



MAHAWELI REACH HOTELS PLC

INTERIM FINANCIAL STATEMENTS - 3RD QUARTER
(For the nine months ended 31.12.2023)

Mahaweli reach hotels PLC
Statement of Profit or loss and Other comprehensive income

For the nine months ended 31 December,

	2023 (Unaudited) Rs.	2022 (Unaudited) Rs.
Revenue	591,552,274	366,452,952
Cost of sales	(406,969,377)	(336,109,715)
Gross profit	184,582,897	30,343,237
Other operating income	2,058,181	48,387,204
Administration expenses	(182,039,449)	(133,429,828)
Marketing and promotional expenses	(20,644,040)	(13,765,766)
Maintenance expenses	(51,514,785)	(36,323,648)
Profit / (loss) from operations	(67,557,196)	(104,788,801)
Depreciation	(122,614,492)	(50,160,827)
Finance income	3,463,560	688,133
Finance cost	(43,940,100)	(18,813,257)
Profit / (loss) before income taxation	(230,648,228)	(173,074,752)
Income tax credits / (expenses)	-	-
Profit / (loss) for the period	(230,648,228)	(173,074,752)
Other comprehensive income		
<i>Other comprehensive income not to be reclassified to profit or loss;</i>	-	-
Re-measurement of retirement benefit obligation	-	-
Deferred tax impact on re-measurement of retirement benefit obligation	-	-
Other comprehensive income / (expense) for the period, net of tax	-	-
Total comprehensive income / (expense) for the period	(230,648,228)	(173,074,752)

Figures in brackets indicate deductions.

Mahawell reach hotels PLC
Statement of Financial Position

<i>As at,</i>	31.12.2023 (Unaudited)	31.03.2023 (Audited)
	Rs.	Rs.
Assets		
Non-current assets		
Property, plant and equipment	2,887,391,324	2,801,771,364
Right of use asset (Land and Building)	875,000,000	875,000,000
	3,562,391,324	3,676,771,364
Current assets		
Inventories	52,202,211	36,248,809
Trade and other receivables	91,009,270	72,530,224
Other financial assets	34,753,698	22,120,923
Income tax refund	2,400,000	2,477,488
Cash and cash equivalents	97,425,090	13,784,458
	277,790,269	147,161,902
Total assets	3,840,181,593	3,823,933,266
Equity and Liabilities		
Equity		
Stated capital	585,445,870	585,445,870
Revaluation reserve	2,302,046,051	2,302,046,051
Accumulated loss	(829,344,742)	(598,696,514)
	2,058,147,179	2,288,795,407
Non-current liabilities		
Deferred tax liabilities	648,616,934	646,426,933
Retirement benefit obligation	65,023,796	67,982,116
Borrowings	200,460,833	167,506,428
Deferred income	20,691,310	19,116,651
	934,792,873	901,032,128
Current liabilities		
Trade and other payables	273,484,531	327,663,757
Due to related parties	426,423,644	67,041,311
Borrowings	142,356,794	232,849,432
Deferred income	4,976,572	6,551,232
	847,241,541	634,105,732
Total liabilities	1,782,034,414	1,535,137,859
Total equity and liabilities	3,840,181,593	3,823,933,266

Figures in brackets indicate deductions.

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


 Ms. Nirosha Gunawardana - Finance Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by:


 Mr. J. A. Panabokke - Director


 Mr. W. P. Hettiaratchi - Director

Mahaweli reach hotels PLC
Statement of Changes in equity

For the nine months ended 31 December,

	Stated Capital (Unaudited) Rs.	Accumulated loss (Unaudited) Rs.	Revaluation Reserve (Unaudited) Rs.	Total (Unaudited) Rs.
Balance as at 01.04.2022	585,445,870	(581,265,393)	819,618,393	823,798,870
Profit / (loss) for the period		(173,074,752)		(173,074,752)
Balance as at 31.12.2022	585,445,870	(754,340,145)	819,618,393	650,724,118
Balance as at 01.04.2023	585,445,870	(598,696,514)	2,302,046,051	2,288,795,407
Profit / (loss) for the period		(230,648,228)		(230,648,228)
Balance as at 31.12.2023	585,445,870	(829,344,742)	2,302,046,051	2,058,147,179

Figures in brackets indicate deductions.

