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## **THE FORTRESS RESORTS PLC**

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**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
30 TH JUNE 2014**

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE**

|  | As.At<br>30.06.2014     | As.At<br>31.03.2014<br>Audited | Change<br>% |
|--|-------------------------|--------------------------------|-------------|
|  | Rs. '000                | Rs. '000                       |             |
| <b>ASSETS</b>                          |                         |                                |             |
| <b>Non-Current Assets</b>              |                         |                                |             |
| Property, Plant & Equipment            | 1,080,012               | 1,104,287                      | (2)         |
| Work in Progress                       | 443                     | -                              |             |
| Intangible Assets                      | 4,755                   | 5,150                          | (8)         |
|  | <u>1,085,210</u>        | <u>1,109,437</u>               | (2)         |
| <b>Current Assets</b>                  |                         |                                |             |
| Inventories                            | 18,395                  | 16,610                         | 11          |
| Trade and Other Receivables            | 13,386                  | 55,473                         | (76)        |
| Advances and Prepayments               | 29,270                  | 19,624                         | 49          |
| Income Tax Receivables                 | 137                     | 137                            | -           |
| Short Term Investment                  | 207,173                 | 175,000                        | 18          |
| Cash and Bank Balances                 | 2,777                   | 20,914                         | (87)        |
|  | <u>271,138</u>          | <u>287,758</u>                 | (6)         |
| <b>Total Assets</b>                    | <b><u>1,356,348</u></b> | <b><u>1,397,195</u></b>        | (3)         |
| <b>EQUITY AND LIABILITIES</b>          |                         |                                |             |
| <b>Capital and Reserves</b>            |                         |                                |             |
| Stated Capital                         | 1,108,867               | 1,108,867                      | -           |
| Accumulated Profits                    | 121,741                 | 105,893                        | 15          |
| <b>Total Equity</b>                    | <u>1,230,608</u>        | <u>1,214,760</u>               | 1           |
| <b>Non-Current Liabilities</b>         |                         |                                |             |
| Interest Bearing Loan and Borrowings   | 10,637                  | 12,452                         | 15          |
| Retirement Benefit Obligations         | 7,059                   | 6,692                          | (5)         |
| Deferred Tax Liability                 | 25,997                  | 25,997                         | -           |
|  | <u>43,693</u>           | <u>45,141</u>                  | 3           |
| <b>Current Liabilities</b>             |                         |                                |             |
| Trade and Other Payables               | 59,318                  | 68,379                         | 13          |
| Income Tax Payables                    | 10,083                  | 10,670                         |             |
| Interest Bearing Loans and Borrowings  | 12,646                  | 58,245                         | 78          |
|  | <u>82,047</u>           | <u>137,294</u>                 | 40          |
| <b>Total Equity and Liabilities</b>    | <b><u>1,356,348</u></b> | <b><u>1,397,195</u></b>        | 3           |
| <b>Net Asset Value per Share (Rs.)</b> | 11.10                   | 10.95                          |             |

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd  
**Shyamalie Weerasooriya**  
**Chief Financial Officer**

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

Sgd  
**K.D.D.Perera**  
**Chairman**

Sgd  
**J.A.S.S. Adhihetty**  
**Managing Director**

**Colombo**  
**12 June 2014**

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 TH JUNE**

|   | <b>FOR 3 MONTHS ENDED</b> |                   | <b>Change</b> |
|---|---------------------------|-------------------|---------------|
|   | <b>30.06.2014</b>         | <b>30.06.2013</b> | <b>%</b>      |
|   | <b>Rs. '000</b>           | <b>Rs. '000</b>   |               |
| <b>Revenue</b>  | 120,695                   | 92,137            | 31            |
| Cost of Sales   | (38,473)                  | (31,937)          | (20)          |
| Gross Profit  | <u>82,222</u>             | <u>60,200</u>     | 37            |
| Other Income  | 6,375                     | 6,103             | 4             |
| Selling and Marketing Expenses                              | (4,495)                   | (4,755)           | 5             |
| Administrative Expenses                                     | (68,809)                  | (59,369)          | (16)          |
| Finance Cost  | (978)                     | (12,786)          | 92            |
| Finance Income  | 4,463                     | 8,613             | (48)          |
| <b>Profit/(Loss) before Tax</b>                             | <u>18,778</u>             | <u>(1,994)</u>    | (1,042)       |
| Income Tax Expenses   | (2,930)                   | (1,413)           | -             |
| <b>Profit / (Loss) for the period</b>                       | <u>15,848</u>             | <u>(3,407)</u>    | 565           |
| <b>Other Comprehensive Income</b>                           | -                         | -                 |               |
| Actuarial Loss on Defined Benefit Plan                      | -                         | -                 |               |
| Income tax effect   | -                         | -                 |               |
| <b>Other comprehensive Loss for the year, net of tax</b>    | <u>-</u>                  | <u>-</u>          |               |
| <b>Total Comprehensive Income for the period net of Tax</b> | <u>15,848</u>             | <u>(3,407)</u>    | 565           |
| <b>Attributable to:</b>                                     |                           |                   |               |
| Equity holders of the parent                                | <u>15,848</u>             | <u>(3,407)</u>    | 565           |
| Earnings / (Loss) per share - Basic / Diluted (Rs.)         | 0.14                      | (0.03)            | 565           |

