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## **THE FORTRESS RESORTS PLC**

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**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 ST MARCH 2017**

**THE FORTRESS RESORTS PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 ST MARCH 2017**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 ST MARCH**

	As.At 31.03.2017 Rs. '000'	As.At 31.03.2016 Audited Rs. '000'	Change %
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	1,358,191	968,650	40
Intangible Assets	2,498	3,626	(31)
	<u>1,360,689</u>	<u>972,276</u>	40
<b>Current Assets</b>			
Inventories	23,384	18,978	23
Trade and Other Receivables	34,642	37,369	(7)
Advances and Prepayments	32,680	30,374	8
Income Tax Receivables	-	137	(100)
Short Term Deposits	318,761	475,769	(33)
Cash and Bank Balances	21,722	103,967	(79)
	<u>431,189</u>	<u>666,594</u>	(35)
<b>Total Assets</b>	<b><u>1,791,878</u></b>	<b><u>1,638,870</u></b>	9
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	1,108,867	1,108,867	-
Accumulated Profits	505,655	371,833	36
<b>Equity attributable to Equity Holders of the Parent</b>	<b>1,614,522</b>	<b>1,480,700</b>	9
Non Controlling Interest	1	-	
<b>Total Equity</b>	<b><u>1,614,523</u></b>	<b><u>1,480,700</u></b>	9
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	22,010	-	
Retirement Benefit Obligation	12,332	10,403	(19)
Deferred Tax Liability	35,257	37,014	5
	<u>69,599</u>	<u>47,417</u>	(47)
<b>Current Liabilities</b>			
Trade and Other Payables	86,343	82,140	(5)
Income Tax Payables	10,115	22,166	54
Interest Bearing Loans and Borrowings	11,298	6,447	(75)
	<u>107,756</u>	<u>110,753</u>	3
<b>Total Equity and Liabilities</b>	<b><u>1,791,878</u></b>	<b><u>1,638,870</u></b>	(9)
Net Asset Value per Share (Rs.)	14.56	13.35	

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

Sgd  
Thilaksiri Dunuhinga  
**Chief Financial Officer**

Approved and signed for and on behalf of the Board by

Sgd  
Dhammika Perera  
**Chairman**

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

**Colombo**  
**16 May 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 MARCH 2017**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 ST MARCH**

	FOR 3 MONTHS ENDED		Change %	YEAR TO DATE		Change %
	31.03.2017	31.03.2016		31.03.2017	31.03.2016	
	Rs. '000'	Rs. '000'		Rs. '000'	Rs. '000'	
<b>Revenue</b>	228,252	269,778	(15)	625,422	672,479	(7)
Cost of Sales	(58,355)	(53,232)	(10)	(191,738)	(170,189)	(13)
Gross Profit	<b>169,897</b>	<b>216,546</b>	(22)	<b>433,684</b>	<b>502,290</b>	(14)
Other Income and Gains	9,135	9,224	(1)	33,505	30,887	8
Selling and Marketing Expenses	(12,348)	(10,952)	(13)	(28,774)	(27,725)	(4)
Administrative Expenses	(82,326)	(80,136)	(3)	(327,155)	(299,855)	(9)
Finance Cost	(260)	(155)	(68)	(405)	(1,126)	64
Finance Income	9,238	12,317	(25)	52,096	41,981	24
<b>Profit/(Loss) before Tax</b>	<b>93,336</b>	<b>146,844</b>	(36)	<b>162,951</b>	<b>246,452</b>	(34)
Income Tax Expenses	(10,160)	(26,423)	62	(28,087)	(58,698)	52
<b>Profit / (Loss) for the period</b>	<b>83,176</b>	<b>120,421</b>	(31)	<b>134,864</b>	<b>187,754</b>	(28)
<b>Other Comprehensive Income</b>	-	-		-	-	
Actuarial Loss on Defined Benefit Plan	(1,184)	(381)		(1,184)	(381)	211
Income tax effect	142	46		142	46	209
<b>Other comprehensive Loss for the year, net of tax</b>	<b>(1,042)</b>	<b>(335)</b>		<b>(1,042)</b>	<b>(335)</b>	211
<b>Total Comprehensive Income for the period net of Tax</b>	<b>82,134</b>	<b>120,086</b>	(32)	<b>133,822</b>	<b>187,419</b>	(29)
<b>Attributable to:</b>						
Equity holders of the parent	<b>82,134</b>	<b>120,086</b>	(32)	<b>133,822</b>	<b>187,419</b>	(29)
Basic Earnings Per Share (Rs.)	0.75	1.09	(31)	1.22	1.69	(28)

