

**MAHAWELI  
REACH  
HOTELS PLC**

**INTERIM FINANCIAL STATEMENT**

**FOR THE 12 MONTHS ENDED**

**31<sup>ST</sup> MARCH 2012**

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## INCOME STATEMENT

(All figures in Rs: '000)

31st March	2012 Rs:	2011 Rs:	2012 Rs: JAN - MAR	2011 Rs: JAN - MAR
Revenue	457,898	395,372	145,062	127,079
Cost of Sales	176,039	146,076	52,018	44,646
<b>Gross Profit</b>	<b>281,859</b>	<b>249,296</b>	<b>93,044</b>	<b>82,433</b>
Other Operating Income		5,635		5,635
Administration Expenses	(127,534)	(119,031)	(36,935)	(51,511)
Marketing & Promotion	(17,431)	(13,698)	(5,494)	(4,905)
Other Costs	(85,490)	(61,455)	(26,254)	(13,100)
Finance Cost	(21,030)	(17,832)	(6,045)	(5,349)
<b>Profit / Loss before Taxation</b>	<b>30,374</b>	<b>42,915</b>	<b>18,316</b>	<b>13,203</b>
Taxation	(3,588)	21,777	(1,548)	21,777
<b>Profit / Loss after Taxation</b>	<b>26,786</b>	<b>64,692</b>	<b>16,768</b>	<b>34,980</b>
Retained Loss Brought Forward	(145,992)	(210,683)	(135,974)	(180,971)
<b>Retained Loss Carried Forward</b>	<b>(119,206)</b>	<b>(145,991)</b>	<b>(119,206)</b>	<b>(145,991)</b>
<b>Basic Earnings / (Loss) Per Share</b>	<b>0.57</b>	<b>1.38</b>	<b>0.36</b>	<b>0.75</b>

## REVIEW

The Company recorded a turnover of Rs.457.89 Million for the financial year ended 31st March 2012 compared to Rs.395.37 Million the previous year, resulting in a Profit before Tax of Rs.30.37 Million this year and a Profit before Tax of Rs.42.91 Million in the previous year.

The main contributory factor for the increase in revenue compared to the previous year was the increase in the Average Room rate and a notable increase on Banquet revenue.

A major contributory factor for the decrease in Profit before taxation for the period under review is due to the fact that the hotel is undergoing an extensive renovation and a general increase in cost of operation.

## BALANCE SHEET

AS AT 31ST MARCH	(All figures in Rs: '000)	
	2012	2011
ASSETS EMPLOYED	Rs:	Rs:
<b>Non Current Assets</b>		
Property, Plant & Equipment	987,304	931,585
Defferred Tax Assets	62,860	62,860
<b>Current Assets</b>		
Inventories	22,608	21,351
Trade & Other Receivable	78,630	67,301
Economic Service Charge	1,504	-
Income Tax Refund Due	1,293	1,293
Cash and Cash Equivalents	6,042	2,141
<b>TOTAL ASSETS</b>	<b>1,160,241</b>	<b>1,086,531</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital &amp; Reserves</b>		
Stated Capital	585,562	585,562
Capital Reserves	439,604	439,604
Retained Earnings	(119,206)	(145,991)
Shareholders Funds	905,960	879,175
<b>Non Current Liabilities</b>		
Interest Bearing Borrowings	119,059	65,697
Defferred Tax Liability	10,562	10,562
Retirement Benefit Obligations	21,061	21,770
<b>Current Liabilities</b>		
Trade & Other Payable	51,988	56,922
Current Portion on Interest Bearing Borrowings	30,337	19,362
Income Tax	1,294	-
Due to Related Companies	19,693	13,309
Social Responsibility Liability Payable	-	114
Bank Overdrafts	287	19,620
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,160,241</b>	<b>1,086,531</b>
<b>Net Assets Per Share</b>	<b>19.25</b>	<b>18.68</b>

