



**PALM GARDEN HOTELS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30th SEPTEMBER 2016**

PALM GARDEN HOTELS PLC
STATEMENT OF FINANCIAL POSITION

As at	GROUP			COMPANY		
	30.09.2016	30.09.2015	31.03.2016	30.09.2016	30.09.2015	31.03.2016
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)	(Audited)
Assets						
Non Current Assets						
Property, plant and equipment	9,975,142	7,390,900	9,181,653	2,585,286	1,939,000	2,585,286
Goodwill on acquisition	52,207	52,207	52,207	-	-	-
Other intangible assets	-	565,289	42	-	-	-
Prepaid lease rentals on leasehold properties	581,448	-	580,099	-	-	-
Investments in subsidiaries	-	-	-	1,516,846	958,858	1,028,876
Other financial assets	6,131	6,465	5,772	5,117	5,412	4,855
Total Non Current Assets	10,614,928	8,014,861	9,819,772	4,107,249	2,903,269	3,619,017
Current Assets						
Inventories	27,611	22,313	27,755	-	-	-
Trade and other current receivables	1,389,240	440,804	595,471	8,575	7,750	8,524
Current tax receivables	31,757	20,472	34,665	18,662	18,433	18,514
Cash and cash equivalents	99,711	90,045	400,103	8,609	9,594	8,394
Total Current Assets	1,548,319	573,634	1,057,994	35,846	35,776	35,432
Total Assets	12,163,247	8,588,495	10,877,766	4,143,095	2,939,045	3,654,449
Liabilities and Equity						
Equity						
Stated capital	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091	2,436,091
Reserves	2,595,911	1,760,399	2,594,053	1,772,987	1,102,120	1,772,725
Retained earnings	(1,124,462)	(966,212)	(981,469)	(924,663)	(853,643)	(870,688)
Equity Attributable to Shareholders	3,907,540	3,230,278	4,048,675	3,284,415	2,684,569	3,338,127
Non Controlling Interest	2,638,746	1,317,374	1,683,989	-	-	-
Total Equity	6,546,285	4,547,652	5,732,664	3,284,415	2,684,569	3,338,127
Liabilities						
Non Current Liabilities						
Interest bearing borrowings	750,916	1,151,919	901,754	-	-	-
Retirement benefit obligations	19,089	18,360	19,191	-	-	-
Deferred tax liabilities	192,163	205,890	192,142	-	-	-
Total Non Current Liabilities	962,168	1,376,170	1,113,087	-	-	-
Current Liabilities						
Trade and other payables	3,623,123	1,361,893	2,671,911	634,699	59,849	107,037
Interest bearing borrowings	988,049	1,295,559	1,333,923	223,827	194,475	209,131
Current tax liabilities	1,732	1,933	5,070	154	154	154
Bank overdrafts	41,889	5,289	21,112	-	-	-
Total Current Liabilities	4,654,794	2,664,674	4,032,015	858,680	254,477	316,322
Total Liabilities & Equity	12,163,247	8,588,495	10,877,766	4,143,095	2,939,045	3,654,449
Net Assets per Share (Rs)	90.31	74.66	93.57	75.91	62.05	77.15

These Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.

SGD

Mrs. S.S. Kotakadeniya

(Chief Financial Officer- LOLC Group)

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board.

SGD

Mr. Kapila Jayawardena

(Chairman)

09 November 2016

SGD

Mrs.K.U. Amarasinghe

(Director)