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**COMPANY, STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE**

|                                       | As.At<br>30.06.2014<br>Rs. '000 | As.At<br>31.03.2014<br>Audited<br>Rs. '000 | Change<br>% |
|---------------------------------------|---------------------------------|--|-------------|
| <b>ASSETS</b>                         |                                 |  |             |
| <b>Non-Current Assets</b>             |                                 |  |             |
| Investment In Subsidiary              | 1,000,010                       | 1,000,010                                  | -           |
|                                       | <u>1,000,010</u>                | <u>1,000,010</u>                           | -           |
| <b>Current Assets</b>                 |                                 |  |             |
| Income Tax Receivables                | 137                             | 137  | -           |
| Cash & Cash Equivalents               | 36                              | 36   | -           |
|                                       | <u>173</u>                      | <u>173</u>                                 | -           |
| <b>Total Assets</b>                   | <b><u>1,000,183</u></b>         | <b><u>1,000,183</u></b>                    | -           |
| <b>EQUITY AND LIABILITIES</b>         |                                 |  |             |
| <b>Capital and Reserves</b>           |                                 |  |             |
| Share Capital                         | 1,108,867                       | 1,108,867                                  | -           |
| Accumulated losses                    | (129,646)                       | (127,156)                                  | 2           |
| <b>Total Equity</b>                   | <u>979,221</u>                  | <u>981,711</u>                             | (0)         |
| <b>Non-Current Liabilities</b>        |                                 |  |             |
| Interest Bearing Loans and Borrowings | -                               | -  |             |
| Retirement Benefit Obligation         | -                               | -  |             |
|                                       | <u>-</u>                        | <u>-</u>                                   |             |
| <b>Current Liabilities</b>            |                                 |  |             |
| Trade Creditors & Other Payables      | 20,961                          | 18,472                                     | 13          |
| Interest Bearing Loans and Borrowings | 1                               | -  |             |
|                                       | <u>20,962</u>                   | <u>18,472</u>                              | 13          |
| <b>Total Equity and Liabilities</b>   | <b><u>1,000,183</u></b>         | <b><u>1,000,183</u></b>                    | -           |
| Net Assets value per share            | 8.83                            | 8.85                                       |             |

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd  
**Shyamalie Weerasooriya**  
**Chief Financial Officer**

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

Sgd  
**K.D.D.Perera**  
**Chairman**

Sgd  
**J.A.S.S. Adhihetty**  
**Managing Director**

**Colombo**  
**12 June 2014**

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**COMPANY, STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 TH JUNE**

|   | <b>FOR 3 MONTHS ENDED</b> |                     | <b>Change</b> |
|---|---------------------------|---------------------|---------------|
|   | <b>30.06.2014</b>         | <b>30.06.2013</b>   | <b>%</b>      |
|   | <b>Rs. '000</b>           | <b>Rs. '000</b>     |               |
| <b>Revenue</b>  | -                         | -                   |               |
| Cost of Sales   | -                         | -                   |               |
| <b>Gross Profit</b>                                     | -                         | -                   |               |
| Other Income  | -                         | -                   |               |
| Selling and Marketing Expenses                          | -                         | -                   |               |
| Administrative Expenses                                 | (2,489)                   | (888)               | (180)         |
| Finance Cost  | (1)                       | -                   |               |
| Finance Income  | -                         | -                   |               |
| <b>Profit/(Loss) before Tax</b>                         | (2,490)                   | (888)               | (180)         |
| Income Tax Expenses                                     | -                         | -                   | -             |
| <b>Profit /(Loss) for the period</b>                    | <u>(2,490)</u>            | <u>(888)</u>        | (180)         |
| <b>Other Comprehensive Income</b>                       | -                         | -                   |               |
| <b>Total Comprehensive Income/(Loss) for the period</b> | <u><b>(2,490)</b></u>     | <u><b>(888)</b></u> |               |
| Earnings / (Loss) per share for the period              | (0.02)                    | (0.01)              | (180)         |

