

# **GALADARI HOTELS (LANKA) PLC**

## **INTERIM FINANCIAL STATEMENTS**

**For the 9 months ended 30th September 2016**

**GALADARI HOTELS (LANKA) PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at 30th September	2016 Rs.	2015 Rs.	31.12.2015 Rs.
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	6,571,300,216	6,995,815,791	6,709,871,078
Leasehold property	1,488,744,593	1,510,292,206	1,504,415,581
	<u>8,060,044,809</u>	<u>8,506,107,997</u>	<u>8,214,286,659</u>
<b>CURRENT ASSETS</b>			
Inventories	44,781,486	38,724,215	49,291,640
Trade and other receivables	236,792,296	225,344,292	199,272,755
Investments	1,735,069,246	1,273,389,696	1,356,393,880
Cash and cash equivalents	65,255,876	19,242,015	90,282,029
	<u>2,081,898,904</u>	<u>1,556,700,219</u>	<u>1,695,240,304</u>
<b>TOTAL ASSETS</b>	<u><u>10,141,943,713</u></u>	<u><u>10,062,808,216</u></u>	<u><u>9,909,526,963</u></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>CAPITAL &amp; RESERVES</b>			
Stated capital	8,988,239,455	8,988,239,455	8,988,239,455
Revaluation reserve	8,735,564,242	8,949,310,018	8,735,564,242
AFS Reserve	(4,152,313)	169,304	(814,554)
Reserve for replacement of furniture, fittings and equipments	423,167,004	337,994,646	360,213,423
Accumulated losses	(8,754,375,328)	(9,222,954,021)	(8,921,002,574)
<b>TOTAL EQUITY</b>	<u>9,388,443,060</u>	<u>9,052,759,402</u>	<u>9,162,199,992</u>
<b>NON - CURRENT LIABILITIES</b>			
Deferred tax liabilities	143,333,705	400,678,242	143,333,705
Retirement benefit obligations	69,815,798	76,276,329	78,988,267
	<u>213,149,503</u>	<u>476,954,571</u>	<u>222,321,972</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	343,158,782	297,788,638	343,316,130
Provisions	175,674,134	169,154,964	171,123,401
Current tax payables	21,518,234	16,632,430	10,565,468
Bank overdraft	-	49,518,210	-
	<u>540,351,150</u>	<u>533,094,242</u>	<u>525,004,999</u>
<b>TOTAL LIABILITIES</b>	<u>753,500,653</u>	<u>1,010,048,814</u>	<u>747,326,971</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u><u>10,141,943,713</u></u>	<u><u>10,062,808,216</u></u>	<u><u>9,909,526,963</u></u>
<b>Net assets per share</b>	<b>18.75</b>	<b>18.08</b>	<b>18.29</b>

The above figures are provisional and subject to audit.

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.)

M.G.U.Perera

**Financial Controller**

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

(Sgd.)

Dr. J. A. S. Felix

**Director**

10th November 2016

(Sgd.)

