



THE FORTRESS RESORTS PLC

**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 ST DECEMBER 2016**

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 ST DECEMBER

	As.At 31.12.2016 Rs.'000'	As.At 31.03.2016 Audited Rs.'000'	Change %
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	976,514	968,650	1
Intangible Assets	2,804	3,626	(23)
Long Term Investments	364,000	-	100
	<u>1,343,318</u>	<u>972,276</u>	38
Current Assets			
Inventories	29,199	18,978	54
Trade and Other Receivables	19,899	37,369	(47)
Advances and Prepayments	28,775	30,374	(5)
Income Tax Receivables	137	137	-
Short Term Deposits	250,000	475,769	(47)
Cash and Bank Balances	28,067	103,967	(73)
	<u>356,077</u>	<u>666,594</u>	(47)
Total Assets	<u>1,699,395</u>	<u>1,638,870</u>	4
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	1,108,867	1,108,867	-
Accumulated Profits	424,877	371,832	14
Total Equity	<u>1,533,744</u>	<u>1,480,699</u>	4
Non-Current Liabilities			
Retirement Benefit Obligation	11,457	10,404	(10)
Deferred Tax Liability	39,014	37,014	(5)
	<u>50,471</u>	<u>47,418</u>	(6)
Current Liabilities			
Trade and Other Payables	108,887	82,140	(33)
Income Tax Payables	6,293	22,166	72
Interest Bearing Loans and Borrowings	-	6,447	100
	<u>115,180</u>	<u>110,753</u>	(4)
Total Equity and Liabilities	<u>1,699,395</u>	<u>1,638,870</u>	(4)
Net Asset Value per Share (Rs.)	13.83	13.35	

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

Sgd
Chief Financial Officer

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

Sgd
Director

Sgd
Director

Colombo
14 February 2017

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

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 ST DECEMBER

	FOR 3 MONTHS ENDED		Change	YEAR TO DATE		Change
	31.12.2016	31.12.2015	%	31.12.2016	31.12.2015	%
	Rs.'000'	Rs.'000'		Rs.'000'	Rs.'000'	
Revenue	163,974	179,687	(9)	397,171	402,701	(1)
Cost of Sales	(50,102)	(45,803)	(9)	(133,383)	(116,957)	(14)
Gross Profit	<u>113,872</u>	<u>133,884</u>	(15)	<u>263,788</u>	<u>285,744</u>	(8)
Other Income and Gains	10,477	7,636	37	24,369	21,663	12
Selling and Marketing Expenses	(7,129)	(7,286)	2	(16,427)	(16,773)	2
Administrative Expenses	(87,520)	(75,943)	(15)	(243,473)	(219,718)	(11)
Finance Cost	(5)	(232)	98	(145)	(971)	85
Finance Income	14,826	11,766	26	42,860	29,664	44
Profit before Tax	<u>44,521</u>	<u>69,825</u>	(36)	<u>70,972</u>	<u>99,609</u>	(29)
Income Tax Expenses	(9,820)	(23,377)	58	(17,927)	(32,275)	44
Profit for the period	<u>34,701</u>	<u>46,448</u>	(25)	<u>53,045</u>	<u>67,334</u>	(21)
Other Comprehensive Income	-	-		-	-	
Actuarial Loss on Defined Benefit Plan	-	-		-	-	
Income tax effect	-	-		-	-	
Other comprehensive Loss for the year, net of tax	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>	
Total Comprehensive Income for the period net of Tax	<u>34,701</u>	<u>46,448</u>	(25)	<u>53,045</u>	<u>67,334</u>	(21)
Attributable to:						
Equity holders of the parent	<u>34,701</u>	<u>46,448</u>	(25)	<u>53,045</u>	<u>67,334</u>	(21)
Basic Earnings Per Share (Rs.)	0.31	0.42	(25)	0.48	0.61	(21)