PALM GARDEN HOTELS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP						COMPANY					
	Three months ended			Six months ended			Three months ended			Six months ended		
	2016 Rs.'000'	2015 Rs.'000'	Variance %	2016 Rs.'000'	2015 Rs.'000'	Variance %	2016 Rs.'000'	2015 Rs.'000'	Variance %	2016 Rs.'000'	2015 Rs.'000'	Variance %
<i>For the period ended 30 September</i>	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	214,422	136,041	58	375,039	250,211	50	-	-		-	-	
Less: cost of sales	(54,014)	(32,459)	66	(99,010)	(64,099)	54	-	-		-	-	
Gross profit	160,408	103,582		276,029	186,112		-	-		-	-	
Other income/(expenses)	8,247	1,073	>100	5,662	3,959	43	7	182	(96)	64	233	(72.44)
Profit before operating expenses	168,655	104,656		281,691	190,071		7	182		64	233	
Operating expenses												
Personnel costs	(51,630)	(38,284)	35	(111,437)	(75,621)	47	-	-		-	-	
Depreciation and amortization	(29,148)	(30,792)	(5)	(58,681)	(60,306)	(3)	-	-		-	-	
Administration & other operating cost	(96,957)	(76,794)	26	(181,875)	(158,641)	15	(1,747)	(1,181)	48	(2,602)	(1,625)	60.16
Results from operating activities	(9,080)	(41,215)		(70,303)	(104,497)		(1,740)	(999)		(2,537)	(1,391)	
Net finance expenses	(96,018)	(59,181)	62	(181,865)	(116,104)	57	(30,164)	(7,343)	>100	(51,438)	(14,622)	>100
Profit/(loss) before income tax expense	(105,098)	(100,396)		(252,167)	(220,601)		(31,904)	(8,342)		(53,975)	(16,013)	
Income tax expense	-	-		-	-		-	-		-	-	
Profit/(loss) after tax	(105,098)	(100,396)		(252,167)	(220,601)		(31,904)	(8,342)		(53,975)	(16,013)	
Other Comprehensive Income												
Net change in fair value of AFS	227	306	(26)	359	562	(36)	175	277	(37)	263	360	(27.03)
Exchange gain from translation of foreign operations	-	17,097	(100)	3,718	22,134	(83)	-	-		-	-	
	227	17,403		4,077	22,696		175	277		263	360	
Total Comprehensive Income	(104,872)	(82,993)		(248,090)	(197,905)		(31,729)	(8,064)		(53,712)	(15,653)	
Profit/(loss) attributable to:												
Equity holders of the company	(65,749)	(50,950)	29	(145,767)	(110,947)	31	(31,904)	(8,342)	>100	(53,975)	(16,013)	>100
Non Controlling Interests	(39,350)	(49,446)	(20)	(106,401)	(109,654)	(3)	-	-		-	-	
	(105,098)	(100,396)		(252,167)	(220,601)		(31,904)	(8,342)		(53,975)	(16,013)	
Total Comprehensive income/(expenses) attributable to:												
Equity holders of the company	(65,550)	(43,537)	51	(143,979)	(100,926)	43	(31,729)	(8,064)	>100	(53,712)	(15,653)	>100
Non Controlling Interests	(39,322)	(39,455)		(104,110)	(96,980)	7	-	-		-	-	
	(104,872)	(82,993)		(248,090)	(197,905)		(31,729)	(8,064)		(53,712)	(15,653)	
Earnings/(loss) per share based on PAT (Rs.)	(1.52)	(1.18)		(3.37)	(2.56)		(0.74)	(0.19)		(1.25)	(0.37)	

- The Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the Group and the Company as at and for the period ended 30th September 2016 are drawn up from unaudited accounts of the company and its subsidiary companies and provide information as required by Colombo Stock Exchange and LKAS 34, "Interim Financial Reporting". Further, provisions of the Companies Act No 7 of 2007 has been considered in preparing these Interim Financial Statements.
- Accounting policies, significant judgment and estimates stated in the audited financial statements for the year ended 2015/16, are followed in preparation of these Interim Financial Statements.
- Comparative figures have been reclassified where necessary to conform with current period's presentation.
- Revenue includes accommodation sales for rooms occupied on daily basis, together with outlet sales and other income from hotel operations.
- Other income represents other source of income not shown under revenue.
- All expenses related to management expenditure is fully provided for in these financial statements.
- There has been no material events occurring after the reporting date that require adjustment to or disclosure in these Interim Financial Statements.
- Riverina Resorts (Pvt) Ltd is a fully owned subsidiary of Palm Garden Hotels PLC, which is the new hotel project and it is to be completed in 2017. The estimated cost of the project is Rs.7.2 Bn. There are no any other contingent liabilities, except for the amounts mentioned above as at the reporting date that require disclosure in these Interim Financial Statements.

