

**MAHAWELI
REACH
HOTELS PLC**

INTERIM FINANCIAL STATEMENT

FOR THE 9 MONTHS ENDED

31st DECEMBER 2012

INCOME STATEMENT

(All figures in Rs: '000)

31st December	2012 Rs:	2011 Rs:	2012 Rs: OCT-DEC	2011 Rs: OCT-DEC
Revenue	434,131	302,264	147,834	104,893
Cost of Sales	153,921	124,022	54,724	41,655
Gross Profit	280,210	178,242	93,110	63,238
Administration Expenses	(105,878)	(85,426)	(38,425)	(28,147)
Marketing & Promotion	(14,883)	(11,937)	(5,977)	(4,527)
Property, Maintenance & Utility	(67,709)	(59,236)	(22,728)	(21,831)
Finance Cost	(17,631)	(14,986)	(6,127)	(4,801)
Profit / Loss before Taxation	74,109	6,657	19,853	3,932
Taxation	(6,392)	(2,040)	(6,392)	260
Profit / Loss after Taxation	67,717	4,617	13,461	4,192
Retained Loss Brought Forward	(156,129)	(164,075)	(101,873)	(163,650)
Retained Loss Carried Forward	(88,412)	(159,458)	(88,412)	(159,458)
Basic Earnings / (Loss) Per Share	1.44	0.10	0.29	0.09

REVIEW

The Company recorded a turnover of Rs.434.13 Million for the nine months ended 31st December 2012 compared to Rs.302.26 Million the previous year, resulting in a Profit before Tax of Rs.74.11 Million for the current year as against a Profit before Tax of Rs.6.65 Million the previous year.

The main contributory factor for the increase in revenue compared to the previous year was the increase in occupancy by 7% & the increase in Average Room rate and Banquet Revenue compared to last year.

The Hotel is under a phased out renovation & refurbishment programme.


MAHAWELI REACH HOTELS PLC

BALANCE SHEET

(All figures in Rs: '000)

AUDITED AS AT 31ST DECEMBER	2012	2011
31.03.12 ASSETS EMPLOYED	Rs:	Rs:
Non Current Assets		
977,842 Property, Plant & Equipment	1,007,511	970,687
48,991 Deferred Tax Assets	48,991	50,629
Current Assets		
22,608 Inventories	25,878	32,345
82,636 Trade & Other Receivable	123,025	64,660
- Economic Service Charge	1,181	1,217
2,020 Income Tax Refund Due		794
6,043 Cash and Cash Equivalents	6,560	3,838
1,140,140 TOTAL ASSETS	1,213,146	1,124,170
EQUITY AND LIABILITIES		
Capital & Reserves		
585,562 Stated Capital	585,562	585,562
417,122 Capital Reserves	417,122	417,122
(156,129) Retained Earnings	(88,413)	(159,458)
846,555 Shareholders Funds	914,271	843,226
Non Current Liabilities		
118,892 Interest Bearing Borrowings	118,892	95,072
39,340 Deferred Tax Liability	39,340	38,896
23,450 Retirement Benefit Obligations	22,098	21,225
Current Liabilities		
61,800 Trade & Other Payable	57,281	56,675
30,504 Current Portion on Interest Bearing Borrowings	17,484	8,849
- Income Tax	2,974	-
19,312 Due to Related Companies	28,933	15,540
Social Responsibility Liability Payable		
287 Bank Overdrafts	11,873	44,687
1,140,140 TOTAL EQUITY AND LIABILITIES	1,213,146	1,124,170
17.99 Net Assets Per Share	19.43	17.92


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


J M Faider
 Finance Officer

The above figures are provisional & subject to audit
 figures in brackets indicate deductions.

Signed for and on behalf of the Board


A Panabickie
 Director


W P Hettiaratchi
 Director
 8th February 2013

CASH FLOW STATEMENT

31st DECEMBER

	2012	2011
	Rs: 000	Rs: 000

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation	74,109	6,657
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Adjustment for :

Depreciation of property plant & equipment	22,500	22,500
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Interest Expenses	14,241	6,094
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Lease Interest	818	452
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Provision for Gratuity net of Payments	(1,352)	(545)
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Operating profit before working capital change	110,316	35,158
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Increase/(Decrease) in Inventories	(3,270)	(10,994)
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(Increase)/Decrease in Trade & Other receivables	(41,571)	4,663
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Increase/(Decrease) in Related Party Balances	9,621	2,231
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Increase/(Decrease) in Trade & Other payables	(4,519)	(3,486)
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Cash Generated from Operations	70,577	27,572
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Interest paid	(14,241)	(6,094)
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Lease Interest paid	(818)	(452)
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Tax Paid	(1,398)	(1,655)
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Net cash flow from operating activities	54,120	19,371
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CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property Plant & Equipment	(52,169)	(61,602)
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Net cash flow from investing activities	(52,169)	(61,602)
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CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Loans / Finance Leases	-	29,375
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Repayment of Long Term Loans	(13,020)	(10,513)
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Net cash flow from financing activities	(13,020)	18,862
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Net Increase/(decrease) in cash and cash equivalents during the period	(11,069)	(23,369)
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Cash & cash equivalents at the beginning of the period	5,755	(17,479)
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Cash & cash equivalents at the end of the period	(5,313)	(40,849)
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End of the period

Cash at banks and in hand	6,560	3,838
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Bank overdraft	(11,873)	(44,687)
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Figures in brackets indicates deductions.