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 Panaboldie**  
 Director

  
**V P Hettiaratchi**  
 Director  
 23rd May 2012

## CASH FLOW STATEMENT

31st March	2012 Rs: 000	2011 Rs: 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	30,374	42,914
<b>Adjustment for :</b>		
Depreciation of property plant & equipment	22,800	20,322
Interest Expenses	9,842	11,670
Lease Interest	624	217
Profit on Sales of Property Plant & Equipment	-	(3,538)
Provision for Gratuity net of Payments	(709)	8,718
<b>Operating profit before working capital change</b>	<b>62,931</b>	<b>80,303</b>
Increase/(Decrease) in Inventories	(1,257)	(4,881)
(Increase)/Decrease in accounts receivables & others	173	(19,480)
Increase/(Decrease) in Related Party Balances	6,384	(656)
Increase/(Decrease) in accounts payables	(17,940)	3,260
<b>Cash Generated from Operations</b>	<b>50,291</b>	<b>58,546</b>
Interest paid	(9,842)	(11,670)
Lease Interest paid	(624)	
Tax Paid	(2,409)	(6,671)
<b>Net cash flow from operating activities</b>	<b>37,416</b>	<b>40,205</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property Plant & Equipment	(78,519)	(40,372)
Proceeds from Sale of Fixed Assets		4,237
<b>Net cash flow from investing activities</b>	<b>(78,519)</b>	<b>(36,135)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Loans / Finance Leases	80,775	-
Repayment of Long Term Loans	(16,438)	(5,506)
Lease Rentals Paid		(2,053)
<b>Net cash flow from financing activities</b>	<b>64,337</b>	<b>(7,559)</b>
<b>Net Increase/(decrease) in cash and cash equivalents during the period</b>	<b>23,234</b>	<b>(3,489)</b>
Cash & cash equivalents at the beginning of the period	(17,479)	(13,990)
Cash & cash equivalents at the end of the period	5,755	(17,479)
<b>End of the period</b>		
Cash at banks and in hand	6,042	2,141
Bank overdraft	(287)	(19,620)

**Figures in brackets indicates deductions.**

STATEMENT OF CHANGES IN EQUITY

31st March 2012

	Stated Capital	Preference Share Capital	Capital Reserves	Revenue Reserves	Total
	Rs. 000		Rs. 000	Rs. 000	Rs. 000
Balance as at 01.04.2010	585,446	116	89,373	(210,683)	464,252
Net Profit / Loss for the Period				42,915	42,915
Taxation				21,777	21,777
Balance as at 31.03.2011	585,446	116	89,373	(145,991)	528,944
Balance as at 01.04.2011	585,446	116	439,604	(145,991)	879,175
Net Profit / Loss for the Period				30,374	30,374
Taxation				(3,588)	(3,588)
Balance as at 31.03.2012	585,446	116	439,604	(119,205)	905,961

Market prices of shares

	<u>31/03/2011</u>	<u>31/03/2012</u>
Highest Price (Rs)	44.60	29.00
Lowest Price (Rs)	33.00	17.00
Closing Price (Rs)	34.00	25.20

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 31st March 2012, the Income Statement, Cash Flow Statement and Statement of Changes in Equity of the Company for the year ended 31st March 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 the contingencies, capital and other commitments which were disclosed in the Annual report for the year ended 31st March 2011.

TWENTY LARGEST SHARE HOLDERS

31st March 2012

Name of the Shareholder	No.of Shares	%
Universal Enterprises Pvt Ltd	32,683,550	69.44
Mrs L R Panabokke	4,369,062	9.28
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	381,767	0.81
Mr A N Esufally	332,000	0.71
Pan Asia Banking Corporation PLC / B R Fernando	200,261	0.43
Mr A W Nanayakkara	175,000	0.37
Sinhaputhra Finance Ltd	167,200	0.36
National Savings Bank	133,300	0.28
Mr K M Panabokke	131,000	0.28
Dee Investments Pvt Ltd	110,000	0.23
Mr B B S A Perera	71,814	0.15
Alliance Finance Company PLC	69,100	0.15
Mr J A Panabokke	64,900	0.14
Rosewood Pvt Ltd	64,200	0.14
Mr S A K Subasinghe	60,000	0.13
Others	4,075,561	8.66
	<u>47,066,447</u>	<u>100.00</u>

Shareholding

No.of Shares Held as at 31/03/2012

	No.of Shares	%
Others	39,825,247	84.61
Public	7,241,200	15.39
	<u>47,066,447</u>	<u>100.00</u>

Directors Shareholding as at 31/03/2012

Mrs L R Panabokke	4,369,062
Mr J A Panabokke	520,388
Mr R T Molligoda	626,200
Mr A N Esufally	332,000
Mr M U Maniku	1,160,380
Total	<u>7,008,030</u>