

**MAHAWELI
REACH
HOTELS PLC**

INTERIM FINANCIAL STATEMENT

FOR THE 6 MONTHS ENDED

30TH SEPTEMBER 2012

INCOME STATEMENT

(All figures in Rs: '000)

30th September	2012 Rs:	2011 Rs:	2012 Rs: JUL-SEP	2011 Rs: JUL-SEP
Revenue	286,297	197,326	180,083	125,015
Cost of Sales	99,197	82,367	54,769	45,723
Gross Profit	187,100	114,959	125,314	79,292
Administration Expenses	(67,453)	(57,234)	(37,864)	(32,697)
Marketing & Promotion	(8,906)	(7,410)	(4,182)	(3,490)
Other Costs	(44,981)	(37,405)	(22,479)	(21,224)
Finance Cost	(11,504)	(10,185)	(5,746)	(5,487)
Profit / Loss before Taxation	54,256	2,725	55,043	16,394
Taxation	(5,518)	(89)	(5,518)	(89)
Profit / Loss after Taxation	48,738	2,636	49,525	16,305
Retained Loss Brought Forward	(156,129)	(164,075)	(156,916)	(177,744)
Retained Loss Carried Forward	(107,391)	(161,439)	(107,391)	(161,439)
Basic Earnings / (Loss) Per Share	1.04	0.06	1.05	0.35

REVIEW

The Company recorded a turnover of Rs.286.29 Million for the six months ended 30th September 2012 compared to Rs.197.33 Million the previous half year, resulting in a Profit before Tax of Rs.54.26 Million for the current half year as against a Profit before Tax of Rs.2.73 Million the previous half year.

The main contributory factor for the increase in revenue compared to the previous half year was the increase in Occupancy by 6% and the Average Room rate by 51% and an increase of 36% on Banquet Revenue.

The Hotel is under a renovation & refurbishment programme.

BALANCE SHEET

(All figures in Rs: '000)

AUDITED AS AT 30TH SEPTEMBER

31.03.12 ASSETS EMPLOYED

2012

2011

Rs:

Rs:

Non Current Assets

977,842 Property, Plant & Equipment

995,309 966,223

48,991 Deferred Tax Assets

48,991 50,629

Current Assets

22,608 Inventories

25,094 23,168

82,636 Trade & Other Receivable

103,627 74,070

- Economic Service Charge

- 876

2,020 Income Tax Refund Due

- 1,204

6,043 Cash and Cash Equivalents

20,009 859

1,140,140 TOTAL ASSETS**1,193,030 1,117,029****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

(107,391) (161,439)

846,555 Shareholders Funds

895,293 841,245

Non Current Liabilities

118,892 Interest Bearing Borrowings

118,892 75,472

39,340 Deferred Tax Liability

39,340 38,896

23,450 Retirement Benefit Obligations

22,351 21,351

Current Liabilities

61,800 Trade & Other Payable

54,039 56,473

30,504 Current Portion on Interest Bearing Borrowings

16,613 16,748

- Income Tax

1,419 -

19,312 Due to Related Companies

25,744 14,721

- Social Responsibility Liability Payable

- -

287 Bank Overdrafts

19,339 52,123

1,140,140 TOTAL EQUITY AND LIABILITIES**1,193,030 1,117,029**

17.99 Net Assets Per Share

19.02 17.87

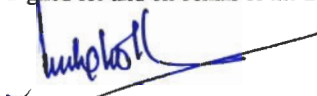
These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.



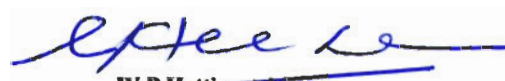
J M Faider
Finance Officer

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

Signed for and on behalf of the Board



K M Panabokke
Director



W P Hottiaratchi
Director

7th November 2012

CASH FLOW STATEMENT

30th September

2012
Rs: 000

2011
Rs: 000

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) before taxation 54,256 2,725

Adjustment for :

Depreciation of property plant & equipment 15,000 15,000

Interest Expenses 9,557 4,847

Lease Interest 344 279

Provision for Gratuity net of Payments (1,099) (419)

Operating profit before working capital change 78,058 22,432

Increase/(Decrease) in Inventories (2,486) (1,817)

(Increase)/Decrease in accounts receivables & others (20,991) (3,530)

Increase/(Decrease) in Related Party Balances 6,432 1,412

Increase/(Decrease) in accounts payables (7,761) (3,688)

Cash Generated from Operations 53,252 14,809

Interest paid (9,557) (4,847)

Lease Interest paid (344) (279)

Tax Paid (2,079) (990)

Net cash flow from operating activities 41,272 8,693

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property Plant & Equipment (32,466) (49,638)

Net cash flow from investing activities (32,466) (49,638)

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Loans / Finance Leases - 9,775

Repayment of Long Term Loans (13,891) (2,614)

Net cash flow from financing activities (13,891) 7,161

Net Increase/(decrease) in cash and cash equivalents during the period (5,085) (33,784)

Cash & cash equivalents at the beginning of the period 5,755 (17,480)

Cash & cash equivalents at the end of the period 670 (51,264)

End of the period

Cash at banks and in hand 20,009 859

Bank overdraft (19,339) (52,123)

Figures in brackets indicates deductions.

STATEMENT OF CHANGES IN EQUITY

30th September 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	439,604	(164,075)	861,091
Net Profit / Loss for the Period				2,636	2,636
Balance as at 30.09.2011	585,446	116	439,604	(161,439)	863,727
Balance as at 01.04.2012	585,446	116	439,604	(156,129)	869,037
Net Profit / Loss for the Period				48,738	48,738
Balance as at 30.09.2012	585,446	116	439,604	(107,391)	917,775

Market prices of shares

	<u>31/03/2012</u>	<u>30/09/2012</u>	<u>30/09/2011</u>
Highest Price (Rs)	29.00	27.90	44.50
Lowest Price (Rs)	17.00	18.10	28.20
Closing Price (Rs)	25.20	25.00	32.40

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 September 2012, the Income Statement, Cash Flow Statement and Statement of Changes in Equity of the Company for the year ended 30th September 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 2012 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 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.
- 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 2012 which are in line with Sri Lanka Accounting Standards. (SLAS)

MAHAWELI REACH HOTELS PLC**TWENTY LARGEST SHARE HOLDERS****30th September 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 R De Silva	504,817	1.07
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	168,363	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 B B S A Perera	66,936	0.14
Mr J A Panabokke	64,900	0.14
Mr S A K Subasinghe	60,000	0.13
Mr R Ratnagopal	57,800	0.12
Others	3,886,687	8.26
	<u>47,066,447</u>	<u>100.00</u>

Shareholding**No.of Shares Held as at 30/09/2012**

		%
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 30/09/2012

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>