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 MARCH 2017**

**COMPANY, STATEMENT OF FINANCIAL POSITION AS AT 31 ST MARCH**

	As.At 31.03.2017 Rs. '000'	As.At 31.03.2016 Audited Rs. '000'	Change %
<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>			
Other Receivables	104,429	110,255	(5)
Income Tax Receivables	-	137	(100)
Cash & Cash Equivalents	469	17	2,659
	<u>104,898</u>	<u>110,409</u>	(5)
<b>Total Assets</b>	<u><b>1,104,908</b></u>	<u><b>1,110,419</b></u>	(0)
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	1,108,867	1,108,867	-
Accumulated Profit/(Loss)	(4,713)	1,251	(477)
<b>Total Equity</b>	<u>1,104,154</u>	<u>1,110,118</u>	(1)
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	-	-	-
Retirement Benefit Obligation	-	-	-
	<u>-</u>	<u>-</u>	-
<b>Current Liabilities</b>			
Trade & Other Payables	754	253	(198)
Bank Overdraft	-	48	100
	<u>754</u>	<u>301</u>	(150)
<b>Total Equity and Liabilities</b>	<u><b>1,104,908</b></u>	<u><b>1,110,419</b></u>	(0)
Net Asset value per share (Rs.)	9.96	10.01	

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

Sgd  
Thilaksiri Dunuhinga  
**Chief Financial Officer**

Approved and signed for and on behalf of the Board by

Sgd  
Dhammika Perera  
**Chairman**

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

**Colombo**  
**16 May 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 MARCH 2017**

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

	FOR 3 MONTHS ENDED		Change	YEAR TO DATE		Change
	31.03.2017	31.03.2016	%	31.03.2017	31.03.2016	%
	Rs. '000'	Rs. '000'		Rs. '000'	Rs. '000'	
<b>Revenue</b>	-	-		-	-	-
Cost of Sales	-	-		-	-	-
<b>Gross Profit</b>	-	-		-	-	-
Other Income and Gains	-	-	-	-	135,001	(100)
Selling and Marketing Expenses	-	-		-	-	-
Administrative Expenses	(1,357)	(1,957)	31	(5,964)	(6,750)	12
Finance Cost	-	-	-	-	-	(100)
Finance Income	-	-		-	-	-
<b>Profit/(Loss) before Tax</b>	(1,357)	(1,957)	(31)	(5,964)	128,251	(105)
Income Tax Expenses	-	-	-	-	-	
<b>Profit /(Loss) for the period</b>	<u>(1,357)</u>	<u>(1,957)</u>	31	<u>(5,964)</u>	<u>128,251</u>	(105)
<b>Other Comprehensive Income</b>	-	-		-	-	
<b>Total Comprehensive Income/(Loss) for the period</b>	<u>(1,357)</u>	<u>(1,957)</u>	31	<u>(5,964)</u>	<u>128,251</u>	(105)
Basic Earnings / (Loss) per share for the period( Rs)	(0.01)	(0.02)	-	(0.05)	1.16	(105)