L. R. De Silva

**Director**

**GALADARI HOTELS (LANKA) PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

	<b>3 months ended 30.09.16</b>	<b>3 months ended 30.09.15</b>	<b>9 months ended 30.09.16</b>	<b>9 months ended 30.09.15</b>	<b>12 months ended 31.12.'15 (Audited)</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Revenue	447,614,875	404,154,493	1,216,074,788	1,105,066,083	1,537,418,293
Cost of Sales	(183,598,969)	(165,679,981)	(500,704,065)	(458,515,094)	(645,074,001)
<b>Gross Profit</b>	<b>264,015,906</b>	<b>238,474,512</b>	<b>715,370,723</b>	<b>646,550,989</b>	<b>892,344,292</b>
Other Income	874,478	295,246	2,133,810	1,571,562	6,312,430
Marketing Expenses	(6,695,896)	(6,361,111)	(20,787,975)	(21,571,043)	(24,807,733)
Administrative Expenses	(103,548,672)	(97,319,040)	(284,597,331)	(278,625,123)	(374,717,700)
Other Operating Expenses	(80,308,085)	(87,342,830)	(245,404,725)	(255,738,723)	(338,631,195)
<b>Results From Operating Activities</b>	<b>74,337,731</b>	<b>47,746,777</b>	<b>166,714,502</b>	<b>92,187,662</b>	<b>160,500,094</b>
Finance Income	37,572,349	16,268,505	90,366,325	47,083,839	76,672,251
<b>Profit Before Income Tax</b>	<b>111,910,080</b>	<b>64,015,282</b>	<b>257,080,827</b>	<b>139,271,501</b>	<b>237,172,345</b>
Income Tax Expense	(11,000,000)	(11,050,287)	(27,500,000)	(23,455,242)	(25,992,258)
<b>Profit For The Period</b>	<b>100,910,080</b>	<b>52,964,995</b>	<b>229,580,827</b>	<b>115,816,259</b>	<b>211,180,087</b>
<b>Other Comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Change in revaluation surplus of Property, Plant & Equipment	-	-	-	-	(242,892,927)
Remeasurements of Defined Benefit Liability	-	-	-	-	4,865,528
Related taxes	-	-	-	-	28,563,288
	-	-	-	-	<b>(209,464,111)</b>
<b>Items that are or may be reclassified to profit or loss</b>					
Net loss on re measuring Available For Sale Financial Assets	(1,057,289)	684,131	(3,337,759)	169,304	(837,384)
Related taxes	-	-	-	-	111,075
	<b>(1,057,289)</b>	<b>684,131</b>	<b>(3,337,759)</b>	<b>169,304</b>	<b>(726,309)</b>
<b>Other comprehensive income for the period</b>	<b>(1,057,289)</b>	<b>684,131</b>	<b>(3,337,759)</b>	<b>169,304</b>	<b>(210,190,420)</b>
<b>Total Comprehensive Income for the period</b>	<b>99,852,791</b>	<b>53,649,126</b>	<b>226,243,068</b>	<b>115,985,563</b>	<b>989,667</b>
<b>Basic Earnings Per Share</b>	<b>0.20</b>	<b>0.11</b>	<b>0.46</b>	<b>0.23</b>	<b>0.42</b>

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

**GALADARI HOTELS (LANKA) PLC**
**CASH FLOW STATEMENT**

For the 9 months ended	30.09.2016 Rs.	30.09.2015 Rs.	31.12.2015 Rs. (Audited)
<b>Cash Flows From Operating Activities</b>			
Profit before tax	257,080,827	139,271,501	237,172,345
Adjustments for			
Allowance for impairment of Bad and doubtful debts	1,350,000	1,350,000	1,250,053
Reversal of Provision for Slow Moving Inventory	-	-	(32,225)
Depreciation and amortisation	172,572,420	175,095,235	234,415,604
Provision for employee benefits	3,759,713	5,905,310	13,000,484
Provision for interest for litigation settlement	4,550,733	3,606,099	7,873,747
Interest Income	(90,366,325)	(45,392,178)	(74,097,774)
<b>Operating profit before working capital changes</b>	<b>348,947,368</b>	<b>279,835,967</b>	<b>419,582,234</b>
Decrease / (Increase) in inventories	4,510,154	1,396,530	(9,138,670)
(Increase) / Decrease in Trade & Other Receivables	(38,869,541)	24,733,351	45,655,415
(Decrease) / Increase in Trade & Other Payables	(157,351)	(43,826,823)	1,700,668
<b>Cash Generated from operations</b>	<b>314,430,631</b>	<b>262,139,026</b>	<b>457,799,647</b>
Gratuity paid	(12,932,179)	(3,487,495)	(5,304,414)
Current taxes paid	(16,547,235)	(21,410,000)	(28,910,000)
<b>Net Cash generated from operating activities</b>	<b>284,951,217</b>	<b>237,241,530</b>	<b>423,585,233</b>
<b>Cash flows from Investing Activities</b>			
Acquisition of Property, Plant & Equipment	(18,330,570)	(64,779,582)	(75,171,540)
Net investment of Treasury Bills and Reverse Repos	(382,013,125)	(316,055,581)	(417,115,511)
Withdrawal of fixed deposits	-	-	16,960,813
Interest Received	90,366,325	45,392,178	74,097,774
<b>Net Cash flows Used in Investing Activities</b>	<b>(309,977,370)</b>	<b>(335,442,985)</b>	<b>(401,228,464)</b>
<b>Net (Decrease)/ Increase in Cash &amp; Cash Equivalents</b>	<b>(25,026,154)</b>	<b>(98,201,455)</b>	<b>22,356,769</b>
Cash & cash equivalents at the beginning of the period	90,282,029	67,925,260	67,925,260
<b>Cash &amp; cash equivalents at the end of the period ( Note 1)</b>	<b>65,255,876</b>	<b>(30,276,195)</b>	<b>90,282,029</b>
<b>Note 1</b>			
Cash in Hand	1,190,000	1,240,000	1,190,000
Cash at Bank	64,065,876	18,002,015	89,092,029
Bank Overdraft	-	(49,518,210)	-
	<b>65,255,876</b>	<b>(30,276,195)</b>	<b>90,282,029</b>

