



**PALM GARDEN HOTELS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31st MARCH 2019**

PALM GARDEN HOTELS PLC
STATEMENT OF FINANCIAL POSITION

As at	GROUP		COMPANY	
	31.03.2019 Rs.'000' (Unaudited)	31.03.2018 Rs.'000' (Audited)	31.03.2019 Rs.'000' (Unaudited)	31.03.2018 Rs.'000' (Audited)
Assets				
Non Current Assets				
Property, plant and equipment	17,848,018	16,321,351	-	-
Investment property	37,632	37,632	2,872,540	2,872,540
Intangible assets	85,597	85,597	-	-
Prepaid lease rentals on leasehold properties	665,909	602,893	-	-
Investments in subsidiaries	-	-	2,066,346	1,746,946
Trading assets - Fair Value Through Profit or Loss	5,265	-	4,473	-
Other financial assets	176,792	157,219	88,435	80,774
Total Non Current Assets	18,819,214	17,204,692	5,031,794	4,700,260
Current Assets				
Inventories	38,309	36,629	-	-
Trade and other receivables	1,649,928	1,513,149	5,677	12,291
Current tax recoverable	135,865	29,531	12,838	12,190
Cash and cash equivalents	315,256	169,686	2,207	1,219
Total Current Assets	2,139,358	1,748,996	20,722	25,699
Total Assets	20,958,572	18,953,688	5,052,516	4,725,959
Liabilities and Equity				
Equity				
Stated capital	2,436,091	2,436,091	2,436,091	2,436,091
Reserves	3,225,788	2,967,863	1,782,343	1,773,268
Accumulated losses	(3,727,572)	(2,923,601)	(1,132,950)	(865,687)
Equity Attributable to equity holders	1,934,307	2,480,353	3,085,483	3,343,672
Non Controlling Interest	2,987,290	3,321,417	-	-
Total Equity	4,921,597	5,801,770	3,085,483	3,343,672
Liabilities				
Non Current Liabilities				
Loans and borrowings	1,103,171	919,405	-	-
Employee benefits	28,159	24,676	-	-
Deferred tax liabilities	785,450	775,954	-	-
Total Non Current Liabilities	1,916,780	1,720,035	-	-
Current Liabilities				
Trade and other payables	12,070,928	10,147,189	1,025,488	872,081
Loans and borrowings	1,829,012	1,194,051	940,294	509,793
Current tax payable	53,326	70,042	1,251	414
Bank overdrafts	166,930	20,601	-	-
Total Current Liabilities	14,120,195	11,431,883	1,967,034	1,382,287
Total Liabilities & Equity	20,958,572	18,953,688	5,052,516	4,725,959
Net Assets per Share (Rs)	44.71	57.33	71.31	77.28

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

(Director)

31 May 2019

.....Sgd.....

Mrs.K.U. Amarasinghe

(Director)

