

MAHAWELI REACH HOTELS PLC

INTERIM FINANCIAL STATEMENTS

FOR THE 09 MONTHS ENDED

31 DECEMBER 2014.

MAHAWELI REACH HOTELS PLC
STATEMENT OF COMPREHENSIVE INCOME

Audited 31.03.2014	NOTE	For the 03 Months Ended 31st December		For the 09 Months Ended 31st December	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
531,340,718	Revenue	151,632,973	140,992,796	402,573,546	359,693,467
(218,952,764)	Cost of sales	(68,017,856)	(56,812,571)	(186,941,376)	(159,255,565)
312,387,954	Gross profit	83,615,117	84,180,225	215,632,171	200,437,902
32,216,866	Other income	9,201,916	6,593,289	27,221,551	20,644,964
(21,676,877)	Marketing & Promotional expenses	(7,764,059)	(5,389,089)	(21,372,227)	(15,653,681)
(258,340,815)	Administrative & Other expenses	(62,405,662)	(63,324,867)	(187,239,749)	(176,668,101)
64,587,128	Operating profit	22,647,312	22,059,558	34,241,745	28,761,084
(22,535,045)	Finance costs	(4,683,529)	(6,046,668)	(14,133,106)	(16,961,659)
609,258	Finance income	177,069	142,813	556,451	460,562
(21,925,787)	Finance costs - net	(4,506,460)	(5,903,855)	(13,576,655)	(16,501,097)
42,661,341	Profit before income tax	18,140,852	16,155,703	20,665,091	12,259,987
(5,050,811)	Income tax expense	-	(500,000)	-	(500,000)
37,610,530	Profit for the period	18,140,852	15,655,703	20,665,091	11,759,987
0.80	Earning per Share Rs. Basic	0.39	0.33	0.44	0.25

MAHAWELI REACH HOTELS PLC
STATEMENT OF FINANCIAL POSITION


Audited 31.03.2014		Unaudited as at 31.12.2014	Unaudited as at 31.12.2013
		Rs.	Rs.
Assets			
Non-current assets			
1,053,029,898	Property Plant & Equipment	1,069,402,732	1,050,185,219
45,842,434	Deferred Tax Assets	45,842,434	43,548,882
61,694,306	Work in Progress	72,258,913	37,854,893
Current assets			
21,633,925	Inventories	26,174,090	25,032,245
55,566,301	Trade & Other Receivables	57,859,494	50,574,943
21,127,530	Other current assets	22,274,884	26,100,760
1,992,996	Cash and Cash Equivalents	5,546,425	9,453,125
<u>100,320,752</u>		<u>111,854,893</u>	<u>111,161,073</u>
1,260,887,390	Total Assets	1,299,358,972	1,242,750,067
Equity and liabilities			
Equity			
585,562,470	Stated Capital	585,445,870	585,562,470
417,122,058	Revaluation Reserves	417,122,058	417,122,058
(49,464,034)	Retained Earnings	(28,798,943)	(75,314,576)
<u>953,220,494</u>	Total equity	<u>973,768,985</u>	<u>927,369,952</u>
Liabilities			
Non-current liabilities			
94,309,552	Interest Bearing Borrowings	71,179,701	100,648,951
48,372,299	Deferred Tax Liability	48,372,299	46,332,944
28,821,998	Retirement Benefit Obligations	28,055,933	23,742,539
Current liabilities			
33,732,462	Trade and Other Payables	47,979,632	31,822,511
29,426,968	Due to Related Companies	34,688,982	34,508,291
21,807,791	Other Current Liabilities	18,265,034	19,234,548
50,264,626	Current Portion of Interest Bearing Borrowings	43,634,952	37,441,585
931,200	Bank Overdrafts	33,413,453	21,648,747
<u>307,666,896</u>	Total liabilities	<u>325,589,986</u>	<u>315,380,116</u>
1,260,887,390	Total equity and liabilities	1,299,358,972	1,242,750,067


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


 Sanjeeva Wickramasinghe
 Accountant

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

Signed for and on behalf of the Board


 J A Pan/Bolke
 Director
 26 January 2014


 W P Hettiaratchi
 Director

MAHAWELI REACH HOTELS PLC
STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2014	585,562,470	417,122,058	(49,464,034)	953,220,494
Profit or loss	-	-	20,665,091	20,665,091
Preference Share Redemption	(116,600)	-	-	(116,600)
Balance as at 31 December 2014	585,445,870	417,122,058	(28,798,943)	973,768,985
Balance as at 1st April 2013	585,562,470	417,122,058	(87,074,564)	915,609,964
Profit or loss	-	-	11,759,987	11,759,987
Balance as at 31 December 2013	585,562,470	417,122,058	(75,314,577)	927,369,952

CORPORATE INFORMATION

INTERIM CONDENSED FINANCIAL STATEMENTS

APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements of the Company for the 09 months ended 31 December 2014 were authorised for issue by the Board of Directors on 26 January 2015.

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 2014.

These financial statements quarter ended 31 December 2014 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 flows in full without 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 IFRS 9 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 follows:

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.

Share Information**Public share holdings**

The percentage of shares held by the public as at 31 December 2014 was 24.43%(31 December 2013- 24.59%)

Directors' share holdings

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

As at	31-Dec-14	31-Dec-13
Mr J A Panabokke	540,388	520,388
Mr M U Maniku	1,217,306	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>2,886,413</u>	<u>2,809,487</u>

Twenty largest shareholders of the company are as follows:

As at	31-Dec-14	%
Universal Enterprises Pvt Ltd	32,683,550	69.44
Estate of Late Mrs L R Panabokke	4,445,062	9.44
Freudenberg Shipping Agencies Limited	2,414,428	5.13
Mr M U Maniku	1,217,306	2.59
Mr R T Molligoda	626,200	1.33
Mercantile Investments and Finance PLC	507,000	1.08
Mr J A Panabokke	484,104	1.03
Mr A N Esufally	332,000	0.71
Mr J R De Silva	312,650	0.66
Mr K M Panabokke	164,000	0.35
Gold Investments Ltd	150,000	0.32
National Savings Bank	133,300	0.28
Rosewood (Pvt) Ltd	123,300	0.26
Dee Investments Pvt Ltd	110,000	0.23
Mr. R A L White	101,554	0.22
Mr J A Panabokke	72,400	0.15
Alliance Finance Company PLC	71,928	0.15
Mr. P Sivagananathan	70,000	0.15
Mr. R Ratmagopal	57,800	0.12
Mrs. K D Panabokke	56,284	0.12
Others	2,933,581	6.23
	<u>47,066,447</u>	<u>100.00</u>

Stated capital

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

As at 31 December 2014	No of Shares	Holding %	No of Shareholders
Others	35,569,963	75.57	08
Public	11,496,484	24.43	2237
Ordinary shares	47,066,447	100.00	2245

Net assets per share As at

31-Dec-14	31-Dec-13
20.69	19.70

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 31 December 2014.

Market price per share

For the quarter ended 31 December	2014	2013
	Rs.	Rs.
Highest	26.30	18.20
Lowest	20	14.1
Last traded	23.3	16

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 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 following Capital expenditure has been approved by board of Directors but not paid so far,

Spa Rs. 2Mn

Preference shares

The 11,660 Redeemable Preference shares of Rs. 10/- each totalling to Rs. 116,600/- issued prior to 1987 were redeemed in terms of the duly approved Board Resolution. These shares were not quoted in the Colombo Stock Exchange.

Event after the reporting period

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