PALM GARDEN HOTELS PLC
STATEMENT OF CHANGES IN EQUITY

GROUP	Stated capital	Reserves	Retained earnings	Non controlling interest	Total equity
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Balance as at 1st April 2015	2,436,091	1,750,378	(855,857)	1,347,990	4,678,602
Total comprehensive income for the year					
Profit/(loss) for the period	-	-	(110,947)	(109,654)	(220,601)
Other comprehensive income					
Net change in fair value of available for sale financial assets	-	453	-	109	562
Foreign currency translation differences	-	9,568	-	12,565	22,134
Other movements in equity					
Investment in subsidiaries by NCI	-	-	-	66,955	66,955
Acquisition of NCI without a change in control	-	-	592	(592)	-
Balance as at 30th September 2015	2,436,091	1,760,399	(966,212)	1,317,374	4,547,652
Balance as at 1st April 2016	2,436,091	2,594,053	(981,469)	1,683,989	5,732,664
Total comprehensive income for the year					
Profit/(loss) for the period	-	-	(145,767)	(106,401)	(252,167)
Other comprehensive income					
Net change in fair value of available for sale financial assets	-	307	-	52	359
Foreign currency translation differences	-	1,551	-	2,345	3,896
Other movements in equity					
Investment in subsidiaries by NCI	-	-	-	1,061,534	1,061,534
Change in percentage holding in subsidiary	-	-	2,773	(2,773)	-
Balance as at 30th September 2016	2,436,091	2,595,911	(1,124,462)	2,638,746	6,546,285

COMPANY	Stated capital	Reserves	Retained earnings	Total equity
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Balance as at 1st April 2015	2,436,091	1,101,760	(837,630)	2,700,222
Total comprehensive income for the year				
Profit/(loss) for the period	-	-	(16,013)	(16,013)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	360	-	360
Balance as at 30th September 2015	2,436,091	1,102,120	(853,642)	2,684,569
Balance as at 1st April 2016	2,436,091	1,772,725	(870,688)	3,338,127
Total comprehensive income for the year				
Profit/(loss) for the period	-	-	(53,975)	(53,975)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	263	-	263
Balance as at 30th September 2016	2,436,091	1,772,987	(924,663)	3,284,415

PALM GARDEN HOTELS PLC
STATEMENT OF CASH FLOWS

For the six months ended 30 September

	GROUP		COMPANY	
	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before income tax expense	(252,167)	(220,601)	(53,975)	(16,013)
Adjustment for:				
Depreciation and amortization	58,681	60,306	-	-
Provision for gratuity	1,350	1,350	-	-
Finance cost	182,598	116,883	51,575	14,656
Interest income	(733)	(779)	(137)	(34)
Investment income	(91)	(78)	(51)	(78)
Operating profit before working capital changes	(10,362)	(42,919)	(2,588)	(1,469)
Working capital changes				
(Increase)/decrease in trade and other receivables	(790,861)	141,336	(198)	20,310
(Increase)/decrease in inventories	144	1,018	-	-
Increase/(decrease) in trade and other payables	206,445	308,365	783	(12,742)
Cash generated from operations	(594,633)	407,801	(2,003)	6,099
Finance cost paid	(81,042)	(101,768)	-	-
Income tax paid	-	(4,606)	-	-
Gratuity paid	(1,295)	(632)	-	-
Net cash from /(used in) operating activities	(676,971)	300,795	(2,003)	6,099
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in subsidiary companies	-	-	(487,969)	-
Issue of shares by subsidiaries	1,191,820	66,955	-	-
Acquisition of property, plant and equipment	(747,141)	(425,609)	-	-
Investments in intangible assets	-	(369,728)	-	-
Net proceeds from short term investments	(88,686)	-	-	-
Proceed from disposal of property, plant and equipment	-	3,400	-	-
Interest income received	733	779	137	34
Dividend income received	91	78	51	78
Net cash flow from investing activities	356,817	(724,126)	(487,782)	112
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds/(repayments) of long term loans	(512,348)	(750,200)	-	-
Fund transfers from/(to) ultimate parent	511,332	963,569	490,000	-
Net cash generated from financing activities	(1,016)	213,369	490,000	-
Net increase/(decrease) in cash & cash equivalents during the period	(321,170)	(209,962)	216	6,211
Cash & cash equivalents at the beginning of the period	378,991	294,718	8,394	3,382
Cash & cash equivalents at the end of the period	57,821	84,756	8,609	9,594
Analysis of cash & cash equivalents at the end of the period				
Cash at bank and in hand	99,711	90,045	8,609	9,594
Bank overdraft	(41,889)	(5,289)	-	-
	57,821	84,756	8,609	9,594