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

	GROUP						COMPANY					
	Three months ended			Year ended			Three months ended			Year ended		
	2019 Rs.'000'	2018 Rs.'000'	Variance %	2019 Rs.'000'	2018 Rs.'000'	Variance %	2019 Rs.'000'	2018 Rs.'000'	Variance %	2019 Rs.'000'	2018 Rs.'000'	Variance %
<i>For the year ended 31 March</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>	<i>(Audited)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>	<i>(Audited)</i>	
Revenue	533,934	594,902	(10)	1,436,557	1,397,420	3	-	-		-	-	
Less: cost of sales	(101,551)	(106,963)	(5)	(328,456)	(323,556)	2	-	-		-	-	
Gross profit	432,383	487,939		1,108,101	1,073,864		-	-		-	-	
Other income/(expenses)	(5,580)	3,153	(>100)	17,181	19,695	(13)	(180)	287,741	(100)	1,185	289,061	(100)
Profit before operating expenses	426,804	491,092		1,125,283	1,093,558		(180)	287,741		1,185	289,061	
Operating expenses												
Personnel costs	(90,419)	(88,162)	3	(349,676)	(315,540)	11	-	-		-	-	
Depreciation and amortization	(59,859)	(48,152)	24	(232,803)	(224,987)	3	-	-		-	-	
Administration & other operating cost	(128,887)	(221,031)	(42)	(513,880)	(501,724)	2	(919)	(671)	37	(6,029)	(4,277)	41
Results from operating activities	147,638	133,747		28,923	51,308		(1,098)	287,070		(4,843)	284,784	
Net finance costs	(324,278)	(256,368)	26	(1,515,264)	(964,846)	57	(73,028)	(49,029)	49	(266,076)	(167,267)	59
Profit/(loss) before income tax expense	(176,640)	(122,621)		(1,486,341)	(913,538)		(74,126)	238,041		(270,919)	117,517	
Income tax expense	(8,868)	(66,996)		(20,153)	(70,715)	(72)	-	(26)		-	(26)	(100)
Profit/(loss) for the period	(185,508)	(189,617)		(1,506,494)	(984,253)		(74,126)	238,015		(270,919)	117,491	
Other Comprehensive Income												
Net change in fair value of AFS		45	-	-	727	-	-	72	-	-	619	(100)
Actuarial gains/(losses) on defined benefit obligations	(1,033)	(758)	36	(1,033)	(758)	36	-	-		-	-	
Revaluation of property, plant and equipment	-	352,526	-	-	352,526	-	-	-		-	-	
Fair value change due to currency fluctuation in foreign investments	(159,661)	65,361	(>100)	554,061	85,705	>100	12,689	-		12,689	-	
Change in fair value on investments in equity at fair value through other comprehensive income	74	-	-	74	-	-	42	-		42	-	
	(160,620)	417,174		553,102	438,201		12,731	72		12,731	619	
Total Comprehensive Income for the period	(346,128)	227,557		(953,392)	(546,053)		(61,395)	238,087		(258,188)	118,110	
Profit/(loss) attributable to:												
Equity holders of the company	(117,840)	(106,198)	11	(807,612)	(514,237)	57	(74,126)	238,015	(131)	(270,919)	117,491	(331)
Non Controlling Interests	(67,668)	(83,419)	(19)	(698,882)	(470,016)	49	-	-		-	-	
	(185,508)	(189,617)		(1,506,494)	(984,253)		(74,126)	238,015		(270,919)	117,491	
Total Comprehensive income attributable to:												
Equity holders of the company	(186,206)	230,513	(>100)	(546,046)	(168,320)	>100	(61,395)	238,087	(126)	(258,188)	118,110	(319)
Non Controlling Interests	(159,922)	(2,956)	>100	(407,346)	(377,733)	8	-	-		-	-	
	(346,128)	227,557		(953,392)	(546,053)		(61,395)	238,087		(258,188)	118,110	
Earnings/(loss) per share based on PAT (Rs.)	(2.72)	(2.45)		(18.67)	(11.89)		(1.71)	5.50		(6.26)	2.72	

1) 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 31st March 2019 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.

1.1) New Standards effective from 01st January 2018

a) SLFRS 9 - Financial Instruments

Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments", which replaces the existing guidance on LKAS 39 on "Financial Instruments: Recognition and Measurement" has become effective for annual reporting periods beginning on or after January 01, 2018. The new standard SLFRS 9 bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment; and hedge accounting.

Based on the assessment performed, the Group concluded that SLFRS 09 does not have a material impact on the Group's Consolidated Financial Statements.

b) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers.

Based on the assessment performed, the Group concluded that SLFRS 15 does not have a material impact on the Group's Consolidated Financial Statements.

2) Accounting policies, significant judgment and estimates stated in the audited financial statements for the year ended 2017/18, are followed in preparation of these Interim Financial Statements.

3) Comparative figures have been reclassified where necessary to conform with current period's presentation.

4) Revenue includes accommodation sales for rooms occupied on daily basis, together with outlet sales and other income from hotel operations.

5) Other income represents other source of income not shown under revenue.

6) All expenses related to management expenditure is fully provided for in these financial statements.

7) There has been no material events occurring after the reporting date that require adjustment to or disclosure in these Interim Financial Statements.

8) There are no significant changes in the nature of the contingent liabilities disclosed in the Financial Statements for the year ended 31st March 2018.

9) Re-classification

The Group reclassified certain prior period figures in the Statement of Profit or Loss.

