

# **MAHAWELI REACH HOTELS PLC**

***INTERIM FINANCIAL STATEMENTS***

***FOR THE 12 MONTHS ENDED***

***31<sup>ST</sup> MARCH 2013.***

**MAHAWELI REACH HOTELS PLC**  
**STATEMENT OF FINANCIAL POSITION**

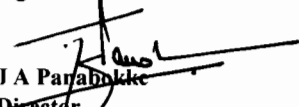
As at 31st March	2013 Rs.	2012 Rs.	2011 Rs.
<b>Assets</b>			
<b>Non-current assets</b>			
Property Plant & Equipment	1,007,027,753	977,842,348	931,585,239
Deferred Tax Assets	48,990,743	48,990,743	50,629,743
<b>Current assets</b>			
Inventories	24,941,041	22,608,000	21,351,096
Trade & Other Receivables	96,023,704	65,073,431	60,034,625
Other current assets	16,513,860	19,581,982	11,798,527
Cash and Cash Equivalents	14,261,665	6,043,540	2,141,361
	<b>151,740,270</b>	<b>113,306,953</b>	<b>95,325,609</b>
<b>Total Assets</b>	<b>1,207,758,766</b>	<b>1,140,140,044</b>	<b>1,077,540,592</b>
<b>Equity and liabilities</b>			
Stated Capital	585,562,470	585,562,470	585,562,470
Revaluation Reserves	417,122,058	417,122,058	417,122,058
Retained Earnings	(62,663,112)	(156,129,580)	(164,075,083)
<b>Total equity</b>	<b>940,021,416</b>	<b>846,554,948</b>	<b>838,609,445</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest Bearing Borrowings	107,887,208	118,892,380	65,696,728
Deferred Tax Liability	39,339,550	39,339,550	38,895,950
Retirement Benefit Obligations	21,247,161	23,449,861	21,769,838
<b>Current liabilities</b>			
Trade and Other Payables	41,353,429	60,058,800	59,455,368
Due to Related Companies	32,849,104	19,311,941	13,309,620
Other Current Liabilities	4,809,810	1,741,100	820,463
Current Portion of Interest Bearing Borrowings	20,251,088	30,503,957	19,362,285
Bank Overdrafts	-	287,507	19,620,896
<b>Total liabilities</b>	<b>267,737,350</b>	<b>293,585,096</b>	<b>238,931,148</b>
<b>Total equity and liabilities</b>	<b>1,207,758,766</b>	<b>1,140,140,044</b>	<b>1,077,540,592</b>

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

  
**Sumjith Yaddheige**  
 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 Parakkal**  
 Director

  
**W P Hettiaratchi**  
 Director

**MAHAWELI REACH HOTELS PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

	NOTE	For the 03 Months Ended 31st March		For the 12 Months Ended 31st March	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Revenue		140,961,921	134,418,601	553,625,269	424,910,717
Cost of sales		(51,739,070)	(48,430,986)	(205,433,341)	(172,275,656)
<b>Gross profit</b>		<b>89,222,851</b>	<b>85,987,615</b>	<b>348,191,928</b>	<b>252,635,061</b>
Other income		6,505,962	6,435,240	27,473,584	23,516,174
Marketing & Promotional expenses		(5,424,025)	(5,435,139)	(20,474,610)	(17,268,208)
Administrative expenses		(60,531,681)	(56,534,161)	(232,605,712)	(225,046,227)
<b>Operating profit</b>		<b>29,773,107</b>	<b>30,453,555</b>	<b>122,585,190</b>	<b>33,836,800</b>
Finance costs		(5,755,219)	(6,466,353)	(23,386,465)	(21,030,860)
Finance income		160,575	240,917	660,496	680,450
Finance costs - net		(5,594,644)	(6,225,436)	(22,725,969)	(20,350,410)
<b>Profit before income tax</b>		<b>24,178,463</b>	<b>24,228,119</b>	<b>99,859,221</b>	<b>13,486,390</b>
Income tax expense		-	(1,548,429)	(6,392,753)	(5,540,888)
<b>Profit for the period</b>		<b>24,178,463</b>	<b>22,679,690</b>	<b>93,466,468</b>	<b>7,945,502</b>
<b>Earning per Share Rs.</b>					
Basic		0.51	0.48	1.99	0.17

**MAHAWELI REACH HOTELS PLC**  
**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 1st Jan 2013</b>	585,562,470	417,122,058	(86,841,575)	915,842,953
<b>Comprehensive income</b>				
Profit or loss	-	-	24,178,463	24,178,463
<b>Balance at 31st March 2013</b>	585,562,470	417,122,058	(62,663,112)	940,021,416
<b>Balance as at 1st Jan 2012</b>	585,562,470	417,122,058	(178,809,269)	823,875,259
<b>Comprehensive income</b>				
Profit or loss	-	-	22,679,690	22,679,690
<b>Balance at 31st March 2012</b>	585,562,470	417,122,058	(156,129,580)	846,554,948

