



THE FORTRESS RESORTS PLC

Interim Financial Statements

**For Six Months Ended
30 September 2012**

THE FORTRESS RESORTS PLC**INTERIM FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012****CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER**

	2012 Rs. '000	2011 Rs. '000	31.03.2012 Rs. '000
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	1,080,233	1,091,716	1,078,074
Intangible Assets	7,136	-	6,189
WIP	988	8,352	-
	1,088,357	1,100,068	1,084,263
CURRENT ASSETS			
Inventories	14,640	14,015	13,891
Trade Debtors & Other Receivables	55,217	55,870	80,890
Income Tax Receivable	3,033	1,584	2,404
Short Term Deposits	90,000	-	40,000
Cash & Cash Equivalents	6,450	6,532	11,338
	169,340	78,001	148,523
TOTAL ASSETS	1,257,697	1,178,069	1,232,786
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share Capital	1,108,867	1,108,867	1,108,867
Other Reserves	124,373	124,373	124,373
Accumulated losses	(449,645)	(605,852)	(484,993)
	783,595	627,388	748,247
NON-CURRENT LIABILITIES			
Interest Bearing Borrowings	380,985	451,851	359,832
Retirement Benefit Obligations	4,343	5,637	3,881
	385,328	457,488	363,713
CURRENT LIABILITIES			
Trade Creditors & Other Payables	48,895	54,922	55,495
Interest Bearing Loans & Borrowings	39,879	38,271	65,331
	88,774	93,193	120,826
TOTAL EQUITY AND LIABILITIES	1,257,697	1,178,069	1,232,786
Net Assets value per share	7.07	5.66	6.75

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

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Shyamalie Weerasooriya
Chief Financial Officer

Approved and signed for and on behalf of the Board of Directors.

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K.D.D.Perera
Chairman

.....
J.A.S.S.Adihetty
Managing Director

Colombo
15 November 2012

Note: The above figures for the current period are subject to audit.

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
30TH SEPTEMBER

	2012	2011	Change
	Rs. '000	Rs. '000	%
REVENUE	210,663	163,485	29
Cost of Sales	(54,707)	(51,124)	7
GROSS PROFIT	155,956	112,361	39
Other Operating Income	23,012	9,836	134
Administration & Establishment Cost	(109,953)	(91,026)	21
Selling & Distribution Cost	(12,834)	(7,027)	83
Finance Cost	(25,169)	(25,987)	(3)
Finance Income	4,336	-	-
PROFIT/(LOSS) BEFORE TAXATION	35,348	(1,843)	2,018
Taxation	-	-	
PROFIT / (LOSS) FOR THE PERIOD	35,348	(1,843)	2,018
Attributable to:			
Equity holders of the parent	35,348	(1,843)	2,018
	35,348	(1,843)	2,018
Earnings / (Loss) per share for the period	Rs. 0.32	(0.02)	1,700

Note: The above figures for the current period are subject to audit.

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

COMPANY BALANCE SHEET AS AT 30TH SEPTEMBER

	2012 Rs. '000	2011 Rs. '000	31.03.2012 Rs. '000
ASSETS			
NON-CURRENT ASSETS			
Investment In Subsidiary	1,000,010	1,000,010	1,000,010
	<u>1,000,010</u>	<u>1,000,010</u>	<u>1,000,010</u>
CURRENT ASSETS			
Income Tax Receivables	137	-	137
Cash & Cash Equivalents	36	39	36
	<u>173</u>	<u>39</u>	<u>173</u>
TOTAL ASSETS	<u>1,000,183</u>	<u>1,000,049</u>	<u>1,000,183</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share Capital	1,108,867	1,108,867	1,108,867
Accumilated losses	(135,108)	(128,837)	(131,089)
	<u>973,759</u>	<u>980,030</u>	<u>977,778</u>
NON-CURRENT LIABILITIES			
Non Interest Bearing Borrowings	-	-	-
Interest Bearing Loans and Borrowings	-	-	-
Retirement Benefit liability	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
CURRENT LIABILITIES			
Trade Creditors & Other Payables	26,424	20,019	22,405
	<u>26,424</u>	<u>20,019</u>	<u>22,405</u>
TOTAL EQUITY AND LIABILITIES	<u>1,000,183</u>	<u>1,000,049</u>	<u>1,000,183</u>
Net Assets value per share	8.78	8.84	8.82

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

.....
Shyamalie Weerasooriya
Chief Finance Officer

Approved and signed for and on behalf of the Board of Directors.