	Group		
	Prior Classification	Re- Classification	Re - Classified
	Rs.'000'	Rs.'000'	Rs.'000'
Revenue	1,502,287	(104,868)	1,397,420
Other Operating Expenses	(606,592)	104,868	(501,724)

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 2017	2,436,091	2,621,695	(1,572,401)	2,973,268	6,458,653
Total comprehensive income for the year					
Profit/(loss) for the period	-	-	(514,237)	(470,016)	(984,253)
Other comprehensive income					
Net change in fair value of available for sale financial assets	-	669	-	58	727
Revaluation of property, plant and equipment	-	309,284	-	43,242	352,526
Actuarial gains/(losses) on defined benefit obligations	-	-	(251)	(507)	(758)
Foreign currency translation differences	-	36,215	-	49,490	85,705
Other movements in equity					
Investment in subsidiaries by NCI	-	-	-	(154,800)	(154,800)
Acquisition of subsidiaries with non controlling interests	-	-	-	43,969	43,969
Change in percentage holding in subsidiary	-	-	(836,712)	836,712	-
Balance as at 31st March 2018	2,436,091	2,967,863	(2,923,601)	3,321,417	5,801,769
Balance as at 1st April 2018	2,436,091	2,967,862	(2,923,600)	3,321,416	5,801,769
Impact of adoption of SLFRS 9					
Impact of reclassifying financial investment from AFS to FVTPL	-	(4,162)	4,162	-	-
Total comprehensive income for the year					
Profit/(loss) for the period	-	-	(807,612)	(698,882)	(1,506,494)
Other comprehensive income					
Fair value gains/(losses) that arose during the year	-	57	-	17	74
Fair value change due to currency fluctuation in foreign investment	-	262,031	-	292,030	554,061
Actuarial gains/(losses) on defined benefit obligations	-	-	(522)	(511)	(1,033)
Foreign currency translation differences	-	-	-	-	-
Other movements in equity					
Investment in subsidiaries by NCI	-	-	-	73,220	73,220
Balance as at 31st March 2019	2,436,091	3,225,788	(3,727,572)	2,987,290	4,921,597

COMPANY	Stated capital	Reserves	Retained earnings	Total equity
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Balance as at 1st April 2017	2,436,091	1,772,648	(983,177)	3,225,562
Total comprehensive income for the year				
Profit/(loss) for the period	-	-	117,491	117,491
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	619	-	619
Balance as at 31st March 2018	2,436,091	1,773,267	(865,686)	3,343,672
Balance as at 1st April 2018	2,436,091	1,773,267	(865,686)	3,343,672
Impact of adoption of SLFRS 9				
Impact of reclassifying financial investment from AFS to FVTPL	-	(3,656)	3,656	-
Total comprehensive income for the year				
Profit/(loss) for the period	-	-	(270,919)	(270,919)
Other comprehensive income				
Fair value gains/(losses) that arose during the year	-	42	-	42
Fair value change due to currency fluctuation in foreign investments	-	12,689	-	12,689
Balance as at 31st March 2019	2,436,091	1,782,342	(1,132,949)	3,085,484