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 MARCH 2017**

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED**  
**31 ST MARCH 2017**

Group	Attributable to the equity holders of the parent			
	Stated Capital	Accumulated Profit/(Losses)	Non Controlling Interest	Total
	Rs. '000'	Rs. '000'		Rs. '000'
Balance as at 01st April 2016	1,108,867	371,833	-	1,480,700
Investment in subsidiary	-	-	1	1
Profit for the period	-	134,864	-	134,864
Other Comprehensive Income	-	(1,042)	-	(1,042)
<b>Balance as at 31 st March 2017</b>	<b>1,108,867</b>	<b>505,655</b>	<b>1</b>	<b>1,614,523</b>
Balance as at 01st April 2015	1,108,867	295,301	-	1,404,168
Profit for the period	-	187,754	-	187,754
Other Comprehensive Income	-	(335)		(335)
Dividend	-	(110,887)	-	(110,887)
<b>Balance as at 31 st March 2016</b>	<b>1,108,867</b>	<b>371,833</b>	<b>-</b>	<b>1,480,700</b>
Company	Stated Capital	Accumulated Profit/(Losses)	Total	
	Rs. '000'	Rs. '000'	Rs. '000'	
Balance as at 01st April 2016	1,108,867	1,251	1,110,118	
Profit for the period	-	(5,964)	(5,964)	
<b>Balance as at 31 st March 2017</b>	<b>1,108,867</b>	<b>(4,713)</b>	<b>1,104,154</b>	
Balance as at 01st April 2015	1,108,867	(16,113)	1,092,754	
Profit for the period	-	128,251	128,251	
Dividend	-	(110,887)	(110,887)	
<b>Balance as at 31 st March 2016</b>	<b>1,108,867</b>	<b>1,251</b>	<b>1,110,118</b>	

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 MARCH 2017**

	FOR THE PERIOD ENDED		FOR THE PERIOD ENDED	
	Group		Company	
	2017	2016	2017	2016
	Rs. '000'	Rs. '000'	Rs. '000'	Rs. '000'
<b>Cash Flows from/(used in) Operating Activities</b>				
Profit/(Loss) before Tax	162,951	246,452	(5,964)	128,251
Adjustments for				
Depreciation	100,871	98,697	-	-
Amortinzation	2,053	1,829	-	-
Finance Cost	405	1,126	-	-
Finance Income	(52,096)	(41,981)	-	-
Dividend Income	-	-	-	(135,001)
Income Tax receivable writeoff	137	-	137	-
Loss/(Profit) on Disposal of Property, Plant and Equipment	(4,953)	632	-	-
Provision for Defined Benefit Obligation	2,797	3,028	-	-
Operating Profit/(Loss) before Working Capital Changes	212,165	309,783	(5,827)	(6,750)
(Increase)/Decrease in Inventories	(4,406)	(777)	-	-
(Increase)/Decrease in Trade and Other Receivables and Prepayments	284	(7,336)	5,826	(17,431)
Increase/(Decrease) in Trade and Other Payables	191	13,974	501	1
Cash Generated from/(used in) Operations	208,234	315,644	500	(24,180)
Finance Cost paid	(405)	(1,126)	-	-
Defined Benefit Obligation paid	(2,054)	(1,838)	-	-
Income Tax paid	(41,752)	(36,514)	-	-
Net Cash from/(used in) Operating Activities	164,023	276,166	500	(24,180)
<b>Cash Flows from/(used in) Investing Activities</b>				
Investment in Subsidiary	5,460	-	-	-
Proceeds from Disposal of Property Pant and Equipment	6,335	1,204	-	-
Acquisition of Property, Plant and Equipment	(466,106)	(25,488)	-	-
Acquisition of Intangible Assets	(925)	(1,884)	-	-
Investment in Fixed deposits	(199,231)	(360,000)	-	-
Withdrawal of Fixed Deposits	365,000	-	-	-
Finance Income Received	43,336	31,213	-	-
Dividend Received	-	-	-	135,001
Net Cash from/(used in) Investing Activities	(246,131)	(354,955)	-	135,001
<b>Cash Flows from/(used in) Financing Activities</b>				
Principal Payments under Finance Lease Liabilities	(3,406)	(9,975)	-	-
Dividend Paid	-	(110,887)	-	(110,887)
Net Cash from/(used in) Financing Activities	(3,406)	(120,862)	-	(110,887)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	(85,514)	(199,651)	500	(66)
<b>Cash and Cash Equivalents at the beginning of the year</b>	99,996	299,647	(31)	35
<b>Cash and Cash Equivalents at the end of the year</b>	14,482	99,996	469	(31)
<b><u>For the purpose of cash flow statement, the period end cash and cash equivalents comprises of the following:</u></b>				
Cash at Bank Balances	21,722	103,967	469	17
Bank Overdraft	(7,240)	(3,971)	-	(48)
Total Cash and Cash Equivalants	14,482	99,996	469	(31)

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 MARCH 2017**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 ST MARCH**