.....
K.D.D.Perera
Chairman

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J.A.S.S.Adihetty
Managing Director

Colombo
15 November 2012

Note: The above figures for the current period are subject to audit.

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

COMPANY INCOME STATEMENT FOR THE SIX MONTHS ENDED
30TH SEPTEMBER

	2012 Rs. '000	2011 Rs. '000	Change %
REVENUE	-	-	-
Cost of Sales	-	-	-
GROSS PROFIT	<u>-</u>	<u>-</u>	-
Other Operating Income	-	-	-
Administration & Establishment Cost	(4,019)	(724)	455
Finance Cost	-	(5)	(100)
PROFIT/(LOSS) BEFORE TAXATION	<u>(4,019)</u>	<u>(729)</u>	451
Taxation	-	-	
NET PROFIT/(LOSS) FOR THE PERIOD	<u><u>(4,019)</u></u>	<u><u>(729)</u></u>	451
Earnings / (Loss) per share for the period Rs.	(0.04)	(0.01)	300

Note: The above figures for the current period are subject to audit.

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED
30TH SEPTEMBER

Consolidated	Stated Capital	Revaluation Reserve	Accumulated Loss	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2011	1,108,867	124,373	(604,009)	629,231
Net Loss for the Period	-	-	(1,843)	(1,843)
Balance as at 30th September 2011	<u>1,108,867</u>	<u>124,373</u>	<u>(605,852)</u>	<u>627,388</u>
Balance as at 01st April 2012	1,108,867	124,373	(484,993)	748,247
Net Profit for the Period	-	-	35,348	35,348
Balance as at 30th September 2012	<u>1,108,867</u>	<u>124,373</u>	<u>(449,645)</u>	<u>783,595</u>

Company	Stated Capital Rs.'000	Accumulated Loss Rs.'000	Total Rs.'000
Balance as at 01st April 2011	1,108,867	(128,108)	980,759
Net Loss for the Period	-	(729)	(729)
Balance as at 30th September 2011	<u>1,108,867</u>	<u>(128,837)</u>	<u>980,030</u>
Balance as at 01st April 2012	1,108,867	(131,089)	977,778
Net Loss for the Period	-	(4,019)	(4,019)
Balance as at 30th September 2012	<u>1,108,867</u>	<u>(135,108)</u>	<u>973,759</u>

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER

	Group		Company	
	2012 Rs.'000	2011 Rs.'000	2012 Rs.'000	2011 Rs.'000
Cash Flows From / (Used in) Operating Activities				
Profit/(Loss) before tax	35,347	(1,843)	(4,019)	(729)
Adjustments for				
Depreciation	36,897	36,595	-	-
Interest Expense	25,169	25,987	-	-
Exchange Gain	(4,251)	-	-	-
Interest Income	(4,335)	-	-	-
Provision for Defined Benefit Plans	462	1,860	-	-
(Profit)/Loss on Disposal of Property, Plant & Equipment	(6,250)	-	-	-
Operating Profit/(Loss) before Working Capital Changes	83,039	62,599	(4,019)	(729)
(Increase)/ Decrease in Inventories	(749)	(2,675)	-	-
(Increase)/ Decrease in Trade and Other Receivables	20,871	(3,680)	-	-
Increase /(Decrease) in Trade and Other Payables	(2,427)	15,602	4,019	724
Cash Generated from Operations	100,734	71,846	-	(5)
Income Tax Paid	(766)	(826)	-	-
Interest Paid	(24,908)	(24,487)	-	-
Net Cash From Operating Activities	75,060	46,533	-	(5)
Cash Flows from / (Used in) Investing Activities				
Acquisition of Property, Plant & Equipment	(14,969)	(26,016)	-	-
Proceeds from Disposal of Property, Plant & Equipment	8,017	-	-	-
Acquisition of Intangible Assets	(947)	-	-	-
Interest Received	4,335	-	-	-
Net Cash Flows from/(Used in) Investing Activities	(3,564)	(26,016)	-	-
Cash Flows from (Used in) Financing Activities				
Re-payment of Interest Bearing Loans and Borrowings	(25,556)	(40,000)	-	-
Principal Payment under Finance Lease Liabilities	(5,496)	(259)	-	-
Net Cash Flows from/(Used in) Financing Activities	(31,052)	(40,259)	-	-
Effect of Exchange rates changes on Cash & Cash Equivalent	4,251	-	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	44,695	(20,102)	-	(5)
Cash and Cash Equivalents at the beginning of the year	41,478	21,958	36	44
Cash and Cash Equivalents at the end of the period	86,173	1,856	36	39