PALM GARDEN HOTELS PLC
STATEMENT OF CASH FLOWS

For the year ended 31 March

	GROUP		COMPANY	
	2019 Rs.'000'	2018 Rs.'000'	2019 Rs.'000'	2018 Rs.'000'
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before income tax expense	(1,486,341)	(913,538)	(270,919)	117,517
Adjustment for:				
(Profit)/Loss on sale of property, plant and equipment	-	(3,869)	-	-
Depreciation and amortization	232,803	224,987	-	-
Provision for gratuity	6,190	5,702	-	-
Investment income	(248)	(175)	(115)	(111)
Finance cost	1,544,245	1,010,349	266,060	167,411
Interest income	(56,628)	(45,502)	(32)	(144)
Change in fair value of investment properties	-	-	-	(287,254)
Gain/(loss) on FVTPL assets	564	-	596	-
Operating profit before working capital changes	240,586	277,952	(4,410)	(2,581)
Working capital changes				
(Increase)/decrease in accounts receivables & others	(243,113)	(795,774)	5,965	(4,326)
(Increase)/decrease in inventories	(1,680)	315	-	-
Increase/(decrease) in accounts payables	1,164,538	1,196,723	(1,314)	(529)
Cash generated from operations	1,160,331	679,215	241	(7,436)
Interest paid	(95,109)	(107,668)	-	-
Income tax paid	(9,755)	(1,897)	-	(26)
Gratuity paid	(3,908)	(3,692)	-	-
Net cash from / (used in) operating activities	1,051,559	565,958	241	(7,462)
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in subsidiary companies	-	(154,800)	(319,400)	(230,100)
Issue of shares by subsidiaries to NCI	73,172	-	-	-
Net cash from acquisition of subsidiary	-	39,605	-	-
Acquisition of property, plant and equipment	(1,555,658)	(2,012,284)	-	-
Investment in investment properties	-	(37,632)	-	-
Proceed from the sale of property, plant and equipment	-	4,550	-	-
Interest received	(56,628)	45,502	31	144
Dividend income received	248	175	115	111
Net cash flow from investing activities	(1,538,866)	(2,114,884)	(319,254)	(229,845)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from interest bearing loans and borrowings	640,000	1,459,151	320,000	230,250
Repayment of interest bearing loans and borrowings	(313,752)	(1,081,593)	-	-
Net increase/(decrease) in lease liability	-	(2,801)	-	-
Fund transfers from/(to) ultimate parent	160,300	1,200,972	-	-
Net cash generated from financing activities	486,548	1,575,728	320,000	230,250
Net increase/(decrease) in cash & cash equivalents during the period	(759)	26,803	987	(7,057)
Cash & cash equivalents at the beginning of the period	149,085	122,282	1,219	8,277
Cash & cash equivalents at the end of the period	148,326	149,085	2,206	1,220
Analysis of cash & cash equivalents at the end of the period				
Cash at bank and in hand	315,256	169,686	2,207	1,219
Bank overdraft	(166,930)	(20,601)	-	-
	148,326	149,085	2,207	1,219

PALM GARDEN HOTELS PLC
SHAREHOLDERS' INFORMATION

A. Names and the number of shares held by the 20 largest shareholders and the percentage (%) as at 31.03.2019.

20 MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2019			
	NAME	NO OF SHARES	(%)
1	BROWNS HOTELS AND RESORTS LIMITED	38,671,013	89.38%
2	MRS G. I. VASUNTHARA	430,761	1.00%
3	EMPLOYEES PROVIDENT FUND	268,600	0.62%
4	MR A. K. KUMARASENA	257,703	0.60%
5	MES S. SHANGRI- 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. MOHA	151,400	0.35%
8	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	147,472	0.34%
9	MR L. WEINMAN	136,400	0.32%
10	MBSL/K. S. DEVSHANKAR	113,000	0.26%
11	CAPITAL TRUST HOLDINGS LTD	91,972	0.21%
12	ASSETLINE LEASING CO.LTD / BRITISH AMERICAN TECHNOLOGIES PV	71,395	0.17%
13	TUDAWE BROTHERS LIMITED	64,004	0.15%
14	MES 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 G. H. F. WELIKALA	36,181	0.08%
18	PEOPLE'S LEASING & FINANCE PLC/DR H.S.D.SOYSA & MRS G. SOYSA	32,200	0.07%
19	DR C. ALWISHEWA	32,000	0.07%
20	MR K.M.S.M. RAZEEK & MR K.M.S.M. RAJABUDEEN	30,000	0.07%
		<u>41,104,601</u>	<u>95.00%</u>
	OTHERS	<u>2,162,399</u>	<u>5.00%</u>
		<u><u>43,267,000</u></u>	<u><u>100.00%</u></u>

B. The public holding percentage as at 31.03.2019 : **10.62%** comprising of **2,137** shareholders.
 Float adjusted market capitalization as at 31.03.2019 is Rs. 85,025,760
 The company complied with the option 02 of rule 7.13.1 (b) of the listing rules of the Colombo Stock Exchange of the minimum public holding requirement.

C. Directors' Shareholding as at 31.03.2019:

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.

E. Market price of shares recorded during the quarter ended	31.03.2019	31.03.2018
	Rs.	Rs.
Highest Market Price	<u>24.00</u>	<u>29.90</u>
Lowest Market Price	<u>16.50</u>	<u>19.10</u>
Last Traded Price	<u>18.50</u>	<u>23.50</u>