

**MAHAWELI
REACH
HOTELS PLC**

INTERIM FINANCIAL STATEMENT

FOR THE 3 MONTHS ENDED

30TH JUNE 2012

INCOME STATEMENT

(All figures in Rs: '000)

30th June	2012 Rs:	2011 Rs:
Revenue	106,214	72,311
Cost of Sales	44,428	36,644
Gross Profit	61,786	35,667
Administration Expenses	(27,789)	(24,537)
Marketing & Promotion	(4,724)	(3,920)
Other Costs	(22,502)	(16,181)
Finance Cost	(5,758)	(4,699)
Profit / Loss before Taxation	1,013	(13,670)
Profit / Loss after Taxation	1,013	(13,670)
Retained Loss Brought Forward	(119,206)	(145,991)
Retained Loss Carried Forward	(118,193)	(159,661)
Basic Earnings / (Loss) Per Share	0.02	(0.29)

REVIEW

The Company recorded a turnover of Rs.106.21 Million for the quarter ended 30th June 2012 compared to Rs.72.31 Million the previous year, resulting in a Profit before Tax of Rs.1.01 Million this year against a Loss before Tax of Rs.13.67 Million in the previous year.

The main contributory factor for the increase in revenue compared to the previous year was the increase in Occupancy by 4% and the Average Room rate by 26% and an increase of 35% on Banquet Revenue.

The Hotel is under a renovation & refurbishment programme.

BALANCE SHEET

(All figures in Rs: '000)

UNAUDITED AS AT 30TH JUNE	2012	2011
31.03.12 ASSETS EMPLOYED	Rs:	Rs:
Non Current Assets		
987,304 Property, Plant & Equipment	1,000,621	947,999
62,860 Deferred Tax Assets	62,860	62,860
Current Assets		
22,608 Inventories	24,036	23,466
78,630 Trade & Other Receivable	65,791	37,266
1,504 Economic Service Charge	1,891	678
1,293 Income Tax Refund Due	1,293	1,293
6,042 Cash and Cash Equivalents	3,021	1,678
1,160,241 TOTAL ASSETS	1,159,513	1,075,240
<u>EQUITY AND LIABILITIES</u>		
<u>Capital & Reserves</u>		
585,562 Stated Capital	585,562	585,562
439,604 Capital Reserves	439,604	439,602
(119,206) Retained Earnings	(118,192)	(159,661)
905,960 Shareholders Funds	906,974	865,503
Non Current Liabilities		
121,359 Interest Bearing Borrowings	121,359	75,472
10,562 Deferred Tax Liability	10,562	10,562
21,061 Retirement Benefit Obligations	19,994	21,404
Current Liabilities		
51,988 Trade & Other Payable	48,360	43,166
28,037 Current Portion on Interest Bearing Borrowings	21,991	16,069
1,294 Income Tax	641	-
19,693 Due to Related Companies	19,870	11,800
- Social Responsibility Liability Payable	-	114
287 Bank Overdrafts	9,762	31,150
1,160,241 TOTAL EQUITY AND LIABILITIES	1,159,513	1,075,240
19.25 Net Assets Per Share	19.27	18.39

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



J A Panabokke
Director



W P Hettiaratchi
Director
8th August 2012

CASH FLOW STATEMENT

30th June

	2012	2011
	Rs: 000	Rs: 000

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation	1,013	(13,670)
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Adjustment for :