For the purpose of the cash flow statement, the period end cash and cash equivalents comprise of the following:

Cash at Bank & In Hand	96,450	6,532	36	39
Bank Overdraft	(10,277)	(4,676)	-	-
	86,173	1,856	36	39

Note: The above figures for the current period are subject to audit.

THE FORTRESS RESORTS PLC

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2012

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER

1. Market Price per Share for the period

	30.09.2012	30.09.2011
Highest	22.10	35.90
Lowest	10.50	20.20
Last Traded	20.20	28.10

2. Financial year of the company / group ends on 31st March . Interim figures are for six months ended 30th September 2012. Figures for the period ended 30th September 2012 are provisional and subject to Audit.

3. The Balance Sheet of the company and group as at 30th September 2012 and Statements of Income, Changes in Equity and Cash Flow for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards and are in agreement with the books of accounts maintained by the group and have provided the information required by the Colombo Stock Exchange.

4. The presentation and classification of figures for the corresponding period of the previous year have been amended, where relevant, to be comparable with those for the current year.

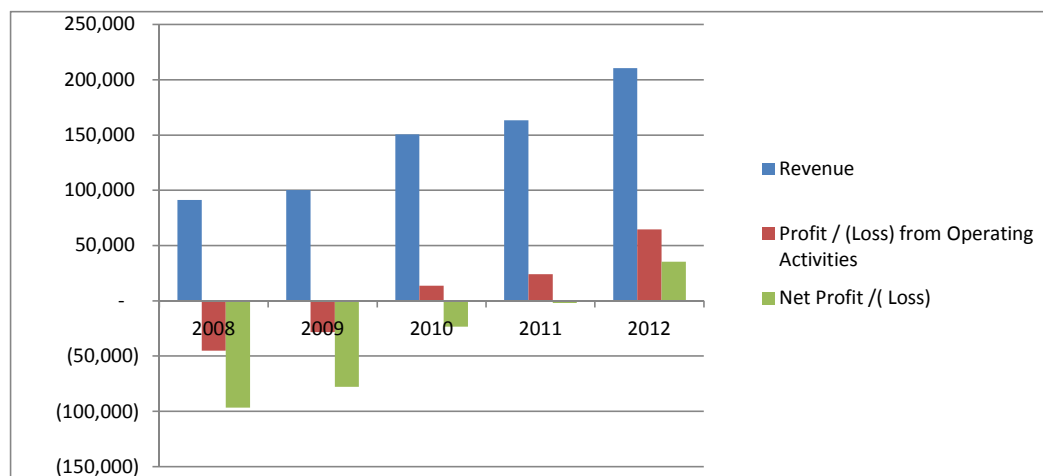
5. All values included in these Financial Statements are in Rs.'000 unless otherwise stated.

6. There have been no other material events that took place since 30th September 2012, that require disclosure in the Financial Statements.

7. Net Assets per Share has been calculated, for all periods, based on the number of shares in issue as at 30th September 2012, amounting to 110,886,684.