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED**  
**30 TH JUNE 2014**

| <b>Group</b>                         | <b>Stated Capital</b> | <b>Accumulated</b>     | <b>Total</b>     |
|--------------------------------------|-----------------------|------------------------|------------------|
|                                      | <b>Rs. '000</b>       | <b>Profit/(Losses)</b> | <b>Rs. '000</b>  |
|                                      |                       | <b>Rs. '000</b>        |                  |
| <b>Balance as at 01st April 2014</b> | 1,108,867             | 105,893                | 1,214,760        |
| Net Profit / ( Loss) for the Period  | -                     | 15,848                 | 15,848           |
| <b>Balance as at 30 th June 2014</b> | <u>1,108,867</u>      | <u>121,741</u>         | <u>1,230,608</u> |
| <b>Balance as at 01st April 2013</b> | 1,108,867             | (70,875)               | -                |
| Net Profit / ( Loss) for the period  | -                     | (3,407)                | (3,407)          |
| <b>Balance as at 30 June 2013</b>    | <u>1,108,867</u>      | <u>(74,282)</u>        | <u>1,227,201</u> |
| <b>Company</b>                       | <b>Stated Capital</b> | <b>Accumulated</b>     | <b>Total</b>     |
|                                      | <b>Rs. '000</b>       | <b>Profit/(Losses)</b> | <b>Rs. '000</b>  |
|                                      |                       | <b>Rs. '000</b>        |                  |
| <b>Balance as at 01st April 2014</b> | 1,108,867             | (127,156)              | 981,711          |
| Net Profit / ( Loss) for the Period  | -                     | (2,490)                | (2,490)          |
| <b>Balance as at 30 th June 2014</b> | <u>1,108,867</u>      | <u>(129,646)</u>       | <u>979,221</u>   |
| <b>Balance as at 01st April 2013</b> | 1,108,867             | (136,728)              | 972,139          |
| Net Profit / ( Loss) for the period  | -                     | (888)                  | (888)            |
| <b>Balance as at 30 June 2013</b>    | <u>1,108,867</u>      | <u>(137,616)</u>       | <u>971,251</u>   |