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

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

COMPANY, STATEMENT OF FINANCIAL POSITION AS AT 31 ST DECEMBER

	As.At 31.12.2016 Rs.'000'	As.At 31.03.2016 Audited Rs.'000'	Change %
ASSETS			
Non-Current Assets			
Investment In Subsidiary	1,000,010	1,000,010	-
	<u>1,000,010</u>	<u>1,000,010</u>	-
Current Assets			
Other Receivables	105,439	110,255	(4)
Income Tax Receivables	137	137	-
Cash & Cash Equivalents	470	17	2,665
	<u>106,046</u>	<u>110,409</u>	(4)
Total Assets	<u>1,106,056</u>	<u>1,110,419</u>	-
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	1,108,867	1,108,867	-
Accumulated Profit/(Loss)	(3,355)	1,251	(368)
Total Equity	<u>1,105,512</u>	<u>1,110,118</u>	-
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	-	-	-
Retirement Benefit Obligation	-	-	-
	<u>-</u>	<u>-</u>	-
Current Liabilities			
Trade & Other Payables	544	253	(115)
Bank Overdraft	-	48	100
	<u>544</u>	<u>301</u>	(81)
Total Equity and Liabilities	<u>1,106,056</u>	<u>1,110,419</u>	-
Net Asset value per share (Rs.)	9.97	10.01	

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

Sgd
Chief Financial Officer

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

Sgd
Director

Sgd
Director

Colombo
14 February 2017

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

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

COMPANY, STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED
31 ST DECEMBER

	FOR 3 MONTHS ENDED		Change	YEAR TO DATE		Change
	31.12.2016	31.12.2015	%	31.12.2016	31.12.2015	%
	Rs.'000'	Rs.'000'		Rs.'000'	Rs.'000'	
Revenue	-	-		-	-	-
Cost of Sales	-	-		-	-	-
Gross Profit	-	-		-	-	-
Other Income and Gains	-	117,001	-	-	135,001	(100)
Selling and Marketing Expenses	-	-		-	-	-
Administrative Expenses	(877)	(956)	8	(4,606)	(4,793)	4
Finance Cost	-	-	-	-	-	-
Finance Income	-	-		-	-	-
Profit/(Loss) before Tax	(877)	116,045	(101)	(4,606)	130,208	(104)
Income Tax Expenses	-	-	-	-	-	-
Profit /(Loss) for the period	<u>(877)</u>	<u>116,045</u>	101	<u>(4,606)</u>	<u>130,208</u>	(104)
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income/(Loss) for the period	<u>(877)</u>	<u>116,045</u>	101	<u>(4,606)</u>	<u>130,208</u>	(104)
Basic Earnings / (Loss) per share for the period(Rs.)	(0.01)	1.05	-	(0.04)	1.17	(104)

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

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED
31 ST DECEMBER 2016

Group	Stated Capital Rs.'000'	Accumulated Profit/(Losses) Rs.'000'	Total Rs.'000'
Balance as at 01st April 2016	1,108,867	371,832	1,480,699
Profit for the period	-	53,045	53,045
Balance as at 31 st December 2016	<u>1,108,867</u>	<u>424,877</u>	<u>1,533,744</u>
Balance as at 01st April 2015	1,108,867	295,300	1,404,167
Profit for the period	-	67,334	67,334
Dividend		(110,887)	(110,887)
Balance as at 31 st December 2015	<u>1,108,867</u>	<u>251,747</u>	<u>1,360,614</u>
Company	Stated Capital Rs.'000'	Accumulated Profit/(Losses) Rs.'000'	Total Rs.'000'
Balance as at 01st April 2016	1,108,867	1,251	1,110,118
Loss for the period	-	(4,606)	(4,606)
Balance as at 31 st December 2016	<u>1,108,867</u>	<u>(3,355)</u>	<u>1,105,512</u>
Balance as at 01st April 2015	1,108,867	(16,113)	1,092,754
Profit for the period	-	130,208	130,208
Dividend		(110,887)	(110,887)
Balance as at 31 st December 2015	<u>1,108,867</u>	<u>3,208</u>	<u>1,112,075</u>