Mahaweli reach hotels PLC
Statement of Cashflows

For the nine months ended 31 December,

	2023 (Unaudited) Rs.	2022 (Unaudited) Rs.
Cash flow from operating activities		
Profit / (Loss) for the period	(230,648,228)	(173,074,752)
Adjustments for :-		
Depreciation	122,614,492	50,160,827
Interest Expenses	43,940,100	82,834,996
Other financial charges	-	-
Moratorium loan interest	-	-
Movement in Provision for Gratuity & Accruals	2,958,319	(4,248,463)
Disposal gain on sales and lease back transaction	-	-
Provision for Income Tax	-	-
Impairment Loss on Trade & Other Receivables	-	-
	(61,135,317)	(44,327,392)
Changes in Operating Assets and Liabilities :-		
(Increase) / Decrease In Inventories	(15,953,402)	(9,867,819)
(Increase) / Decrease In Trade and other Receivables	(18,479,046)	43,985,215
Increase / (Decrease) in due to Related parties	124,649,512	25,489,057
Increase / (Decrease) In Trade & Other Payables	(54,179,226)	29,089,199
	(25,097,479)	44,368,260
Interest paid	(43,940,100)	(420,994)
Gratuity paid	(2,958,319)	(3,420,555)
Tax paid	-	-
Net cash generated from operating activities	(71,995,898)	40,526,711
Cash flows from investing activities		
Purchases of Property Plant & Equipments	-	-
Proceeds from disposal of Assets	-	-
Investment in WIP assests	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from Loans	320,000,000	(2,219,067)
Repayment of Loans & Leases	(85,045,048)	(23,537,298)
Net cash used in financing activities	234,954,952	(25,756,365)
Net increase in cash and cash equivalents	162,959,054	14,770,346
Cash & Cash equivalents at beginning of the year	(135,056,068)	(90,765,491)
Cash & cash equivalents at end of period	27,902,986	(75,995,145)

CORPORATE INFORMATION

INTERIM CONDENSED FINANCIAL STATEMENTS

APPROVAL OF FINANCIAL STATEMENTS

The Interim condensed financial statements of the Company for the 09 months ended 31st December 2023 were authorised for issue by the Board of Directors on 14th February 2024.

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 2023.

These financial statements for the quarter ended 31st December 2023 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 are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss.
- Financial assets at amortized cost (debt instruments)

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 FIR.

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 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 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 de-recognized when the obligation under the liability is discharged or cancelled or expires.

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

Share Information

Public share holdings

The percentage of shares held by the public as at 31st December 2023 was 19.99% (31st December 2022- 21.11%)

Directors' share holdings

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

As at	31-Dec-23	31-Dec-22
Mr J A Panabokke	1,905,858	1,905,858
Mr M U Maniku	1,217,306	1,217,306
Mr A N Esufally	332,000	332,000
Ms D L Panabokke	309,843	309,843
Mr. Janaka Asitha Panabc	176,460	176,460
Mr P B Panabokke	52,660	57,800
	3,994,127	3,999,267

Twenty largest shareholders of the company are as follows:

As at	31-Dec-23	%
Universal Enterprises Pvt. Ltd	32,683,550	69.44%
Freudenberg Shipping Agencies Limited	3,000,000	6.37%
Mr. J A Panabokke	1,905,858	4.05%
Mr B D Panabokke	1,502,843	3.19%
Mr. M U Maniku	1,217,306	2.59%
Estate of Late Mr. K M Panabokke	826,637	1.76%
Estate of Late Mrs. L. R. Panabokke	819,050	1.74%
Mr. J A Panabokke & Mrs.K D Panabokke	731,418	1.55%
Mr. A N Esufally	332,000	0.71%
Ms. D L Panabokke	309,843	0.66%
Mrs.K D Panabokke	247,550	0.53%
Mackwoods Travels (Pvt) Limited	296,532	0.63%
Mr. H D Molligoda	187,965	0.40%
Mr. J Asitha Panabokke	176,460	0.37%
Ms. R.S. Molligoda	156,345	0.33%
Mr. R. Ratna Gopal	57,800	0.12%
Mr. P.B. Panabokke	52,660	0.11%
Mr. R H Amarasinghe	51,090	0.11%
Merchant Bank of Sri Lanka & Finance PLC	50,000	0.11%
Mr. J C L De Mel	40,000	0.08%
Others	2,421,540	5.14%
	47,066,447	100.00%

Stated capital

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

As at 31st December 2023	No of Shares	Holding %	No of Shareholders
Others	37,656,645	80.01%	9
Public	9,409,802	19.99%	2,246
Ordinary shares	47,066,447	100%	2,255

Net assets per share As at

31-Dec-23	31-Dec-22
43.73	13.83

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 31st December 2023.

Market price per share

For the quarter ended 31st December

	2023	2022
	Rs.	Rs.
Highest	14.00	16.50
Lowest	11.10	11.70
Last traded	12.20	12.50
Market Capitalization on 31st December	574,210,653	588,330,588

Minimum Public Holding Requirement as per Listing Rules 7.13.1

	Float Adjusted Market Capitalisation - (Rs.)	Public Holding Percentage	No of Shareholders	Option
Minimum Public Holding	114,799,584	19.99%	2,246	2