ending 31 March 2024. Further, the group has not early adopted these new standards and/or amendments.

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

The amendments to LKAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The Accounting standards committee, the Institute of chartered Accountants of Sri Lanka (ICASL) has aligned the effective date with the 2022 amendments to LKAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

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

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

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The Accounting standards committee, the Institute of chartered Accountants of Sri Lanka (ICASL) also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.

Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

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

(iii) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

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

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- » The terms and conditions of the arrangements
- » The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- » The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

- » Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- » Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

2.2 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 the resources to continue in business for the foreseeable future. The assessment includes the existing and anticipated effects from the present macro-economic conditions, the circumstances of the external environment, or are inconsistent with historical trends. Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and the management do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.3 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention other than lands, buildings and fair value through OCI investments carried at valuation.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the parent company's functional and presentation currency.

2.5 Materiality and Aggregation

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

2.6 Comparative Information

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

2.7 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements requires management to make judgments, 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.

JUDGEMENTS

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

REVENUE FROM CONTRACT WITH CUSTOMERS

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Principal versus agent considerations

In determining whether the Company is the principal or the agent pertaining to the certain revenue contracts the Company has evaluated who has control over the goods and service before transferring it to the customer;

The following factors were also considered;

- » The primarily responsibility for fulfilling the promise to provide the specified goods or the service.
- » Inventory risk before or after the specified goods has been transferred to the customer.
- » The discretion in establishing the price for the specified equipment.

Based on the above factors if the Company concludes that it has control over the goods & services before transferring it to the customer, Company act as the principal in which case revenue will be recognised at gross and if the Company does not have control over the goods before transferring it to the customer, it will recognise revenue on the contract on a net basis as an agent.

b) Evaluation of Point of Transfer of Control of Goods or Services to the Customer

The following factors were considered in determining the point of transfer of control to the customer.

- » The entity has a present right to payment for the asset
- » The customer has legal title to the asset
- » The entity has transferred physical possession of the asset
- » The customer has the significant risks and rewards of ownership of the asset
- » The customer has accepted the asset

Whilst the above indicators assist in the determination of transfer of control, non of the indicators above are meant to individually determine whether control has been transferred. Further not all of them must be present. Hence, the above evaluation requires significant judgement.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

DEFERRED TAX ASSETS

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

ESTIMATES AND ASSUMPTIONS

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

REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

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

IMPAIRMENT OF NON - FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

DEFINED BENEFIT PLANS

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in the Financial Statements by the Company. Changes to the accounting policies have been disclosed in the note 3.1.

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

3.1 Changes in Accounting Policies

The Accounting policies are consistent with the comparative period.

3.2 Foreign Currency

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

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

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

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

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

3.3 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

3.4 Fair Value Measurement

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

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

- » In the principal market for the asset or liability 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 Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

- Level 1 -** Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 -** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

by reassessing categorization at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations.

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

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

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

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

3.5 Revenue from contracts with customers

Recognition of Revenue

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

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

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

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

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

Goods Transferred at a Point in Time

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

Services Transferred Over Time

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

Advances from Customers

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

3.6 Taxation

Current Income Taxes

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

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

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

Deferred Taxation

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

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

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

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

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

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

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

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

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

3.7 Property, Plant and Equipment

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

Land and its improvements, buildings and swimming pool are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Where Land and Buildings are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

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

	2024	2023
Buildings on Freehold Land	Over maximum period of 60 years	Over maximum period of 60 years
Furniture, Fittings and Equipment	5 -10 Years	5 -10 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Swimming Pool	Over maximum period of 60 years	Over maximum period of 60 years
Cutlery, Crockery, Glassware and Silverware	2-3 Years	2-3 Years

An item of property, plant and equipment and any significant part initially recognised is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 de-recognised.

Capital Work In Progress is recognized at cost and subsequently it is carried at cost less accumulated impairment.

Borrowing Costs

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

3.8 Intangible Assets

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

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

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

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

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

3.9 Inventory

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

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

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

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

3.10 Financial Instruments

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 and fair value through profit or loss.

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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)

The Company 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 de-recognised, modified or impaired.

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

Financial Assets at Fair Value Through OCI (Debt Instruments)

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company do not classified any instrument under this category as of 31 March 2024.

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

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

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

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

Financial assets at fair value through profit or loss

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

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

The Company did not classify any instrument under this category as of 31 March 2024.

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Year ended 31 March 2024

De-recognition

A financial asset is de-recognised when:

- » The rights to receive cash flows from the asset have expired.
- » The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of financial assets

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

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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, carried at amortised cost. This includes directly attributable transaction costs.

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

Subsequent Measurement

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

Financial Liabilities at Fair Value Through Profit or Loss

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

Loans and borrowings

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

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. This category generally applies to interest bearing loans and borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

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 realize the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting**Initial Recognition and Subsequent Measurement**

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3.11 Cash and Cash Equivalents

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

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

3.12 Retirement Benefits**(a) 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 Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(b) Defined Benefit Plans – Gratuity

A defined benefit plan is post-employment benefits plan other than a defined contribution plans – Employees' Provident Fund and Employees' Trust Fund. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

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

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

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

3.13 Provisions

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

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

4 REVENUE

Year ended 31 March	2024 Rs.	2023 Rs.
Accommodation, Food and Beverage	1,294,202,449	566,465,405
Others (Hotel Operations)	17,236,083	9,431,439
	1,311,438,532	575,896,844

5 OTHER OPERATING INCOME AND GAINS

Year ended 31 March	2024 Rs.	2023 Rs.
Rental Income	3,919,967	2,974,440
Sundry Income	123,836	6,931,634
Exchange gains on Operations	-	5,818,361
Foreign Currency Encashment	1,446,054	296,385
	5,489,857	16,020,820

6 FINANCE COST AND INCOME**6.1 Finance Costs**

Year ended 31 March	2024 Rs.	2023 Rs.
Interest Expense on Overdrafts	3,399,245	10,054,623
Interest Expense on Loans and Borrowings - Related Parties	18,924,939	81,458,505
Interest Expense on Loans and Borrowings - Others	52,852,347	39,159,815
	75,176,531	130,672,943

6.2 Finance Income

Year ended 31 March	2024 Rs.	2023 Rs.
Interest Income from - Related Parties	27,878,545	101,218,170
Interest Income from - Others	198,840,724	120,298,074
Exchange Gains on Loans	19,678,693	44,401,886
	246,397,962	265,918,130

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

7 PROFIT BEFORE TAX

Stated After Charging/[(Crediting)]

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Included in Administrative Expenses			
Employees Benefits Including the Following			
- Defined Benefit Plan Costs - Gratuity	19.1	5,888,325	6,254,388
- Defined Contribution Plan Costs - EPF and ETF		12,971,671	10,983,092
Depreciation and Amortisation	10/11	111,393,691	107,961,677
Auditors' Remuneration (Fees and Expenses)		1,160,000	1,000,000
Management Fees		84,571,477	19,748,039
Charge on Impairment of Debts	14.2	12,589,048	5,122,572
Legal Fees		939,440	629,846
Donations		430,744	258,829

8 INCOME TAX EXPENSE

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Statement of Profit or Loss			
Current Income Tax			
Current Tax Expense on Ordinary Activities for the Year	8.1	64,172,839	-
Deferred Income Tax			
Deferred Taxation Charge	8.2.2	4,179,553	121,397,913
		68,352,392	121,397,913
Statement of Other Comprehensive Income			
Deferred Taxation (Reversal) / Charge	8.2.2	(2,307,241)	255,523,298
		(2,307,241)	255,523,298
Income Tax Expense Recorded in Total Comprehensive Income		66,045,151	376,921,211