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED**  
**30 TH JUNE**

|   | FOR THE PERIOD ENDED |                | FOR THE PERIOD ENDED |           |
|---|----------------------|----------------|----------------------|-----------|
|   | Group                |                | Company              |           |
|   | 2014                 | 2013           | 2014                 | 2013      |
|   | Rs.'000              | Rs.'000        | Rs.'000              | Rs.'000   |
| <b>Cash Flows From / (Used in) Operating Activities</b>             |                      |                |                      |           |
| Profit/(Loss) before tax  | 18,778               | (1,994)        | (2,490)              | (888)     |
| <b>Adjustments for</b>  |                      |                |                      |           |
| Depreciation  | 26,036               | 24,633         | -                    | -         |
| Amortisation  | 395                  | -              | -                    | -         |
| Finance Cost  | 977                  | 12,786         | 1                    | -         |
| Finance Income  | (4,463)              | (8,613)        | -                    | -         |
| Exchange Gain   | (396)                | (442)          | -                    | -         |
| Provision for Defined Benefit Obligation                            | 516                  | 414            | -                    | -         |
| Operating Profit/(Loss) before Working Capital Changes              | 41,843               | 26,784         | (2,489)              | (888)     |
| (Increase)/ Decrease in Inventories                                 | (1,785)              | 1,032          | -                    | -         |
| (Increase)/ Decrease in Trade and Other Receivables and prepayments | 29,805               | 36,596         | 43                   | -         |
| Increase /(Decrease) in Trade and Other Payables                    | (6,425)              | (6,675)        | 2,489                | 888       |
| Cash Generated from / (Used in) Operations                          | 63,438               | 57,737         | 43                   | -         |
| Finance Cost Paid   | (977)                | (12,999)       | (1)                  | -         |
| Income Tax Paid   | (3,518)              | (838)          | -                    | -         |
| Gratuity Paid   | (148)                | (424)          | -                    | -         |
| Net Cash From / (used in) Operating Activities                      | 58,795               | 43,476         | 42                   | -         |
| <b>Cash Flows from / (Used in) Investing Activities</b>             |                      |                |                      |           |
| Proceeds from Disposal of Property, Plant & Equipment               | -                    | 15             | -                    | -         |
| Acquisition of Property, Plant & Equipment                          | (2,206)              | (6,243)        | -                    | -         |
| Finance Income Received   | 4,463                | 6,449          | -                    | -         |
| Investment In Short term Investment                                 | (32,173)             | (30,000)       | -                    | -         |
| Net Cash from/(Used in) Investing Activities                        | (29,916)             | (29,779)       | -                    | -         |
| <b>Cash Flows from (Used in) Financing Activities</b>               |                      |                |                      |           |
| Re-payment of Bank Loans  | (45,000)             | (11,076)       | -                    | -         |
| Principal Payment under Finance Lease Liabilities                   | (2,708)              | (2,391)        | -                    | -         |
| Net Cash from/(Used in) Financing Activities                        | (47,708)             | (13,467)       | -                    | -         |
| Effect of Exchange rates changes on Cash and Cash Equivalent        | 396                  | 442            | -                    | -         |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>         | (18,433)             | 672            | 42                   | -         |
| <b>Cash and Cash Equivalents at the beginning of the year</b>       | 19,037               | (4,497)        | 36                   | 36        |
| <b>Cash and Cash Equivalents at the end of the period</b>           | <b>604</b>           | <b>(3,825)</b> | <b>78</b>            | <b>36</b> |

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

|                        |            |                |           |           |
|------------------------|------------|----------------|-----------|-----------|
| Cash at Bank & In Hand | 2,776      | 3,541          | 36        | 37        |
| Bank Overdraft         | (2,172)    | (7,366)        | (1)       | (1)       |
|                        | <b>604</b> | <b>(3,825)</b> | <b>35</b> | <b>36</b> |

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

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 TH JUNE 2014**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 TH JUNE**

1. Market Price of Ordinary Shares

|   | 30.06.2014 | 30.06.2013 |
|---|------------|------------|
| Highest Price Per Share for the Quarter | 17.00      | 17.90      |
| Lowest Price Per Share for the Quarter  | 13.00      | 14.10      |
| Last Traded                             | 16.00      | 16.30      |

2. Financial year of the company / group ends on 31st March . Interim figures are for three months ended 30 th June 2014

3. The Statement of Financial Position of the company and group as at 30 th June 2014 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 34 interim financial statements 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.

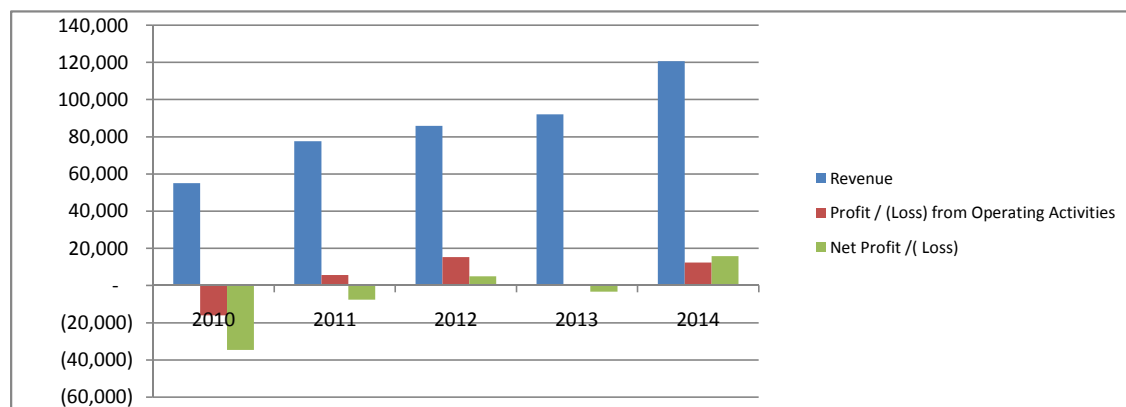
5. All values included in these Financial Statements are in Rs.'000 unless otherwise stated.