**MAHAWELI REACH HOTELS PLC**  
**STATEMENT OF CASH FLOWS**

<b>For twelve months ended 31st March 2013</b>	<b>2013 Rs.</b>	<b>2012 Rs.</b>
<b>Cash flow from operating activities</b>		
Profit for the period	99,859,221	13,486,390
<b>Adjustments for :-</b>		
Depreciation of Property, plant and equipment	30,000,000	32,416,384
Interest Expenses	19,796,679	15,474,423
Provision for Gratuity net of payments	(2,202,700)	1,680,023
<b>Changes in Operating Assets and Liabilities :-</b>		
(Increase) / Decrease In Inventories	(2,333,041)	(1,256,904)
(Increase) / Decrease In Trade and other receivables	(27,882,148)	(12,095,374)
Increase / (Decrease) in due to related parties	13,537,163	6,002,321
Increase / (Decrease) In Trade Payables	(15,636,663)	1,638,581
	<b>115,138,511</b>	<b>57,345,844</b>
Interest paid	(19,796,679)	(14,850,220)
Income tax paid	(6,392,753)	(4,299,687)
<b>Net cash generated from operating activities</b>	<b>88,949,079</b>	<b>38,195,937</b>
<b>Cash flows from investing activities</b>		
Purchases of Equipments	(59,185,407)	(78,673,493)
<b>Net cash used in investing activities</b>	<b>(59,185,407)</b>	<b>(78,673,493)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Loans	-	86,825,000
Repayment of Loans	(21,258,040)	(23,111,877)
<b>Net cash used in financing activities</b>	<b>(21,258,040)</b>	<b>63,713,123</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,505,632</b>	<b>23,235,567</b>
Cash & Cash equivalents at beginning of the year	5,756,033	(17,479,535)
<b>Cash &amp; cash equivalents at end of period</b>	<b>14,261,665</b>	<b>5,756,032</b>

**MAHAWELI REACH HOTELS PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**CORPORATE INFORMATION**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

**APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements of the Company for the 12 months ended 31st March 2013 were authorised for issue by the Board of Directors on 28th May 2013.

**BASIS OF PREPARATION**

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard (SLAS) LKAS 34 - Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2013.

For all periods up to and including the year ended 31 March 2012, the company prepared its financial statements in accordance with SLAS which were effective up to 31 March 2012. The financial statements for the quarter ended 31 March 2012 were the first financial statements prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1 April 2012.

These financial statements quarter ended 31st March 2013 have been prepared on a historical cost basis, except for land and buildings.

**SIGNIFICANT ACCOUNTING POLICIES**

The changes to accounting policies set out below have been applied consistently to all periods presented in these interim condensed financial statements and in preparing the opening SLFRS/LKAS, unless other indicated.

The presentation and classification of the financial statements of the previous periods have been amended, where relevant, for better presentation and to be comparable with those of the current period.

**Finance costs**

Finance Income comprise interest income from staff loans.

Finance cost comprise interest expense on borrowings.

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale financial assets, as appropriate and determines the classification of its financial assets at initial recognition. At the reporting date there were no financial assets at fair value through profit or loss, available for sale and held to maturity investments.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction cost.

The financial assets include cash, trade and other receivables and loans and other receivables.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. 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 in finance income in the income statement. The losses arising from impairment are recognised in the income statement.

## **Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The right 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 receivable cash 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 either 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.

In the case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained. Continuing involvement that takes the form of guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

## **Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as appropriate and determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follow:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the income statement.

The company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

## **Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liability are derecognised as well as through the effective interest rate method (EIR) amortization 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 amortization is included in the finance costs in the income statement.

## **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are modified and the modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. Substantially modified, such an exchange

### **Financial risk management objectives and policies**

The Company principal financial liabilities comprise of loans, borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The Company has trade and other receivables, and cash that arise directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk.

The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. Risk management is carried out under policies approved by the Board of Directors.

### **First Time Adoption of SLFRS/LKAS**

The interim financial statement quarter ended 31 March 2013 condensed financial statements, for the period ended 31 March 2012, were the first financial statements prepared in accordance with SLFRS/LKAS. Previously for periods up to and including the year ended 31 March 2012, the Company prepared financial statements in accordance with Sri Lanka Accounting Standards which were effective up to 31 March 2012.

In preparing these financial statements, the opening statement of financial position was prepared as at 1 April 2011, the date of transition to SLFRS/LKAS. This note summarises and explains the principle adjustments made in restating its SLAS statement of financial position as at 1 April 2011, 31 March 2012 and its previously published SLAS financial statements as at and for the period ended 31 December 2011.

### **Exemption applied**

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain SLFRS/LKAS.