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

8 INCOME TAX EXPENSE CONTD..**8.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit**

Stated After Charging/[(Crediting)]

Year ended 31 March	2024 Rs.	2023 Rs.
Accounting Profit Before Tax	388,369,583	18,388,617
Aggregate Disallowable Items	141,594,825	159,801,341
Income from Other sources	[250,317,929]	[274,710,931]
Aggregate Allowable Items	[95,754,847]	[135,342,439]
Taxable Profit from Trade Income	183,891,632	[231,863,412]
Less: Unrealised Loss	[183,891,632]	-
Taxable Profit from Other Sources	229,945,249	224,490,684
Less: Losses Claimed	[16,035,786]	-
	213,909,463	[7,372,728]
Income Tax - 30% [2023 - 30% & 24%]	64,172,839	-
Current Income Tax Expense	64,172,839	-
Effective Tax Rate	30%	30%

- 8.1.1** The business profits and income of Dolphin Hotel PLC, being a Company involved in the promotion of tourism are liable to tax at concessionary rate of 30% as per the first schedule of the Inland Revenue Act No.24 of 2017 and amendment thereto. Other sources of income are taxable at 30%."

Year ended 31 March	2024 Rs.	2023 Rs.
8.1.2 Tax Losses Brought Forward	184,570,741	239,888,145
Adjustment to the Reflect Impacts from Tax Return 2022/23	15,460,823	[62,690,132]
Tax Losses Utilized	[199,927,418]	-
Tax losses Incurred During the Year	-	7,372,728
Tax Losses Carried Forward	104,146	184,570,741

8.2 Deferred Tax**8.2.1 Deferred Tax Assets, Liabilities and Income Tax Relates to the Following;**

Year ended 31 March	2024 Rs.	2023 Rs.
Deferred Tax Liability	695,955,755	743,397,497
Deferred Tax Assets	[16,361,329]	[65,675,383]
Net Deferred Tax Liability	679,594,426	677,722,114

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

8 INCOME TAX EXPENSE CONTD..**8.2.2** Deferred Taxation Charge/(Reversal) – Statement of Profit or Loss/Other Comprehensive Income

Year ended 31 March	Statement of Profit or Loss		Other Comprehensive Income / Directly through Equity	
	2024	2023	2024	2023
Deferred Tax Liability				
Capital Allowances for Tax Purposes	(47,441,742)	149,122,963	-	-
Revaluation of Buildings	-	-	-	254,962,042
	(47,441,742)	149,122,963	-	254,962,042
Deferred Tax Assets				
Defined Benefit Plans	58,031	(3,950,595)	-	-
Collective Impairment of Trade and Other Receivables	(3,776,714)	(1,987,573)	-	-
Carry Forward of Unused Tax Losses	55,339,978	(21,786,882)	-	-
Actuarial Loss / [Gain]	-	-	(2,307,241)	561,256
	51,621,295	(27,725,050)	(2,307,241)	561,256
	4,179,553	121,397,913	(2,307,241)	255,523,298

Deferred tax provision as of 31 March 2024 has been computed based on the future tax rate applicable to company (30%) in accordance with Inland Revenue Act, No.24 of 2017.

8.2.3 Deferred Tax Asset/Liability Relates to the Following;

Year ended 31 March	Statement of Financial Position	
	2024 Rs.	2023 Rs.
Deferred Tax Liability		
Capital Allowances for Tax Purposes	217,901,926	265,343,668
Revaluation of Buildings	478,053,829	478,053,829
	695,955,755	743,397,497
Deferred Tax Assets		
Defined Benefit Plans	8,425,362	8,483,393
Collective Impairment of Trade and Other Receivables	6,158,738	2,382,024
Carry Forward of Unused Tax Losses	31,244	55,371,222
Actuarial Loss / [Gain]	1,745,985	(561,256)
	16,361,329	65,675,383
Net Deferred Tax Liability	679,594,426	677,722,114

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

9 EARNINGS/ (LOSS) PER SHARE

9.1 Basic Earnings/ (Loss) per Share amounts are calculated by dividing the Profit/ (Loss) per share for the year attributable to ordinary equity holders of the Parent/ Company by the weighted average number of ordinary shares outstanding during the year.

9.2 The following reflects the income and share data used in the Basic Earnings/ (Loss) per Share computation.

Amounts Used as the Numerator:

	2024 Rs.	2023 Rs.
Profit / (Loss) Attributable to Ordinary Shareholders	320,017,191	[103,009,296]

Number of Ordinary Shares Used as the Denominator:

	2024 Number	2023 Number
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings/ (Loss) Per Share	63,242,954	63,242,954
Earnings / (Loss) Per Share - Basic	5.06	[1.63]
Diluted Earnings/ (Loss) Per Share	-	[2.02]

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

10 PROPERTY, PLANT & EQUIPMENT**10.1 Gross Carrying Amounts**

	As at 01.04.2023 Rs.	Additions Rs.	As at 31.03.2024 Rs.
At Cost			
Furniture, Fittings and Equipment	379,028,739	2,903,546	381,932,285
Plant, Machinery and Equipment	295,729,518	32,650,521	328,380,039
Cutlery and Crockery	32,901,948	31,701,899	64,603,847
	707,660,205	67,255,966	774,916,171
At Valuation and Subsequent Improvement			
Land and Improvements	891,000,000	-	891,000,000
Buildings and Swimming Pools on Freehold Land	1,911,724,946	3,571,750	1,915,296,696
Motor Vehicles	215,660	-	215,660
	2,802,940,606	3,571,750	2,806,512,356
Total Value of Depreciable Assets	3,510,600,811	70,827,716	3,581,428,527

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

10 PROPERTY, PLANT & EQUIPMENT CONTD..**10.2 In the Course of Construction**

	As at 01.04.2023 Rs.	Additions Rs.	As at 31.03.2024 Rs.
Capital work in progress	1,031,815	1,299,885	2,331,700
	1,031,815	1,299,885	2,331,700

10.3 Accumulated Depreciation

	As at 01.04.2023 Rs.	Charge for the Year Rs.	As at 31.03.2024 Rs.
At Cost			
Furniture, Fittings and Equipment	315,259,653	38,393,258	353,652,911
Plant, Machinery and Equipment	219,093,686	19,225,963	238,319,649
Cutlery and Crockery	27,720,002	6,935,020	34,655,022
	562,073,341	64,554,241	626,627,582
At Valuation and Subsequent Improvement			
Buildings and Swimming Pool on Freehold Land	44,316,420	46,044,870	90,361,290
Motor Vehicles	215,660	-	215,660
	44,532,080	46,044,870	90,576,950
Total Depreciation	606,605,421	110,599,111	717,204,532

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

10 PROPERTY, PLANT & EQUIPMENT CONTD..**10.4 Net Book Value**

As at 31 March	2024 Rs.	2023 Rs.
At Cost		
Furniture and Fittings	28,279,374	63,769,086
Plant, Machinery and Equipment	90,060,391	76,635,832
Cutlery and Crockery	29,948,825	5,181,946
	148,288,590	145,586,864
At Valuation and Subsequent Improvement		
Land and Improvements	891,000,000	891,000,000
Buildings and Swimming Pools on Freehold Land	1,824,935,406	1,867,408,526
	2,715,935,406	2,758,408,526
In the Course of Construction		
Capital work in progress	2,331,700	1,031,815
Total Carrying Amount of Property, Plant and Equipment	2,866,555,696	2,905,027,205

10.5 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 70,827,716/- [2023 - Rs. 48,828,198/-], the consideration for which was settled by cash.