**1. Market Price of Ordinary Shares**

	<b>31.03.2017</b>	<b>31.03.2016</b>
Highest Price Per Share for the Quarter	14.80	15.80
Lowest Price Per Share for the Quarter	11.50	12.00
Last Traded	11.60	13.00

**2. Financial year of the Company / Group ends on 31st March . Interim figures are for three months ended 31 st march 2017**

**3. The Statement of Financial Position of the Company and Group as at 31 st march 2017 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 transaction recorded in note no. 07 that took place since 31 st march 2017, that require disclosure in the Financial Statements.**

**7.1 La Forteresse (Private) Limited ( fully owned subsidiary of the Company) has acquired 99.99% of equity shares of 'Alia Hotels & Resorts (Private) Limited' an unlisted company incorporated in Sri Lanka on 20 December 2016 for a consideration of Rs. 364,000,000/=. Alila Hotels and Resorts (Pvt) Ltd previously owned by key management personnel related person of the Group.**

**7.2 Subsidiaries.**

The Subsidiaries and its controlling percentages of the Group, which have been consolidated are as:

<b>Subsidiaries.</b>	<b>2017</b>	<b>2016</b>
La Forteresse (Private) Limited	100%	100%
Alila Hotels and Resorts (Private ) Limited	99.99%	-

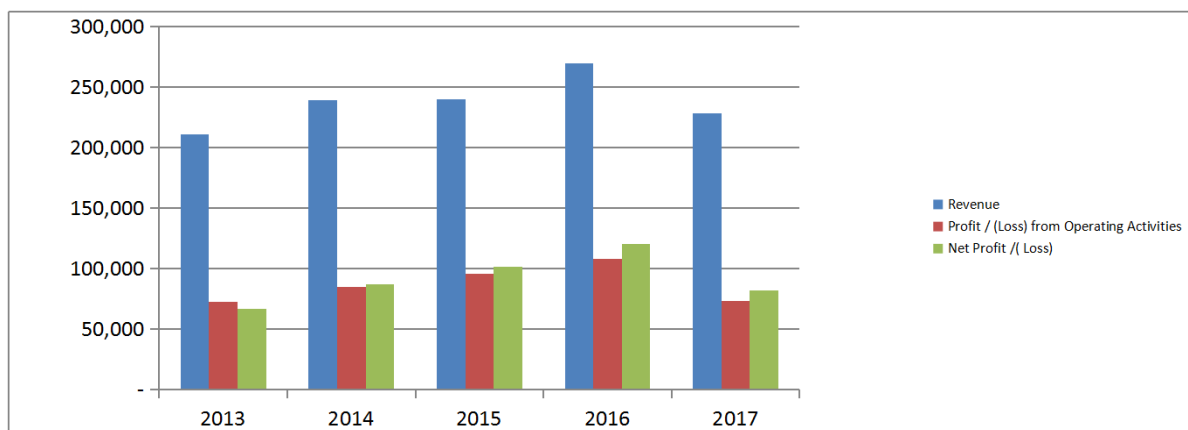
The Principal activities of the subsidiaries are provision of lodging , food, beverage and other hospitality industry related activities.

The Financial Statement of the subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

**8. Net Assets per Share has been calculated, for all periods, based on the number of shares in issue as at 31 st march 2017, 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 march**



**11. The percentage of the shares held by public as at 31 st march 2017 was 18.172% Comprising of 2,080 Shareholders. (31 st march 2016 -18.172 % Comprising 2,151shareholders)**



**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 March 2017 are as follows:

	<b>Name of the Director</b>	<b>No of Shares</b>	<b>%</b>
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.Jan P Van Twest	Nil	-
11	Mr.C.V.Cabraal	Nil	-
12	Mr.H.Somashantha (Alternate Director to Mr.L.T.Samarawickrama)	Nil	-
13	Ms.A.A.K Amarasinghe (Alternate Director to Mr.Dhammika Perera)	Nil	-
	* Mr.P.B.Perera - Resigned w.e.f.08.03.2017	500	0
	* Mr.W.D.N.H Perera- Ceased w.e.f.08.03.2018 (Alternate Director to Mr.P.B.Perera)	89	0

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	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	493,660	0.445
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 Diri 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.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