8. There has not been a significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31 March 2012.

9. Graphical Analysis of Seasonality performance - For the Six Months ended 30th September



10. The percentage of the shares held by public as at 30th September 2012 was 27.83 % (31st March 2012 27.83 %)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 TH SEPTEMBER 2012

11. The interim financial statements are unaudited and have been prepared in accordance with the same accounting policies and methods set out in the Annual Financial Statements for the year ended 31 March 2012 and are in compliance with the Sri Lanka Accounting Standard 34 - Interim Financial Reporting.

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 01 st January 2012. However in accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on " Comparative Figures in the Interim Financial Statements ", the company has adopted the second alternative option as given in such ruling where by these Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards which existed immediately prior to 01st Janury 2012. The company is in the process of adopting the new Sri Lanka Accounting Standards (SLFRS/LKAS) with effect from 01st April 2012 and the impact to the Statement of Comprehensive Income and Net Assets has not been determined yet due to the assessment in progress.

12. The number of shares held by the Board of directors are as follows:

Mr. K.D.D.Perera	10,329,317
Mr.J.A.S.S. Adhihetty	Nil
Mr. W.D.N.H.Perera	89
Mr.W.A.D. C. J. Wickramasinghe	19,291
Mr. Malik J. Fernando	833,333
Mr. Merril .J. Fernando	2,124,400
Mr. S. Senaratne	1,000
Mr. L.T.Samarawickrama	1,550
Mr. D.E.Silva	500
Mr.L.N.De Silva Wijeyerathne	Nil
Mr.H.Somashantha (Alternate Director to	Nil
Mr.W.D.P.B.Perera	500

13. Twenty largest shareholders of the company are as follows,

		No of Shares	%
1	M J F Holdings Limited	28,616,411	25.81
2	Vallibel Leisure (Pvt) Ltd	24,417,932	22.02
3	Vallibel one PLC	13,676,350	12.33
4	Mr.K.D.D Perera	10,329,317	9.32
5	Vallibel Power Erathna Plc	5,933,400	5.35
6	L B Finance Plc	4,051,100	3.65
7	Mr.Merril J Fernando	2,124,400	1.92
8	Bank of Ceylon No 1. Account	1,461,100	1.32
9	Seylan Bank PLC- Jayantha Dewage	1,441,400	1.30
10	Mrs.N.U.D Ariyaratne	1,414,500	1.27
11	Almar International (Pvt) Ltd.	1,249,600	1.13
12	Mr.D.C Fernando	833,333	0.75
13	Mr. Malik J Fernando	833,333	0.75
14	Freudenberg Shipping Agencies Limited	648,792	0.59
15	Polychrome Inks Limited	566,666	0.51
16	Seylan Bank PLC/Bertram Manson Amarasekara	550,000	0.50
17	Merchant Bank of Sri Lanka PLC / J.A.S Piyaward	501,238	0.45
18	Royal Ceramics Lanka PLC	336,100	0.30
19	Mr.Y.K.B.Dissanayake	303,540	0.27
20	Seylan Bank PLC/A.M.Nimesha Anuruddha Abey	291,200	0.26

CORPORATE INFORMATION

STATUTORY STATUS	Public Company with Limited Liability, Quoted on the Secondary Board of the Colombo Stock Exchange
COMPANY REGISTRATION NO	<i>PQ 207</i>
BOARD OF DIRECTORS	Mr.K.D.D.Perera (Chairman) Mr. J.A.S.S.Adhihetty(Managing Director) Mr. W. A. D. C.J. Wickramasinghe Mr. Malik .J.Fernando Mr. Merrill J. Fernando Mr. S. Senaratne Mr.L.T.Samarawickrama Mr.W.D.N.H.Perera Mr.D.E.Silva Mr. L.N.De Silva Wijeyeratne Mr.H.Somashantha Mr.W.D.P.B. Perera
HOTEL	The Fortress , Koggala.
REGISTERED OFFICE	Level 27, East Tower World Trade Center Echelon Square Colombo 01
SECRETARIES	P W Corporate Secretarial (Pvt) Ltd. 3/17, Kynsey Road Colombo 08
AUDITORS	Ernst & Young Chartered Accountants 201, De Seram Place Colombo 10
BANKERS	Bank of Ceylon Hatton National Bank PLC Sampath Bank PLC Pan Asia Banking Corporation PLC