10.6 Property, Plant and Equipment of the Company includes fully depreciated assets that are still in use having a gross carrying amounts of Rs. 534,065,933 [2023 - Rs.339,847,465/-]

10.7 No borrowing cost has been capitalized during the year [2023 - Nil].

10.8 The Company has stated following properties at revalued amounts. The valuation was carried out by Mr. W.M Chandrasena, independent valuer who hold the recognized and relevant professional qualification and have the recent experience in the location and the category of the revalued properties. The surplus arising from the revaluation was transferred to revaluation reserve.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

10 PROPERTY, PLANT & EQUIPMENT CONTD..

Property	Number of Buildings	Extent	Method of Valuation and Sensitivity of the fair value of the input	Sensitivity of the input to the fair value	Valuation	Date of Valuation
Land at Waikkal		14A 2R 10P	Market Basis Valuation	Positively Correlated	891,000,000	31-Mar-2022
			Value Per Perch - Rs. 350,000			
Buildings at Waikkal	55	220,339 Sq. Ft 154 Rooms	Market Basis Valuation	Positively Correlated	1,884,000,000	31-Mar-2022
			Value Per square foot - Rs. 3,000-Rs. 13,500			

The movement of revaluation reserve and other information are disclosed under note 17.1

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

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets were Carried at Cost Rs.	Net Carrying Amount 2024 Rs.	Net Carrying Amount 2023 Rs.
Land	891,000,000	-	891,000,000	891,000,000
Buildings and Swimming Pool	1,915,296,696	90,361,290	837,993,003	878,604,734

11 INTANGIBLE ASSETS

As at 31 March	2024 Rs.	2023 Rs.
Computer Software		
As at 01 April	6,037,943	6,037,943
As at 31 March	6,037,943	6,037,943
Amortisation & Impairment		
As at 01 April	3,603,377	2,808,797
Amortisation	794,580	794,580
As at 31 March	4,397,957	3,603,377
Carrying Value	1,639,986	2,434,566

11.1 Intangible assets are amortized over their useful economic life and useful economic life is estimated as 5 - 10 years.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

12 OTHER FINANCIAL ASSETS

As at 31 March	Note	2024 Rs.	2023 Rs.
Other Financial Assets - Non Current	12.1	2,682,566	1,957,382
Other Financial Assets - Current	12.1.2	660,313,348	474,086,161
		662,995,914	476,043,543

12.1 Other Financial Assets - Non Current

The Company has investments in unquoted equity shares of Rainforest Ecolodge (Pvt) Ltd.

As at 31 March	Note	2024 Rs.	2023 Rs.
Investments in Equity Securities	12.1.1	2,682,566	1,957,382
		2,682,566	1,957,382

12.1.1 Investment in Equity Securities

As at 31 March	2024 Rs.	2023 Rs.
Unquoted - Fair Value Through OCI Investments - Rainforest Ecolodge (Pvt) Ltd		
As at 01 April	1,957,382	1,872,297
Change in Fair Value	725,184	85,085
As at 31 March	2,682,566	1,957,382

Investment in Equity Securities solely comprises application and allotment money paid to Rainforest Ecolodge (Pvt) Ltd for purchase of 400,000 shares of Rs.10/- each. Investment in Rainforest Ecolodge (Pvt) Ltd is carried at fair value using net asset basis of valuation. The fair value of the unquoted equity shares in Rainforest Ecolodge (Pvt) Ltd is estimated using Price to Book value multiple (P/BV) and significant unobservable inputs used for the valuation as follows.

	2024 Rs.	2023 Rs.
Peer Multiple	3.12	1.70
Liquidity Discount	20%	20%
Premium for Sustainable Tourism Concept	10%	5%

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

12 OTHER FINANCIAL ASSETS CONTD..**12.1.1.1 Unquoted - Investments in Equity Securities - Rainforest Ecolodge [Pvt] Ltd - Sensitivity Analysis**

	2024 Rs.	2023 Rs.
+5% Change in Peer Multiple	134,129	96,381
-5% Change in Peer Multiple	(134,129)	(96,381)
+5% Change in Liquidity Discount	(29,806)	(23,028)
-5% Change in Liquidity Discount	29,806	23,028
+5% Change in Premium for Sustainable Tourism Concept	14,904	5,757
-5% Change in Premium for Sustainable Tourism Concept	(14,904)	(5,757)

12.1.2 Other Financial Assets - Current

As at 31 March	2024 Rs.	2023 Rs.
Loans and receivables granted to related companies [12.2.1]	660,313,348	474,086,161
	660,313,348	474,086,161

12.1.2.1 Loans and Receivables Granted to Related Companies

Entity	Relationship	As at 01.04.2023	Interest Receivable	Loans Ex.Gain/[(Loss)]	As at 31.03.2024	Repayment Terms	Rates of Interest
Serendib Hotels PLC	Immediate Parent Company	474,086,161	215,947,347	(29,720,160)	660,313,348	on Demand	GBP LIBOR + 3.40%
		474,086,161	215,947,347	(29,720,160)	660,313,348		

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

13 INVENTORIES

As at 31 March	2024 Rs.	2023 Rs.
Food	10,738,733	10,466,364
Beverage	12,099,605	6,265,288
House - Keeping and Maintenance	14,942,381	14,823,355
	37,780,719	31,555,007

14 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	2024 Rs.	2023 Rs.
Trade Debtors	14.1	536,750,350	100,929,426
Less: Provision for Impairment of trade receivables	14.2	[20,529,130]	[7,940,082]
		516,221,220	92,989,344
Other Debtors		460,770	460,770
Advances and prepayments		31,622,902	31,927,888
		32,083,672	32,388,658
Non Trade Dues from Related Parties	14.4	31,117,994	214,559,137
Loans and advances to company officers	14.3	228,124	1,635,167
		31,346,118	216,194,304
		579,651,010	341,572,306

14.1 Trade Debtors Age Analysis

As at 31 March	Total Rs.	Neither past due nor impaired Rs.	30-90 days Rs.	91-120 days Rs.	>120 days Rs.
2024					
Trade Debtors	536,750,350	79,993,582	143,535,879	128,012,058	185,208,831
Less: Provision for Impairment of trade receivables	[20,529,130]	-	-	[482,062]	[20,047,068]
	516,221,220	79,993,582	143,535,879	127,529,996	165,161,763
2023					
Trade Debtors	100,929,426	55,637,161	36,343,325	3,310,347	5,638,593
Less: Provision for Impairment of trade receivables	[7,940,082]	[3,899,993]	[3,241,839]	[295,284]	[502,965]
	92,989,344	51,737,168	33,101,486	3,015,063	5,135,628

The Company grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the management . The average credit period granted to such debtors are 30 Days.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

14 TRADE AND OTHER RECEIVABLES CONTD..**14.2 The Movement of the Provision for Impairment of Trade Receivables**

	2024			2023		
	Individual Impairment	Collective Impairment	Total Impairment	Individual Impairment	Collective Impairment	Total Impairment
As at 01 April	-	7,940,082	7,940,082	-	2,817,510	2,817,510
Provision / [Reversal] for Receivables Impairment	13,109,744	(520,696)	12,589,048	-	5,122,572	5,122,572
Write-off Against Provisions	-	-	-	-	-	-
As at 31 March	13,109,744	7,419,386	20,529,130	-	7,940,082	7,940,082