Assets and liabilities that do not qualify for recognition under SLFRS/LKAS are excluded from the opening SLFRS/LKAS statement of financial position.

### **The Company has applied the following mandatory exceptions:**

#### **Significant accounting judgment, estimates and assumptions**

Significant accounting judgment, estimates and assumptions as at 1 April 2011 and 31 March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31 December 2011 (after adjustments to reflect any difference in accounting policies.)

The estimates used by the Company to present these amounts in accordance with SLFRS/LKAS effective from 1 April 2012 reflect conditions as at 1 April 2011, the date of transition to SLFRS/LKAS as of 31 March 2012.

### **Explanations for Transition to SLFRS/LKASs**

On adoption of SLFRS/LKAS, no reconciling items were noted between the company's equity under SLASs and SLFRSs/LKASs at 1 April 2011 and at 31 March 2012, and the company's profit and cash flows for the year ended 31 March 2012 except for the classification changes which have been disclosed below.



**RECONCILIATION - COMPANY STATEMENT OF FINANCIAL POSITION**  
**(For The Year ended 1st April 2011)**

	As per SLAS	Remeasurements/R eclassifications	As per SLFRS & LKAS
<b><u>ASSETS EMPLOYED</u></b>			
<b><u>Non - Current Assets</u></b>			
Property, Plant & Equipment	931,585,239	NIL	931,585,239
Deferred tax Assets	50,629,743	NIL	50,629,743
	982,214,982		982,214,982
<b><u>Current Assets</u></b>			
Inventories	21,351,096	NIL	21,351,096
Trade and Other Receivables	71,833,152	(11,798,527)	60,034,625
Other Current Assets			11,798,527
Cash and Cash Equivalents	2,141,361	NIL	2,141,361
	95,325,609		95,325,609
<b>TOTAL ASSETS</b>	1,077,540,592		1,077,540,592
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b><u>Capital &amp; Reserves</u></b>			
Stated Capital	585,562,470	NIL	585,562,470
General Reserve	417,122,058	NIL	417,122,058
Retained Earnings	(164,075,083)	NIL	(164,075,083)
<b>Shareholders Funds</b>	838,609,445		838,609,445
<b><u>Non - Current Liabilities</u></b>			
Interest Bearing Borrowings	65,696,729	NIL	65,696,729
Deferred Tax Liability	38,895,950	NIL	38,895,950
Retirement Benefit Obligation	21,769,838	NIL	21,769,838
	126,362,517		126,362,517
<b><u>Current Liabilities</u></b>			
Trade and Other Payable	60,275,830	(820,463)	59,455,368
Other Current Liability	-		820,463
Amounts due to Related Parties	13,309,620	NIL	13,309,620
Current Portion of Interest Bearing Borrowings	19,362,285	NIL	19,362,285
Bank Overdraft	19,620,896	NIL	19,620,896
	112,568,631		112,568,631
<b>TOTAL EQUITY &amp; LIABILITIES</b>	1,077,540,592		1,077,540,592

**RECONCILIATION - COMPANY STATEMENT OF FINANCIAL POSITION**  
**(For The Year ended 31st March 2012)**

	As per SLAS	Remeasurements/R eclassifications	After IFRS
<b><u>ASSETS EMPLOYED</u></b>			
<b><u>Non - Current Assets</u></b>			
Property, Plant & Equipment	977,842,348	NIL	977,842,348
Deferred tax Assets	48,990,743	NIL	48,990,743
Intangible Assets	-		-
	1,026,833,091		1,026,833,091
<b><u>Current Assets</u></b>			
Inventories	22,608,000	NIL	22,608,000
Trade and Other Receivables	84,655,413	(19,581,982)	65,073,431
Other Current Assets			19,581,982
Cash and Cash Equivalents	6,043,540	NIL	6,043,540
	113,306,953		113,306,953
<b>TOTAL ASSETS</b>	<b>1,140,140,044</b>		<b>1,140,140,044</b>
<b><u>EQUITY &amp; LIABILITIES</u></b>			
<b><u>Capital &amp; Reserves</u></b>			
Stated Capital	585,562,470	NIL	585,562,470
General Reserve	417,122,058	NIL	417,122,058
Retained Earnings	(156,129,580)	NIL	(156,129,580)
<b>Shareholders Funds</b>	<b>846,554,948</b>		<b>846,554,948</b>
<b><u>Non - Current Liabilities</u></b>			
Interest Bearing Borrowings	118,892,380	NIL	118,892,380
Deferred tax Liability	39,339,550	NIL	39,339,550
Retirement Benefit Obligation	23,449,861	NIL	23,449,861
	181,681,791		181,681,791
<b><u>Current Liabilities</u></b>			
Trade and Other Payable	61,799,900	(1,741,100)	60,058,800
Other Current Liability			1,741,100
Amounts due to Related Parties	19,311,941	NIL	19,311,941
Current Portion of Interest Bearing Borrowings	30,503,956	NIL	30,503,956
Bank Overdraft	287,508	NIL	287,508
	111,903,305		111,903,305
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>1,140,140,044</b>		<b>1,140,140,044</b>

The changes to accounting policies set out below have been applied consistently to all periods presented in these interim condensed financial statements in preparing the opening SLFRS/LKAS statement of financial position as at 1st April 2011 for the purpose of the transition to SLFRS/LKAS.