6. There have been no other material events that took place since 30 th June 2014, 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 30 th June 2014, 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 2014.

9. Graphical Analysis of Seasonality performance - For the three Months ended 30 th June



10. The percentage of the shares held by public as at 30 th June 2014 was 18.157% (30 th June 2013 - 27.82 %)



**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED**  
**30 TH JUNE 2014**

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 2014 and are in compliance with the Sri Lanka Accounting Standard 34 - Interim Financial Reporting.
12. The number of shares held by the Board of directors as of 30 th June 2014 are as follows:

| <b>Name of the Director</b>                                    | <b>No of Shares</b> | <b>%</b> |
|--|---------------------|----------|
| Mr. K.D.D.Perera   | 10,329,317          | 9.315    |
| Mr.J.A.S.S. Adhihetty  | 13,741              | 0.012    |
| Mr.W.A.D. C. J. Wickramasinghe                                 | 19,291              | 0.017    |
| Mr. Malik J. Fernando  | 833,333             | 0.752    |
| Mr. Merrill J. Fernando  | 2,124,400           | 1.916    |
| Mr. S. Senaratne   | 1,000               | 0.001    |
| Mr. L.T.Samarawickrama   | 1,550               | 0.001    |
| Mr. D.E.Silva  | 500                 | 0.000    |
| Mr.L.N.De Silva Wijeyerathne                                   | Nil                 | -        |
| Mr.P.B.Perera  | 500                 | 0.000    |
| Mr.H.Somashantha (Alternate Director to Mr.L.T.Samarawickrama) | Nil                 | -        |
| Mr.W.D.N.H.Perera (Alternate Director to Mr.P.B. Perera)       | 89                  | 0.000    |
| Mr.Jan Peter Van Twest   | Nil                 | -        |
| Mr.C.V.Cabral  | Nil                 | -        |
| Ms.M. Tissera (Alternate Director to Mr.K.D.D.Perera)          | Nil                 | -        |

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

|    | <b>Name of the Share Holder</b>            | <b>No of Shares</b> | <b>%</b> |
|----|--|---------------------|----------|
| 1  | M J F HOLDINGS LTD                         | 28,616,411          | 25.807   |
| 2  | VALLIBEL LEISURE (PRIVATE) LIMITED         | 24,417,932          | 22.021   |
| 3  | VALLIBEL ONE PLC                           | 14,043,945          | 12.665   |
| 4  | MR K D D PERERA                            | 10,329,317          | 9.315    |
| 5  | VALLIBEL POWER ERATHNA PLC                 | 5,933,400           | 5.351    |
| 6  | L B FINANCE PLC                            | 4,051,100           | 3.653    |
| 7  | MR. MERRIL J FERNANDO                      | 2,124,400           | 1.916    |
| 8  | BANK OF CEYLON NO. 1 ACCOUNT               | 1,461,100           | 1.318    |
| 9  | SEYLAN BANK PLC/JAYANTHA DEWAGE            | 1,441,400           | 1.300    |
| 10 | MRS N U D ARIYARATNA                       | 843,678             | 0.761    |
| 11 | ALMAR INTERNATIONAL (PVT) LTD              | 1,249,600           | 1.127    |
| 12 | MR D C FERNANDO                            | 833,333             | 0.752    |
| 13 | MR. MALIK J FERNANDO                       | 833,333             | 0.752    |
| 14 | FREUDENBERG SHIPPING AGENCIES LIMITED      | 830,019             | 0.749    |
| 15 | POLYCHROME INKS LIMITED                    | 566,666             | 0.511    |
| 16 | SEYLAN BANK PLC/BERTRAM MANSON AMARASEKARA | 550,000             | 0.496    |
| 17 | DEE INVESTMENTS (PVT) LTD                  | 394,375             | 0.356    |
| 18 | ROYAL CERAMICS LANKA PLC                   | 336,100             | 0.303    |
| 19 | MR. R MANOHARAN                            | 291,000             | 0.262    |
| 20 | MR. A P L FERNANDO                         | 400,327             | 0.361    |

## **CORPORATE INFORMATION**

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