14.3 Loans and Advances to Company Officers

As at 31 March	2024 Rs.	2023 Rs.
As at 01 April	1,635,167	3,426,341
Loans Granted during the Year	-	1,240,000
Less: Repayments	(1,407,043)	(3,031,174)
As at 31 March	228,124	1,635,167

14.4 Other Receivables From Related Parties

As at 31 March		2024 Rs.	2023 Rs.
Serendib Hotels PLC	Immediate Parent Company	2,520,939	190,516,141
Hotel Sigiriya PLC	Affiliate Company	-	1,660,224
Serendib Leisure Management Ltd.	Affiliate Company	600,400	352,000
Millennium Development (Pvt) Ltd	Affiliate Company	10,153,860	117,060
Dickwella Resorts (Pvt) Ltd	Affiliate Company	19,374	2,237,070
Eden Hotel Lanka PLC	Intermediate Parent Company	1,888,428	16,814,828
Green Paradise (Pvt) Ltd	Affiliate Company	309,120	309,120
Frontier Capital Lanka (Pvt) Ltd	Affiliate Company	40	365,926
The Calm Resort and SPA (Pvt) Ltd	Affiliate Company	1,652,316	1,615,516
Excel Restaurants (Pvt) Ltd	Affiliate Company	10,000,000	-
Taprobane Plantation Ltd	Affiliate Company	402,265	-
Browns Leisure (Pvt) Ltd	Affiliate Company	571,252	571,252
Three Tips Ella (Pvt) Ltd	Affiliate Company	3,000,000	-
		31,117,994	214,559,137

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

15 CASH AND CASH EQUIVALENTS

As at 31 March	2024 Rs.	2023 Rs.
----------------	-------------	-------------

15.1 Favourable cash and cash equivalents balance

Cash and Bank Balances	771,220,413	228,337,948
Money Market Investments	430,504,678	1,238,428,860
	1,201,725,091	1,466,766,808

15.2 Unfavourable Cash and Cash Equivalent Balances

Bank Overdraft	[79,129,959]	[11,197,772]
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	1,122,595,132	1,455,569,036

16 STATED CAPITAL

As at 31 March	2024 No.of shares	2023 No.of shares	2024 Rs.	2023 Rs.
Fully Paid Ordinary Share	63,242,954	63,242,954	948,644,310	948,644,310
			948,644,310	948,644,310

- 16.1** The holders of ordinary shares possess the right to receive dividends as declared from time to time. The holders of ordinary shares are entitled to one vote per share at a meeting of the company.
Ordinary shares of the Company do not have a par value.

17 OTHER COMPONENT OF EQUITY**Reserves**

As at 31 March	Note	2024 Rs.	2023 Rs.
Revaluation Reserve	17.1	1,115,665,353	1,115,665,353
Fair Value Reserve	17.2	[1,317,434]	[2,042,618]
		1,114,347,919	1,113,622,735

17.1 Revaluation Reserve

As at 31 March	2024 Rs.	2023 Rs.
As at 01 April	1,115,665,353	1,370,627,395
Deferred Tax Attributable to Revaluation Surplus	-	[254,962,042]
As at 31 March	1,115,665,353	1,115,665,353

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

The above revaluation surplus consists of net surplus resulting from the revaluation of building, land and swimming pool as described in note 10. Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

17.2 Fair Value Reserve

As at 31 March	2024 Rs.	2023 Rs.
As at 01 April	[2,042,618]	[2,127,703]
Change in Fair Value	725,184	85,085
As at 31 March	[1,317,434]	[2,042,618]

The Fair Value Reserve consists of the net surplus resulting from the fair valuation of investments in Fair Value Through OCI instruments as described in the note 12.1.1, until such investments are derecognised or impaired.

18 INTEREST BEARING LOANS AND BORROWINGS

	2024			2023		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Loans [18.1]	164,085,577	409,591,369	573,676,946	164,085,577	761,943,755	926,029,332
Loans from Related Parties [18.2]	16,814,428	-	16,814,428	-	-	-
	180,900,005	409,591,369	590,491,374	164,085,577	761,943,755	926,029,332

18.1 Bank Loans

	As at 01.04.2023 Rs.	Repayment Rs.	Exchange Loss/[Gain] Rs.	As at 31.03.2024 Rs.
HSBC - GBP	406,189,756	[93,816,478]	[20,517,896]	291,855,382
HSBC - Euro	519,839,576	[209,137,054]	[28,880,957]	281,821,565
	926,029,332	[302,953,532]	[49,398,853]	573,676,947

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

18 INTEREST BEARING LOANS AND BORROWINGS CONTD..**18.2 Loans from Related Parties**

Related Parties	Relationship Rs.	Repayment Terms Rs.	Rates of Interest Rs.	2024 Rs.	2023 Rs.
Eden Hotel Lanka PLC	Intermediate Parent Company	On Demand	AWPLR +10%	16,814,428	-
				16,814,428	-

Movement of Loans from Related Parties

Related Parties	As at 01.04.2023 Rs.	Loans Obtained Rs.	Repayment Rs.	As at 31.03.2024 Rs.
Eden Hotel Lanka PLC	-	16,814,428		16,814,428
	-	16,814,428	-	16,814,428

19 RETIREMENT BENEFIT OBLIGATION

As at 31 March	Note	2024 Rs.	2023 Rs.
As at 01 April		26,407,123	30,188,990
Charge for the Year	19.1	5,888,325	6,254,388
Actuarial Loss/ (Gain)	19.2	7,690,806	[1,870,855]
Benefit Paid		[6,081,765]	[6,597,475]
Liability Transfer out		-	[1,567,925]
As at 31 March		33,904,489	26,407,123

19.1 Expense Recognised in Statement of Profit or Loss

Current Service Cost		2,191,328	1,726,039
Interest Cost		3,696,997	4,528,349
		5,888,325	6,254,388

19.2 Actuarial Loss/ (Gain) Immediately Recognised In Other Comprehensive Income

Due to experience		7,150,837	[1,738,864]
Due to changes in financial assumptions		539,969	[131,991]
		7,690,806	[1,870,855]

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

19 RETIREMENT BENEFIT OBLIGATION CONTD..

Messers Acturial and Management Consultants (Pvt) Ltd carried out an actuarial valuation of the defined benefit plan gratuity on 31.03.2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used as follows :

As at 31 March	2024	2023
Financial Assumptions		
Discount Rate	13.00%	14.00%
Future Salary Increment Rate	11.00%	11.50%
Demographic Assumptions		
Rate of Employee Turnover	20.00%	20.00%
Retirement Age	60 Years	60 Years
Average Expected Future Service	4.00 Years	4.15 Years

19.3 Sensitivity of Assumptions in Actuarial Valuation

The following table demonstrates the sensitivity to possible changes in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligation measurement as at 31 March 2024. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment rate on the profit or loss and Retiring Gratuity obligation for the year.

	2024		2023	
	Delta Effect of +1%	Delta Effect of [-1%]	Delta Effect of +1%	Delta Effect of [-1%]
Increase/(Decrease) in Discount Rate	(1,220,829)	1,316,255	(932,083)	1,003,773
Increase/(Decrease) in Salary Increment Rate	1,471,803	(1,386,922)	1,132,021	(1,067,546)
Increase/(Decrease) in Employee Turnover	173,169	198,010	181,408	(205,972)

19.4 Following Payments are Expected Over the Weighted Average Life Span Obligation on the Future Years:

Years From the Current Period	2024	2023
within the next 12 months	7,059,564	5,655,533
between 1 to 2 years	9,487,734	7,081,821
between 3 to 5 years	8,135,799	7,335,818
between 6 to 10 years	7,286,378	4,705,438
beyond 10 years	1,935,014	1,628,513
	33,904,489	26,407,123

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

20 TRADE AND OTHER PAYABLES

As at 31 March	Note	2024 Rs.	2023 Rs.
Trade Payable		73,396,088	26,435,700
Other Payables - Related Parties	20.1	167,216,989	279,885,897
- Other		194,564,450	118,286,679
Customer Advances	20.2	18,252,381	26,245,190
Sundry Creditors Including Accrued Expenses		51,524,300	37,766,688
		504,954,208	488,620,154

The average credit period of the company is 60 days.