## NOTES TO THE RECONCILIATIONS

### Trade and other receivables

Due to the application of LKAS 32 & 39, non financial assets (Prepayments and Tax refunds) in trade & other receivables have been reclassified to other current assets.

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>31st March 2012</i>	<i>1st April 2011</i>
Trade and Other Receivables	Other Current Assets	19,581,982	11,798,527

### Trade and other payables

Due to the application of LKAS 32 & 39, non financial liabilities (Advance received) in trade & other payables have been reclassified to other current liabilities.

<i>Reclassification from</i>	<i>Reclassification to</i>	<i>31st March 2012</i>	<i>1st April 2011</i>
Trade and Other Payable	Other Current Liability	1,741,100	820,463

### Other operating income / Finance income

As per previous SLAS interest income has been classified under other operating income. Under SLFRS/LKAS interest income and dividend income has been classified in finance income.

### Statement of cash flows

The transition from SLAS to SLFRS/LKAS has not had a material impact on the statement of cash flows.

### Share Information

#### Public share holdings

The percentage of shares held by the public as at 31 March 2013 was 24.59%( 31 December 2012- 24.59%)

#### Directors' share holdings

The number of shares held by the Board of Directors are as follows:

As at	31-Mar-13	31-Dec-12
Mr J A Panabokke	520,388	520,388
Mr M U Maniku	1,160,380	1,160,380
Mr R T Molligoda	626,200	626,200
Mr A N Esufally	332,000	332,000
Mr K M Panabokke	170,519	170,519
	<u>2,809,487</u>	<u>2,809,487</u>

**Twenty largest shareholders of the company are as follows:**

As at	31-Mar-13	%	31-Dec-12	%
Universal Enterprises Pvt Ltd	32,683,550	69.44	32,683,550	69.44
Estate of Late Mrs L R Panabokke	4,445,062	9.44	4,445,062	9.44
Gold Investments Ltd	-	-	1,200,048	2.55
Mr M U Maniku	1,160,380	2.47	1,160,380	2.47
Mr J R De Silva	1,069,150	2.27	567,310	1.21
Mr R T Molligoda	626,200	1.33	626,200	1.33
Mercantile Investments Limited	507,000	1.08	507,000	1.08
Mr J A Panabokke	484,104	1.03	484,104	1.03
Mr A N Esufally	332,000	0.71	332,000	0.71
Gold Investments Ltd	286,848	0.61	-	0.00
Rosewood (Pvt) Ltd	200,000	0.42	-	0.00
Mr A W Nanayakkara	175,000	0.37	175,000	0.37
Pan Asia Banking Corporation PLC / B	-	-	168,362	0.36
Sinhaputhra Finance Ltd	167,200	0.36	167,200	0.36
Mr K M Panabokke	164,000	0.35	164,000	0.35
National Savings Bank	133,300	0.28	133,300	0.28
Dee Investments Pvt Ltd	110,000	0.23	110,000	0.23
Mr. R A L White	103,000	0.22	-	0.00
Mr. P Sivagananathan	100,000	0.21	-	0.00
Alliance Finance Company PLC	69,100	0.15	69,100	0.15
Mr J A Panabokke	64,900	0.14	64,900	0.14
Mr B B S A Perera	-	-	61,936	0.13
Mr. V K Hirdaramani	60,300	0.13	-	0.00
Mr S A K Subasinghe	-	-	60,000	0.13
Mr R Ratnagopal	-	-	57,800	0.12
Others	4,125,353	8.76	3,829,195	8.14
	<b>47,066,447</b>	<b>100.00</b>	<b>47,066,447</b>	<b>100.00</b>

**Stated capital**

Stated capital is represented by number of shares in issue as given below:

As at	31-Mar-13	31-Mar-12
Ordinary shares	47,066,447	47,066,447
Preference Shares	11,660	11,660

**Net assets per share**

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 31 March 2013.

**Market price per share**

For the quarter ended 31 March	2013	2012
	Rs.	Rs.
Highest	22.40	29.00
Lowest	18.10	17.00
Last traded	19.70	25.20

**Contingencies, capital and other commitments**

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 main public liability insurance policy and the matter has been referred to the insurers. An evaluation of the likelihood of an unfavourable outcome resulting potential loss cannot be quantified or commented upon at this stage.

**Event after the reporting period**

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