Depreciation of property plant & equipment	5,700	5,700
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Interest Expenses	4,770	2,237
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Lease Interest	172	106
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Provision for Gratuity net of Payments	(1,067)	(366)
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Operating profit before working capital change	10,588	(5,993)
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Increase/(Decrease) in Inventories	(1,428)	(2,115)
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(Increase)/Decrease in accounts receivables & others	12,453	29,357
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Increase/(Decrease) in Related Party Balances	177	(1,510)
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Increase/(Decrease) in accounts payables	(4,281)	(13,756)
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Cash Generated from Operations	17,509	5,983
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Interest paid	(4,770)	(2,237)
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Lease Interest paid	(172)	(106)
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Net cash flow from operating activities	12,567	3,640
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CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property Plant & Equipment	(19,017)	(22,114)
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Net cash flow from investing activities	(19,017)	(22,114)
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CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Loans / Finance Leases	-	9,775
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Repayment of Long Term Loans	(6,046)	(3,293)
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Lease Rentals Paid	-	-
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Net cash flow from financing activities	(6,046)	6,482
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Net Increase/(decrease) in cash and cash equivalents during the period	(12,496)	(11,992)
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Cash & cash equivalents at the beginning of the period	5,755	(17,480)
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Cash & cash equivalents at the end of the period	(6,741)	(29,472)
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End of the period

Cash at banks and in hand	3,021	1,678
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Bank overdraft	(9,762)	(31,150)
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Figures in brackets indicates deductions.

STATEMENT OF CHANGES IN EQUITY

30th June 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	439,603	(145,991)	879,174
Net Profit / Loss for the Period				(13,670)	(13,670)
Balance as at 30.06.2011	585,446	116	439,603	(159,661)	865,504
Balance as at 01.04.2012	585,446	116	439,603	(119,206)	905,959
Net Profit / Loss for the Period				1,013	1,013
Balance as at 30.06.2012	585,446	116	439,603	(118,193)	906,972

Market prices of shares	31/03/2012	30/06/2012	30/06/2011
	Highest Price (Rs)	29.00	25.80
Lowest Price (Rs)	17.00	16.40	30.20
Closing Price (Rs)	25.20	19.00	31.60

Figures in brackets indicate deductions.

Notes

- The Stated Capital comprises of 47,066,447 ordinary shares and 11,660 preference shares.
- The Balance Sheet of the Company as at 30th June 2012, the Income Statement, Cash Flow Statement and Statement of Changes in Equity of the Company for the year ended 30th June 2012 are drawn up from unaudited Accounts of the Company and provide information as required by the Colombo Stock Exchange and SLAS 35.
- Accounting policies and methods of Computation as stated in the Annual Report 2011 are followed in the preparation of these interim financial statements.
- Comparative figures have been restated where ever necessary to conform to the current period presentation.
- There are no material subsequent events to the Balance Sheet date that require disclosure in the interim financial statements.
- There has been no significant change in capital and other commitments which were disclosed in the Annual report for the year ended 31st March 2011.
- 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.
- The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards (SLRFS/LKAS) which has become applicable for financial periods commenced after 1st January 2012. However, we have not applied the said new Accounting Standards in preparation of these interim Financial Statements. Instead, we have opted to apply the option 2 given by the Institute of Chartered Accountants of Sri Lanka (ICASL) in their "Ruling on the Comparative Figures in the Interim Financial Statements" issued on 2nd March 2012.

Accordingly, these Interim Financial Statements have been prepared in line with the accounting policies applied during the financial year ended 31st March 2011 which are in line with Sri Lanka Accounting Standards. (SLAS)

MAHAWELI REACH HOTELS PLC

TWENTY LARGEST SHARE HOLDERS

30th June 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
Mercantile Investments Limited	507,000	1.08
Mr J A Panabokke	484,104	1.03
Mr J R De Silva	388,610	0.83
Mr A N Esufally	332,000	0.71
Mr A W Nanayakkara	175,000	0.37
Sinhaputhra Finance Ltd	167,200	0.36
Mr K M Panabokke	164,000	0.35
Pan Asia Banking Corporation PLC / B R Fernando	154,163	0.33
National Savings Bank	133,300	0.28
Dee Investments Pvt Ltd	110,000	0.23
Mr B B S A Perera	94,201	0.20
Alliance Finance Company PLC	69,100	0.15
Mr J A Panabokke	64,900	0.14
Freudenberg Shipping Agencies Ltd	64,823	0.14
Rosewood Pvt Ltd	64,200	0.14
Others	3,978,606	8.45
	<u>47,066,447</u>	<u>100.00</u>

Shareholding

No.of Shares Held as at 30/06/2012

		%
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 30/06/2012

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>