20.1 Other Payable to Related Parties

As at 31 March	Relationship	2024 Rs.	2023 Rs.
Serendib Hotels PLC	Immediate Parent Company	120,000	4,155,492
Hotel Sigiriya PLC	Affiliate Company	-	3,617,905
Serendib Leisure Management Ltd.	Affiliate Company	106,135,969	23,803,633
Dickwella Resorts (Pvt) Ltd	Affiliate Company	-	1,567,925
Frontier Capital Lanka (Pvt) Ltd	Affiliate Company	-	26,840
LOLC Holdings PLC	Ultimate Parent Company	41,446,751	236,173,941
LOLC Finance PLC	Affiliate Company	-	3,695
LOLC Corporate Service (Pvt) Ltd	Affiliate Company	800,000	600,000
Eden Hotel Lanka PLC	Intermediate Parent Company	1,087,623	-
Browns Hotels Resorts Ltd	Affiliate Company	17,626,646	9,936,466
		167,216,989	279,885,897

20.2 Contract Liabilities

As at 31 March	2024	2023
As at 01 April	26,245,190	29,121,314
Revenue recognised during the year	[179,478,811]	[93,504,927]
Additions	171,486,002	90,628,803
As at 31 March	18,252,381	26,245,190

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

21. DIVIDEND PAYABLE

As at 31 March	2024	2023
Unclaimed Dividend	3,754,046	3,754,046
	3,754,046	3,754,046

22. COMMITMENTS AND CONTINGENCIES

22.1 Wennappuwa Pradeshiya Sabha has filed a case against Dolphin Hotel PLC at Magistrate Court- Marawila, charged for operating the Hotel without the required permit issued by the Pradeshiya Sabha in the years 2016, 2017, 2018, 2019, 2020, 2022 & 2023.

22.2 Wennappuwa Pradeshiya Sabha has filed a case against Dolphin Hotel PLC at Magistrate Court- Marawila, charged to recover the license duty for 2021 & 2022.

Except the above there are no other significant commitments and contingencies as at the reporting date.

23. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount of Pledged		Included Under
		2024 Rs.	2023 Rs.	
Freehold Land and Buildings at Waikkal [Extent 7A-3R-31P]	Primary Mortgage Bond No. 427 dated 11/02/2019 for Rs. 592,320,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the company to HSBC. [GBP Loan of 1.2 Mn].	2,715,935,406	2,802,940,606	Property, Plant and Equipment & Equipment
	Concurrent Mortgage Bond No. 429 dated 03/04/2019 for Rs. 316,672,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the company to HSBC. [EURO Loan of 1.6 Mn]			

24. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

25. RELATED PARTY DISCLOSURES**25.1 Terms and conditions of transactions with related parties**

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

Terms and conditions on loans granted to related parties are disclosed in note 12.2.1 to these financial statements.

25.2 Non-recurrent related party transactions

There were no non-recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2023 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

25. RELATED PARTY DISCLOSURES CONTD..**25.3 Recurrent related party transactions**

Name of the Related Party	Nature of the Transaction	Value of the Related Party Transaction	Relationship	Value of the Related Party Transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
Serendib Hotels PLC	Aggregate recurrent transactions	33,419,543	Immediate Parent Company	3%	At commercial terms agreed by the management
LOLC Holdings PLC	Aggregate recurrent transactions	333,560,219	Ultimate Parent Company	25%	At commercial terms agreed by the management

There were no other recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2023 audited financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Details of significant related party disclosures are as follows:

25.4 Transactions with the Ultimate Parent, Parent and Related Entities

Nature of Transaction	Ultimate Parent		Immediate Parent		*Other Related Parties		Total	
	LOLC Holdings PLC		Serendib Hotels PLC					
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sale of Goods / Services	-	-	73,600	2,122,935	6,274,372	5,572,581	6,347,972	7,695,516
Purchase of Goods / Services	(1,560,107)	(918,599)	(398,440)	(3,799,503)	(7,690,180)	-	(9,648,726)	(4,718,102)
Finance Income	-	-	27,878,545	100,479,595	-	-	27,878,545	100,479,595
Management Fees and Accounting Fees Payable	-	-	-	-	(112,912,786)	(23,663,065)	(112,912,786)	(23,663,065)
Finance Charges Payable	(17,775,140)	(72,697,057)	-	-	(1,087,623)	-	(18,862,763)	(72,697,057)
Expenses Incurred on Behalf of the Company	-	-	-	-	(30,770,323)	(22,037,907)	(30,770,323)	(22,037,907)
Settlement of Management fees and Accounting Fees	-	-	-	-	(6,720,312)	(1,299,087)	(6,720,312)	(1,299,087)
Settlement of Dues from Related Parties	-	-	-	-	65,867,838	31,238,782	65,867,838	31,238,782
Settlement of Dues to Related Parties	264,362,436	388,973	4,433,932	-	-	-	268,796,368	388,973
Treasury Loans Obtain	(50,300,000)	(162,947,258)	(35,000,000)	-	-	-	(85,300,000)	(162,947,258)
Loan Granted	-	-	35,000,000	-	20,000,000	-	55,000,000	-
Recovery of Loans Granted	-	-	-	(942,366,177)	-	-	-	(942,366,177)
Gratuity Transfers		-		-		(1,567,925)	-	(1,567,925)
	194,727,189	(236,173,941)	31,987,637	(843,563,150)	(67,039,014)	(11,756,619)	159,675,813	(1,091,493,712)

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

25. RELATED PARTY DISCLOSURES CONTD..**25.4 Transactions with the Ultimate Parent, Parent and Related Entities Contd..****Other Related Parties**

- » Hotel Sigiriya PLC
- » Serendib Leisure Mgt. Ltd.
- » Sun & Fun Resorts Ltd
- » Millennium Development [Pvt] Ltd
- » Dickwella Resors [Pvt] Ltd
- » Browns Leisure [Pvt] Ltd
- » Frontier Capital Lanka[Pvt] Ltd
- » Browns Hotels and Resorts Ltd

25.5 The details of the loans obtained from related parties are set out in Note 12.

25.6 The Company wise breakdown of related party receivable and payable balances are given in Note 14 and 20 respectively.

25.7 Terms and Conditions:

- Management Fees** - Management fees are paid based on the Hotel Management Agreement with Serendib Leisure Management Ltd.
- Expenses Incurred** - Expenses Incurred on behalf of / by Related Parties are reimbursed on actual cost basis.
- Loans** - Information relating to loans received from/ granted to related parties are disclosed in notes 12.

26. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

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

Key Management Personnel Compensation

There were no Compensation to the Key Management Personnel during the year.

Other Transactions With Key Management Personnel

There were no other transactions with the Key Management Personnel during the year.

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

Cash and short-term deposits, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2024, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Investment in equity shares are carried at fair value .

The fair value of financial liabilities approximate their carrying values.