PALM GARDEN HOTELS PLC
SHAREHOLDERS' INFORMATION

- A. Names and the number of shares held by the 20 largest shareholders and the percentage (%) as at 30.09.2016.

20 MAJOR SHAREHOLDERS OF THE COMPANY AS AT 30TH SEPTEMBER 2016		
NAME	NO OF SHARES	(%)
1 BROWNS HOTELS AND RESORTS LTD	38,671,013	89.38%
2 EMPLOYEES PROVIDENT FUND	268,600	0.62%
3 MR. A K KUMARASENA	257,703	0.60%
4 MRS. G I VASUNTHARA	250,000	0.58%
5 S.SHANGIRI-LA-HOTELS	233,750	0.54%
6 MERCANTILE INVESTMENTS AND FINANCE PLC	200,000	0.46%
7 MR. K M S M RAZEEK, MR. K S M RAJUBDEEN & MR. S M R MOHAI	151,400	0.35%
8 MERCHANT BANK OF SRI LANKA PLC A/C NO 1	147,472	0.34%
9 MR. L WEINMAN	136,400	0.32%
10 MBSL/MISS K S DEVSHANKAR	113,000	0.26%
11 MRS. N H ABDUL HUSEIN	95,000	0.22%
12 TUDAWE BROTHERS LIMITED	64,004	0.15%
13 BRITISH AMERICAN TECHNOLOGIES (PVT) LTD	60,000	0.14%
14 K G INVESTMENTS LTD	56,500	0.13%
15 CINEMAS LTD	42,500	0.10%
16 SHANGRILA HOTELS LTD	37,750	0.09%
17 MR. A G SWAMINATHAN	35,141	0.08%
18 MR. K M S M RAZEEK, MR. K S M RAJUBDEEN	30,000	0.07%
19 DR. C ALWISHEWA	30,000	0.07%
20 MR. Z K CADERBHOY	29,601	0.07%
	<u>40,909,834</u>	<u>94.55%</u>
OTHERS	<u>2,357,166</u>	<u>5.45%</u>
	<u><u>43,267,000</u></u>	<u><u>100.00%</u></u>

- B. The public holding percentage as at 30.09.2016 : **10.62%** comprising of **2,180** shareholders.

- C. Directors' Shareholding as at 30.09.2016:

Mr. W D K Jayawardena	Nil
Ms. K U Amarasinghe	Nil
Mr. D S K Amarasekera	Nil
Mr. J M Swaminathan	Nil

- D. Number of Shares representing the Company's Stated Capital **43,267,000** Ordinary Shares.

	30.09.2016	30.09.2015
	<u>Rs.</u>	<u>Rs.</u>
Highest Market Price	39.80	50.90
Lowest Market Price	30.00	41.10
Last Traded Price	33.00	41.30