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

THE FORTRESS RESORTS PLC**INTERIM FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 ST DECEMBER 2016****CASH FLOW STATEMENT FOR THE PERIOD ENDED
31 ST DECEMBER**

	FOR THE PERIOD ENDED		FOR THE PERIOD ENDED	
	Group		Company	
	2016	2015	2016	2015
	Rs.'000'	Rs.'000'	Rs.'000'	Rs.'000'
Cash Flows From / (Used in) Operating Activities				
Profit/(Loss) before tax	70,972	99,609	(4,606)	130,208
Adjustments for				
Depreciation	75,348	74,122	-	-
Amortisation	1,518	1,340	-	-
Finance Cost	144	970	-	-
Finance Income	(42,859)	(29,664)	-	-
Dividend Income	-	-	-	(135,001)
Exchange Gain	(111)	(821)	-	-
(Profit)/Loss on Disposal of Property, Plant & Equipment	(4,747)	646	-	-
Provision for Defined Benefit Obligation	2,366	1,836	-	-
Operating Profit/(Loss) before Working Capital Changes	102,631	148,038	(4,606)	(4,793)
(Increase)/ Decrease in Inventories	(10,221)	(1,324)	-	-
(Increase)/ Decrease in Trade and Other Receivables and prepayments	19,070	(21,002)	4,817	(20,063)
Increase /(Decrease) in Trade and Other Payables	26,748	69,007	290	(209)
Cash Generated from / (Used in) Operations	138,228	194,719	501	(25,065)
Finance Cost Paid	(145)	(970)	-	-
Income Tax Paid	(33,799)	(32,344)	-	-
Defined Benefit Obligation paid	(1,315)	(1,485)	-	-
Net Cash From / (used in) Operating Activities	102,969	159,920	501	(25,065)
Cash Flows from / (Used in) Investing Activities				
Proceeds from Disposal of Property,Plant & Equipment	6,136	331	-	-
Acquisition of Property, Plant & Equipment	(85,982)	(16,705)	-	-
Acquisition of Intangible Assets	(696)	(1,884)	-	-
Finance Income Received	46,240	29,664	-	135,001
Long Term Investments	(364,000)			
Net Investment in Short term Deposits	225,769	(260,000)	-	-
Net Cash from/(Used in) Investing Activities	(172,533)	(248,594)	-	135,001
Cash Flows from (Used in) Financing Activities				
Principal Payments under Finance Lease Liabilities	(2,477)	(7,962)	-	-
Dividend paid	-	(110,887)		(110,887)
Net Cash from/(Used in) Financing Activities	(2,477)	(118,849)	-	(110,887)
Effect of Exchange rates changes on Cash and Cash Equivalent	111	821	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(71,930)	(206,702)	501	(951)
Cash and Cash Equivalents at the beginning of the Period	99,997	299,648	(31)	36
Cash and Cash Equivalents at the end of the period	28,067	92,946	470	(915)
For the purpose of the cash flow statement, the period end cash and cash equivalents comprise of the following:				
Cash at Bank & In Hand	28,067	93,878	470	17
Bank Overdraft	-	(932)	-	(932)
Total Cash and Cash Equivalants	28,067	92,946	470	(915)

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

THE FORTRESS RESORTS PLC
INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 ST DECEMBER 2016

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 ST DECEMBER

1. Market Price of Ordinary Shares

	31.12.2016	31.12.2015
Highest Price Per Share for the Quarter	16.20	17.10
Lowest Price Per Share for the Quarter	13.10	14.60
Last Traded	13.60	15.00

2. Financial year of the Company / Group ends on 31st March . Interim figures are for three months ended 31 st December 2016

3. The Statement of Financial Position of the Company and Group as at 31 st December 2016 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 Rupees '000' unless otherwise stated.