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTD)

As at 31 March	2024	2023
Financial Assets:		
Trade and Other Receivables	579,651,011	341,572,306
Other Financial Assets - Investment in Equity Shares	2,682,567	1,957,382
Other Financial Assets - Loans Granted to Related Parties	660,313,348	474,086,161
Cash and Short Term Deposits	1,201,725,091	1,466,766,808
Total	2,444,372,017	2,284,382,657
Financial Liabilities:		
Interest Bearing Loans and Borrowings	590,491,374	926,029,332
Trade and Other Payables	504,954,208	488,620,154
Bank Overdraft	79,129,959	11,197,772
Total	1,174,575,541	1,425,847,258

27.1 Fair value Hierarchy

Company held the following financial instruments at fair value and Non financial assets in the Statement of Financial Position as at the reporting dates:

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

- » **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- » **Level 2** — Other techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- » **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial Assets	31-Mar-2024	Level 1	Level 2	Level 3
Investment in Equity Shares	2,682,567	-	-	2,682,567
Financial Assets	31-Mar-2023	Level 1	Level 2	Level 3
Investment in Equity Shares	1,957,382	-	-	1,957,382
Non-Financial Assets Measured at Fair Value	31-Mar-2024	Level 1	Level 2	Level 3
Land and Building	2,806,296,696	-	-	2,806,296,696
Motor vehicles	-	-	-	-
Non-Financial Assets Measured at Fair Value	31-Mar-2023	Level 1	Level 2	Level 3
Land and Building	2,802,724,946	-	-	2,802,724,946
Motor vehicles	-	-	-	-

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to market risk, credit risk and liquidity risk.

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

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized 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. Financial instruments affected by market risk include loans and borrowings and deposits.

Interest Rate Risk

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

In order to reduce the Interest rate risk, the Company implements the following strategies.

- 1] Debt has been structured through fixed interest rates in order to manage the volatility in the market.
- 2] Proper mechanism to monitor the fluctuations in interest rates.
- 3] Work towards the low gearing ratio.
- 4] Internal funding sources rather than the external funding sources.

Variable rate instruments

Related party borrowings are at AWPLR plus a margin of 10%. [Subsequently revised depending on the interest rate fluctuations.]

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

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

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

Increase/ [decrease] in basis points	Effect on Profit Before Tax	
	2024 Rs.	2023 Rs.
+ 1000 basis points	(47,364,116)	(26,592,222)
- 1000 basis points	47,364,116	26,592,222
+ 500 basis points	(45,211,201)	(25,383,484)
- 500 basis points	45,211,201	25,383,484

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD...**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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities [when revenue or expense is denominated in a different currency from the Company's functional currency].

Currency risk is managed by the Group's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Group also monitors its exposure to movements in exchange rates on a net basis. Group estimates exchange rate to convert year end foreign currency denominated amounts based on published rates by the Central Bank of Sri Lanka.

Below are the spot exchange rates used by the Company as at 31 March 2024 and the date of signing financial statements.

	As at Reporting Date 31 March 2024	As at Signing Date 30 August 2024
USD	301.18	296.50
EURO	326.03	328.33
GBP	380.52	390.65

Foreign currency sensitivity

A strengthening/weakening of the Rupees as indicated below, against the foreign currencies as at 31 March would have increased/[decreased] Profit or Loss by the amounts shown below.

Foreign Currency	Change in exchange rate	Effect on Profit Before Tax	
		2024 Rs.	2023 Rs.
GBP	+5%	[9,098,030]	[1,944,886]
GBP	+10%	[23,867,320]	1,180,938
EURO	+5%	[11,840,756.96]	[1,989,532]
EURO	+10%	[25,037,919.27]	5,673,104
USD	+5%	1,747,824.30	[1,850,575]
USD	+10%	[1,399,567.07]	241,843

Equity Price Risk

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

Credit Risk

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

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

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD...

As at 31 March	Note	2024 Rs.	2023 Rs.
Trade Receivables	14	536,750,350	100,929,426
Less: Impairment of Trade Receivables	14	(20,529,130)	(7,940,082)
		516,221,220	92,989,344
Cash and Cash Equivalents	15	1,122,595,132	1,455,569,036

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk. Refer Note 14.1 for age analysis of Trade Receivables.

Management of credit risk

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

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

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

Impairment

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

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

Bank of Ceylon	AAA- [lka]
Nations Trust Bank PLC	A [lka]
Sampath Bank PLC	AA- [lka]
Citi Bank N.	A AAA [lka]
Seylan Bank PLC	A- [lka]
National Development Bank PLC	A [lka]
Hatton National Bank PLC	AA- [lka]

Notes to the Financial Statements Cont'd

Year ended 31 March 2024

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD...)**Financial Instruments and Cash Deposits**

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 12 and 14 except for financial guarantees and derivative financial instruments.

Liquidity Risk

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

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

As at 31 March 2024	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest - Bearing Loans and Borrowings	-	-	164,085,577	409,591,369	-	573,676,946
Trade and Other Payable	-	446,611,627	-	-	-	446,611,627
Bank Overdraft	79,129,959	-	-	-	-	79,129,959
	79,129,959	446,611,627	164,085,577	409,591,369	-	1,099,418,532

As at 31 March 2023	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	> 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	-	-	164,085,577	761,943,755	-	926,029,332
Trade and Other Payable	-	439,320,167	-	-	-	439,320,167
Bank Overdraft	11,197,772	-	-	-	-	11,197,772
	11,197,772	439,320,167	164,085,577	761,943,755	-	1,376,547,271

Capital Management

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

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2024 and 31 March 2023. The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Company's policy is to keep the gearing ratio below 40%.

	2024	2023
Gearing Ratio	20%	30%

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Ten Year Financial Review

[Figures in Rs.'000 unless otherwise stated]

Year ended 31 March	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015 Restated
Trading Results										
Revenue	1,311,439	575,897	282,960	349,729	728,502	952,910	877,784	878,311	880,508	870,774
Profit / [Loss] Before Tax	388,370	18,389	[35,507]	[36,082]	62,517	176,816	189,681	129,566	219,818	186,766
Profit / [Loss] for the year	320,017	[103,009]	[24,846]	[33,225]	44,485	147,178	148,976	100,337	208,172	155,855
Hotel Operations										
Annual sales growth [%]	127.72	103.53	[19.09]	[51.99]	[23.55]	8.56	[0.06]	[0.25]	1.12	43.51
Room occupancy [%]	59%	30%	35%	48.15	65.66	81.88	78.00	79.00	83.00	84.00
Current ratio [Times]	3.01	3.42	2.95	1.35	1.37	3.41	1.23	0.89	1.04	0.74
Interest cover [Times]	6.71	[1.09]	[0.32]	[1.13]	3.45	11.82	33.09	16.96	17.08	9.18
Debt equity ratio [%]	17.35	29.97	36.89	34.80	30.77	30.42	7.35	10.60	12.79	23.63
Market/ Shareholder Information										
Return on equity[%]	0.11	[3.33]	[0.88]	[1.58]	2.13	7.17	7.81	5.36	11.52	11.53
Net assets per share [Rs.]	53.83	48.84	88.96	66.54	66.19	64.94	60.31	59.17	57.17	42.76
Earnings / [loss] per share [Rs.]	5.06	[1.63]	[0.79]	[1.05]	1.41	4.65	4.71	3.17	6.58	4.93
Market price per share [Rs.]	35.10	32.00	30.10	24.50	18.30	26.50	26.00	31.50	42.00	56.90
Price earning ratio [Times]	6.94	[15.84]	[38.31]	[23.32]	13.01	5.69	5.52	9.93	6.38	11.54
Dividend per share [Rs.]	Nil	Nil	Nil	Nil	Nil	Nil	1.00	1.00	1.50	1.00