STATEMENT OF CHANGES IN EQUITY

31st December 2012

	Stated Capital	Preference Share Capital	Capital Reserves	Revenue Reserves	Total
	Rs. 000		Rs. 000	Rs. 000	Rs. 000
Balance as at 01.04.2011	585,446	116	417,122	(164,075)	838,609
Net Profit / Loss for the Period				4,617	4,617
Balance as at 31.12.2011	585,446	116	417,122	(159,458)	843,226
Balance as at 01.04.2012	585,446	116	417,122	(156,129)	846,555
Net Profit / Loss for the Period				67,717	67,717
Balance as at 31.12.2012	585,446	116	417,122	(88,412)	914,272

Market prices of shares

	<u>31/03/2012</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
Highest Price (Rs)	29.00	25.50	35.00
Lowest Price (Rs)	17.00	19.00	21.00
Closing Price (Rs)	25.20	21.00	28.00

Figures in brackets indicate deductions.

Notes

1 The Stated Capital comprises of 47,066,447 ordinary shares and 11,660 preference shares.

2 The Balance Sheet of the Company as at 31st December 2012, the Income Statement, Cash Flow Statement and Statement of Changes in Equity of the Company for the quarter ended 31st December 2012 are drawn up from unaudited Accounts of the Company and provide information as required by the Colombo Stock Exchange and SLAS 35.

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2012. However, in accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on "Comparative figures in the Interim Financial Statements", the company has adopted the second alternative option as given in such ruling where by these Interim Financial Statements were prepared in accordance with the Sri Lanka Accounting standards which existed immediately prior to 1st January 2012. The Company is in process of adopting the new Sri Lanka Accounting Standards (SLFRS / LKAS) with effect from 1st April 2012 and the impact to the Statement of Comprehensive Income and Net Assets has not been determined yet due to the assessment in progress.

3 Accounting policies and methods of Computation as stated in the Annual Report 2012 are followed in the preparation of these interim financial statements.

4 Comparative figures have been restated where ever necessary to conform to the current period presentation.

5 There are no material subsequent events to the Balance Sheet date that require disclosure in the interim financial statements.

6 There has been no significant change in capital and other commitments which were disclosed in the Annual report for the year ended 31st March 2012.

A Contingent Liability of Rs.10 million exists due to a legal claim by a customer in the ordinary course of business. Mahaweli Reach Hotels PLC maintains a public liability insurance policy and the matter has been referred to the insurers. An evaluation of the likelihood of an unfavourable outcome resulting in a potential loss cannot be quantified or commented upon at this stage.

Other costs stated in the Income statement of the Annual Report 2012 has been reclassified as Property, Maintenance & Utility.

TWENTY LARGEST SHARE HOLDERS

31st December 2012

Name of the Shareholder	No. of Shares	%
Universal Enterprises Pvt Ltd	32,683,550	69.44
Estate of Late Mrs L R Panabokke	4,445,062	9.44
Gold Investments Ltd	1,200,048	2.55
Mr M U Maniku	1,160,380	2.47
Mr R T Molligoda	626,200	1.33
Mr J R De Silva	567,310	1.21
Mercantile Investments Limited	507,000	1.08
Mr J A Panabokke	484,104	1.03
Mr A N Esufally	332,000	0.71
Mr A W Nanayakkara	175,000	0.37
Pan Asia Banking Corporation PLC / B R Fernando	168,362	0.36
Sinhaputhra Finance Ltd	167,200	0.36
Mr K M Panabokke	164,000	0.35
National Savings Bank	133,300	0.28
Dee Investments Pvt Ltd	110,000	0.23
Alliance Finance Company PLC	69,100	0.15
Mr J A Panabokke	64,900	0.14
Mr B B S A Perera	61,936	0.13
Mr S A K Subasinghe	60,000	0.13
Mr R Ratnagopal	57,800	0.12
Others	3,829,195	8.14
	<u>47,066,447</u>	<u>100.00</u>

Shareholding

No. of Shares Held as at 31/12/2012

	No. of Shares	%
Others	35,493,037	75.41
Public	11,573,410	24.59
	<u>47,066,447</u>	<u>100.00</u>

Directors Shareholding as at 31/12/2012

Mr J A Panabokke	520,388
Mr M U Maniku	1,160,380
Mr R T Molligoda	626,200
Mr A N Esufally	332,000
Mr K M Panabokke	170,519
Total	<u>2,809,487</u>