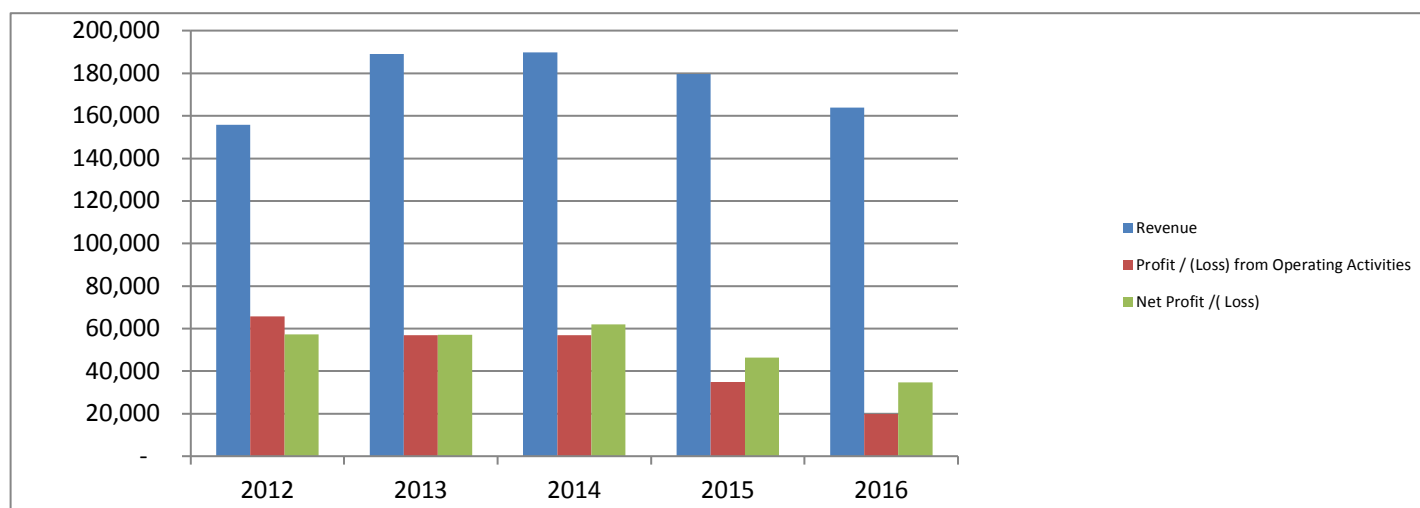
6. There have been no other material events except the note no. 07 that took place since 31 st December 2016, that require disclosure in the Financial Statements.

7 La Forteresse (Private) Limited (fully owned subsidiary of the Company) acquired 36,400,000 shares of Alila Hotels & Resorts (Pvt) Ltd (Alila) (Constituting 99.99% of the issued shares of Alila) at a consideration of Rs.364,000,000/- on 20 th December 2016 to set up a 66 roomed Five Stare Hotel at Thalaramba, Weligama. The said sum of Rs. 364,000,000/-was utilized by Alila to acquire the land for the said Hotel Project. Preparation of Architectural Drawings for the said Hoptel Project is in progress and no construction activities have commenced as of the reporting date. Considering the status-quo as of the reporting date, the Company has not accounted for this investment in accordance with SLFRS 03 - “Business Combination”.

8. Net Assets per Share has been calculated, for all periods, based on the number of shares in issue as at 31 st December 2016, amounting to 110,886,684.

9. 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 2016.

10. Graphical Analysis of Seasonality performance - For the three Months ended 31 st December



11. The percentage of the shares held by public as at 31 st December 2016 was 18.172% Comprising of 2,088 Shareholders. (31 December 2015 -18.172 % Comprising 2,157 shareholders)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED
30 TH DECEMBER 2016**

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 2016 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 31 st December 2016 are as follows:

	Name of the Director	No of Shares	%
1	Mr. Dhammika Perera	10,329,317	9.315
2	Mr.J.A.S.S. Adhihetty	13,741	0.012
3	Mr. Malik J. Fernando	833,333	0.752
4	Mr. Merrill J. Fernando	2,124,400	1.916
5	Mr.W.A.C. J. Wickramasinghe	19,291	0.017
6	Mr. S. Senaratne	1,000	0.001
7	Mr. L.T.Samarawickrama	1,550	0.001
8	Mr. D.E.Silva	500	0.000
9	Mr.L.N.De Silva Wijeyeratne	Nil	-
10	Mr.P.B.Perera	500	0.000
11	Mr.Jan P Van Twest	Nil	-
12	Mr.C.V.Cabraal	Nil	
13	Mr.H.Somashantha (Alternate Director to Mr.L.T.Samarawickrama)	Nil	-
14	Mr.W.D.N.H.Perera (Alternate Director to Mr.P.B. Perera)	89	0.000
15	Ms.A.A.K Amarasinghe (Alternate Director to Mr.Dhammika Perera)	Nil	-

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

	Name of the Share Holder	No of Shares	%
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	19,977,345	18.016
4	MR DHAMMIKA PERERA	10,329,317	9.315
5	L B FINANCE PLC	4,051,100	3.653
6	MR. MERRIL J FERNANDO	2,124,400	1.916
7	BANK OF CEYLON NO. 1 ACCOUNT	1,461,100	1.318
8	SEYLAN BANK PLC/JAYANTHA DEWAGE	1,441,400	1.300
9	PAN ASIA BANKING CORPORATION PLC/ALMAR INTERNATIONAL (PVT) LTD	1,249,600	1.127
10	FREUDENBERG SHIPPING AGENCIES LIMITED	1,047,658	0.945
11	MRS N U D ARIYARATNA	843,483	0.761
12	MR D C FERNANDO	833,333	0.752
13	MR. MALIK J FERNANDO	833,333	0.752
14	SEYLAN BANK PLC/BERTRAM MANSON AMARASEKARA	550,000	0.496
15	MR. A P L FERNANDO	399,328	0.360
16	DEE INVESTMENTS (PVT) LTD	394,375	0.356
17	MOTOR SERVICE STATION (PRIVATE) LTD	340,932	0.307
18	ROYAL CEREMICS LANKA PLC	336,100	0.303
19	ANVERALLY AND SON (PVT) LTD A/C NO 1	323,884	0.292
20	ACCUITY PARTNERS(PVT)LIMITED/MR.ARUMAPURAE PETER LASANTHA FERNANDO	297,760	0.269

Corporate Information

Name of the Company

The Fortress Resorts PLC

Company Registration No
PQ 207

Legal Form

Public Quoted Company with Limited Liability,
Quoted on the Dirige Savi Board of the Colombo
Stock Exchange.

Registered Office

Level 27, East Tower
World Trade Center, Echelon Square
Colombo 01.

Board Of Directors

Mr. Dhammika Perera (Chairman)
(Alternate Director Ms.A A K Amarasinghe)
Mr. J A S S Adhihetty (Managing Director)
Mr. Malik J Fernando
Mr. Merrill J Fernando
Mr. W A C J Wickramasinghe
Mr. S Senaratne
Mr.L T Samarawickrama
(Alternate Director Mr.H Somashantha)
Mr.D E Silva
Mr. L.N.De Silva Wijeyeratne
Mr.P B Perera
(Alternate Director Mr.W D N H Perera)
Mr.Jan Peter Van Twest
Mr.C V Cabraal

Subsidiary Company

La Forteresse (Private) Limited

Hotel

The Fortress Resorts & Spa, Koggala
Telephone : 091 4389400
Fax : 091 4389458
Email: info@thefortress.lk

Secretaries

P W Corporate Secretarial (Pvt) Ltd.
No.3/17, Kynsey Road.
Colombo 08.
Telephone : 011 4640360-3
Fax : 011 4740588
Email: pwcs@pwcs.lk

External Auditors

Ernst & Young
Chartered Accountants
201,De Seram Place,
Colombo 10.

Internal Auditors

BDO Partners
Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02.

Bankers

Bank of Ceylon
Sampath Bank PLC
Pan Asia Banking Corporation PLC