Investor Information

SHAREHOLDER INFORMATION

Number of shares	2024			2023		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,252	304,129	0.48	1,248	304,539	0.48
1,001 - 10,000	352	1,297,412	2.05	335	1,199,166	1.90
10,001 - 100,000	125	3,696,746	5.85	104	3,204,024	5.06
100,001 - 1,000,000	23	8,091,195	12.80	22	7,231,809	11.44
Over 1,000,000	4	49,853,472	78.82	5	51,303,416	81.12
	1,756	63,242,954	100.00	1,714	63,242,954	100.00

Number of shares	Resident			Non-Resident		
	No. of Shareholders Rs.	Total Holding Rs.	% Rs.	No. of Shareholders Rs.	Total Holding Rs.	% Rs.
1 - 1000	1,246	302,715	0.48	6	1,414	0.00
1,001 - 10,000	349	1,283,912	2.03	3	13,500	0.02
10,001 - 100,000	122	3,574,307	5.65	3	122,439	0.19
100,001 - 1,000,000	21	7,681,207	12.15	2	409,988	0.65
Over 1,000,000	4	49,853,472	78.83	0	0	0.00
	1,742	62,695,613	99.14	14	547,341	0.86
Categories of Shareholders						
Institutions	1,640	11,463,194				
Individuals	116	51,779,760				
	1,756	63,242,954				

PUBLIC HOLDING

	2024	2023
Public holding as a percentage of the Issued share capital	30.33%	30.32%
Number of shareholders representing the public holding	1,754	1,711

SHARE TRADING

	2024	2023
Highest Market Price [Rs.]	39.80[04/07/2023]	38.50[01/09/2022]
Lowest Market Price [Rs.]	27.20[28/06/2023]	20.20[29/04/2022]
Last Traded Price [Rs.]	52.00[28/03/2023]	32.00[31.03.2022]
No. of Shares Traded	38,341,300	7,085,354
No. of Trades	3,944	5,995
Turnover [Rs.]	134,810,402.90	217,637,683.80

Investor Information Cont'd

Twenty Major Shareholders as at 31.03.2024

	2024		2023	
	No of Shares	%	No of Shares	%
Serendib Hotels PLC	43,849,317	69.33	43,849,317	69.33
Mr. S R S De Saram/Mrs. S T T Jayasundera	2,500,000	3.95	2,388,682	3.78
Dawi Investments Trust (Pvt) Ltd	1,812,408	2.87	2,090,254	3.31
Hemtours (Pvt) Ltd	1,691,747	2.67	1,691,747	2.67
Mr. A N Esufally	900,014	1.42	900,014	1.42
Mr. R C J Goonewardena	860,541	1.36	1,283,416	2.03
Guardian Equity Limited	853,000	1.35	824,686	1.30
L K Goonewardena	842,374	1.33	468,706	0.74
Freudenberg Shipping Agencies Ltd	538,219	0.85	538,219	0.85
Merchant Bank Of Sri Lanka PLC/Mr.P S M Fernando	385,000	0.61	398,200	0.63
Hemas Holdings PLC	376,808	0.60	376,808	0.60
People's Leasing & Finance PLC/L.P. Hapangama	362,896	0.57	291,007	0.46
Hatton National Bank/ Dawi Investment Trust (Pvt) Ltd	324,658	0.51	852,190	1.35
Mr. N K Flemming	303,264	0.48	303,264	0.48
K Ratwatte	270,501	0.43	150,000	0.24
Mr. C Chanmugam	267,300	0.42	284,829	0.45
People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa	231,490	0.37	231,490	0.37
Guardian Insurance Brokers (Pvt) Ltd	219,660	0.35	240,603	0.38
B S M De Silva	214,700	0.34	204,700	0.32
Mr. K K D Senanayake	192,286	0.30	192,286	0.30
Total held by the above shareholders	56,996,183	90.11	57,620,418	91.10
Shares held by the balance shareholders	6,246,771	9.99	5,622,536	8.90
Total Issued capital	63,242,954	100.00	63,242,954	100.00

The public shareholding as at 31st March 2024 was 30.33% of the issued ordinary shares held by 1,754 shareholders. As at 31st March 2024, the Float Adjusted Market Capitalization was 2,219,827,685

The Company is compliant with the minimum public holding requirement stipulated in CSE Rule 7.13.1[b] Option 2

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 43RD ANNUAL GENERAL MEETING of the Company will be held on Friday, 27th September 2024 at 11.30 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform centered at the LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

ORDINARY BUSINESS

1. To receive the Report of the Directors and Statement of Accounts for the year ended 31 March, 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. W D K Jayawardena who retires by rotation in terms of Article 86 of the Articles of Association of the Company
3. To re-elect as a Director Mr. S Furkhan who retires by rotation in terms of Article 74 of the Articles of Association of the Company
4. To re-elect as a Director Mr. R L E C Wijeratne who retires by rotation in terms of Article 74 of the Articles of Association of the Company
5. *To re-elect as a Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election [Refer Note 4]
6. To appoint as Auditors M/s Deloitte Partners [Formerly known as PricewaterhouseCoopers], Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.
7. To approve in terms of the Companies Act No. 26 of 1951 [Donations], the making of donations by the Directors as determined by them for the current financial year and until the next Annual General meeting of the Company.

SPECIAL BUSINESS

8. To resolve by way of a Special Resolution amendments to the Articles of Association.

By deleting the existing Article No. 82 to 85 and substituting same with the following instead, to reflect the requirements mandated under Section 9.9 of the Listing Rules:

82. An Alternate Director shall only be appointed in exceptional circumstances by any Director giving notice in writing left at the Office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one year from the date of appointment. and the following provisions of this Article shall apply to any person so appointed.

83. A person appointed to be 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 but the Board may repay the Alternate Director such reasonable expenses as they may incur in attending and returning from meetings of the Board which they are entitled to attend or as they may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.

84. An alternate Director shall [on them giving an address for such notices to be served] be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing them is not personally present and generally to perform all the functions of their appointor as a Director in the absence of such appointor.

85. An Alternate Director may be appointed for a specified period or until the happening of a specified event subject to sub-clause 81 but they shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:-

- (i) upon the return of their appointor including a return to Sri Lanka;
- (ii) if their appointor 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 them pursuant to this Article which was in force immediately prior to their retirement shall continue to operate after their re-election as if they had not so retired;
- (iii) if the appointment of the Alternate Director is revoked by their appointor, by notice in writing left at the office;
- (iv) if the Board resolves that the appointment of the Alternate Director be terminated.
- (v) If they become prohibited by law from acting as alternate Director including
 - a) being convicted of any offense punishable by imprisonment; or
 - b) convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere.
- (vi) If they resign by writing under their hand left at the Office.
- (vii) If they cease to hold office in terms of Section 207 of the Act
- (viii) If they becomes disqualified from being a Director in terms of Section 202 of the Act.

Notice of Annual General Meeting

86. A Director shall not vote on the question of the approval of an Alternate Director to act for them or on the question of the termination of the appointment of such an Alternate Director under sub-paragraph (iv) of the foregoing sub-clause of this Article, and if they do so their vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall they be counted in the quorum present at the meeting.
87. If an Alternate Director is appointed for a non-executive director, such alternate should not be an executive of the Company. Similarly, if an alternate director is appointed for an independent director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.
88. The attendance of any Alternate Director at any meeting subject to article 85 above, including Board committee meetings shall be counted for the purpose of quorum.

and renumbering of the remaining articles thereof.”

By order of the Board
DOLPHIN HOTELS PLC



LOLC CORPORATE SERVICES (PVT) LTD

Secretaries
30th August 2024

NOTE:

- 1] A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.
- 2] The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.
- 3] A Form of Proxy accompanies this Notice.
- 4] *Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :

“Resolved that Dr. J M Swaminathan who reached the age of 70 years in 2011, be and is hereby re-elected a Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr. J M Swaminathan.”

5] IMPORTANT NOTICE:

This year the Annual Report and Financial Statements of the Company are available on the:

- 1] Corporate Website: <https://www.browns-hotels.com/investor-relations/>
- 2] The Colombo Stock Exchange: <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=STAF.N0000>

Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code:



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Secretaries on +94 11 7248554 during normal office hours [8.30 a.m. to 5.00 p.m.] or email corporateservices@lolc.com.

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

Form of Proxy

I/We
 of
 being a member/members of the above named Company hereby appoint
of whom failing

W. D. K. Jayawardena of Colombo or failing him
 D. S. K. Amarasekera of Colombo or failing him
 Dr. J. M. Swaminathan of Colombo or failing him
 Mr S Furkhan of Colombo or failing him
 Mr. R L E C Wijeratne of Colombo

as my/our* Proxy to represent me/us* at the Forty-third [43rd] Annual General Meeting of the Company to be held as an on- line meeting on Friday, 27th September 2024 at 11.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

THE PREFERENCES IN THE FOLLOWING TABLE TO BE MARKED BY ORDINARY [VOTING] SHAREHOLDER/S ONLY.

I/We* the undersigned, ordinary [voting] shareholder[s] of the Company hereby uthorise my/our* Proxy to vote for me/ us* and on my/our* behalf in accordance with the preferences indicated below [please mark your preference with an 'X']:

	For	Against
ORDINARY BUSINESS		
1. To re-elect as a Director Mr W D K Jayawardena who retires by rotation in terms of Articles 86 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr S Furkhan who retires by rotation in terms of Articles 74 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr R L E C Wijeratne who retires by rotation in terms of Articles 74 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Dr. J M Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 4 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
5. To appoint as auditors M/s Deloitte Partners [Formerly known as PricewaterhouseCoopers], Chartered Accountants for the ensuing year at a re muneration to be agreed by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Board of Directors to determine donations.	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS		
7. To resolve by way of a Special Resolution amendments to the Articles of Association :	<input type="checkbox"/>	<input type="checkbox"/>
By deleting the existing Article 82 to 85 and substituting same as set out in Agenda Item No.08 , to reflect the requirements mandated under Section 9.9 of the Listing Rules on Alternate Directors and renumber the remaining articles thereof."		

dated this day of, 2024.

- i) *please strike off inappropriate word
 ii) please refer overleaf for instructions

Form of Proxy

Important: Please post or scan and email the Form of Proxy together with the following additional details as per the instructions given below.

CDS Account Number of the Shareholder [s]			
Shareholder's contact number/s		Land line (residence/work):	
		Mobile:	
Email address to which the on-line link should be forwarded to for the proxyholder's participation at the AGM			
Proxy holder's NIC number			

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:
 - i] addressed to the 'Company Secretaries' and posted or hand delivered to 100/1, Sri Jayawardenapura Mawatha, Rajagiriya; or
 - ii] Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "DOLPHIN AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Registration of Shareholder Details for Online Participation

To: LOLC Corporate Services (Private) Limited
Secretaries for DOLPHIN HOTELS PLC
No: 100/1, Sri Jayawardenapura Mawatha
Rajagiriya

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

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

I/My Proxy holder am/is willing to participate at the AGM online:

Yes ☐

No ☐

Signature/s & date:
Principal Shareholder 1st Joint Holder 2nd Joint Holder

Stakeholder Feedback Form

Dolphin Hotel PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name : _____

Email : _____

Phone : _____

Company/Organization : _____

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

<input type="checkbox"/> Shareholder	<input type="checkbox"/> Employee	<input type="checkbox"/> Service Provider
<input type="checkbox"/> Customer	<input type="checkbox"/> Student	<input type="checkbox"/> Supplier
<input type="checkbox"/> Community	<input type="checkbox"/> Regulatory Body	<input type="checkbox"/> Special Interest Group
<input type="checkbox"/> Public Authority	<input type="checkbox"/> Journalist	

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

☐ Very Satisfied

☐ Satisfied

☐ Neutral

☐ Dissatisfied

☐ Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

☐ Always

☐ Often

☐ Sometimes

☐ Rarely

☐ Never

3. How effective do you find the Company's use of its website and social media for communication?

☐ Very Effective

☐ Effective

☐ Neutral

☐ Ineffective

☐ Very Ineffective

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

☐ Financial Reports

☐ Annual Reports

☐ Press Releases

☐ Investor Briefings

☐ Social Media Updates

☐ Website Content

☐ Other (please specify): _____

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

☐ Very Accessible

☐ Accessible

☐ Neutral

☐ Inaccessible

☐ Difficult to Access

3. How effectively does the Company address your concerns and queries?

☐ Very Effective

☐ Effective

☐ Neutral

☐ Ineffective

☐ Very Ineffective

Stakeholder Feedback Form

Forward-Looking Information & Major Developments

1. How useful do you find the Company’s forward-looking comments and information on future prospects?

- ☐ Very Useful
- ☐ Useful
- ☐ Neutral
- ☐ Not Useful
- ☐ Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments [e.g., mergers, acquisitions, new products]?

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company’s ability to manage crisis communications?

- ☐ Very Confident
- ☐ Confident
- ☐ Neutral
- ☐ Not Confident
- ☐ Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company’s communication practices.

Submission

Please return the completed form to:

Investor Relations/ Communications

Dolphin Hotel PLC, 100/1 Sri Jayawardenepura Mawatha,
Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY

Dolphin Hotels PLC

LEGAL FORM

A Public Quoted Company with Limited Liability, incorporated on 20th January 1981 under the Companies Ordinance (Cap 145) and re-registered under the Companies Act No. 7 of 2007

COMPANY REGISTRATION

PQ 224

BOARD OF DIRECTORS

W D K Jayawardena
Chairman

D. S. K. Amarasekera
Non-Executive Director

Dr. J M Swaminathan
Independent Director

S. Furkhan
Independent Director
[Appointed w.e.f. 08.04.2024]

R.L.E.C. Wijeratne
Non-Executive Director
[Appointed w.e.f. 14.06.2024]

BANKERS

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Nations Trust Bank PLC

Sampath Bank PLC

Hongkong and Shanghai Banking Corporation Ltd.

HOTEL

Club Hotel Dolphin Waikkal

Tel : +94 [31] 4877111, +94 [31] 2277788

Fax : +94 [31] 2279437

COMPANY SECRETARIES

LOLC Corporate Services (Pvt) Ltd

REGISTRARS

SSP Corporate Services (Pvt) Ltd.

Address: No. 101, Inner Flower Road,
Colombo 03

Tel : +94 [11] 2573894

Fax : +94 [11] 2573609

MANAGING AGENT

Serendib Leisure Management Limited (SLML)

AUDITORS

Deloitte Partners (Formerly known as
PricewaterhouseCoopers-Chartered
Accountants)

REGISTERED OFFICE

Address: 100/1 Sri Jayawardenapura Mawatha,
Rajagiriya.

Tel : +94 [11] 7248248

Fax : +94 [11] 286 5602



www.brownshotels.com

DOLPHIN HOTELS PLC

[REGISTERED OFFICE]

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka

Telephone: 011-7248248 [Gen] Fax: 011-2865606

Website: www.brownshotels.com