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

**GALADARI HOTELS ( LANKA ) PLC**  
**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital Rs.	Revaluation Reserve Rs.	Reserve for replacement of Furniture, Fittings & Equipment Rs.	Available for sale Reserve Rs.	Accumulated Losses Rs.	Total Rs.
Balance as at 1st January 2015	8,988,239,455	8,949,310,018	282,582,248	(88,245)	(9,283,357,882)	8,936,685,594
Profit for the period	-	-	-	-	115,816,259	115,816,259
<b>Other comprehensive income</b>						
Net change in fair value of available for sale financial assets	-	-	-	257,549	-	257,549
<b>Total comprehensive income for the year</b>	-	-	-	<b>257,549</b>	<b>115,816,259</b>	<b>116,073,808</b>
<b>Transactions with owners of the company, recognized directly in equity</b>						
Provision for Reserve of Replacement of Furniture Fittings & Equipment	-	-	57,724,860	-	(57,724,860)	-
Replacement of Furniture, Fittings & Equipment	-	-	(2,312,462)	-	2,312,462	-
<b>Total transactions with owners of the company</b>	-	-	<b>55,412,398</b>	-	<b>(55,412,398)</b>	-
<b>Balance as at 30th September 2015</b>	<b>8,988,239,455</b>	<b>8,949,310,018</b>	<b>337,994,646</b>	<b>169,304</b>	<b>(9,222,954,021)</b>	<b>9,052,759,402</b>
<b>Restated Balance as at 1st January 2015</b>	<b>8,988,239,455</b>	<b>8,949,310,018</b>	<b>282,582,248</b>	<b>(88,245)</b>	<b>(9,058,833,151)</b>	<b>9,161,210,325</b>
Profit for the year	-	-	-	-	211,180,087	211,180,087
<b>Other comprehensive income</b>						
Surplus on Revaluation of Property, Plant & Equipment	-	(242,892,927)	-	-	-	(242,892,927)
Deferred tax adjustment on revaluation	-	29,147,151	-	-	-	29,147,151
Net change in fair value of available for sale financial assets	-	-	-	(837,384)	-	(837,384)
Actuarial loss from valuation of employee benefits	-	-	-	-	4,865,527	4,865,527
Related Taxes	-	-	-	111,075	(583,862)	(472,787)
<b>Total comprehensive income for the year</b>	-	<b>(213,745,776)</b>	-	<b>(726,309)</b>	<b>215,461,752</b>	<b>989,667</b>
<b>Transactions with owners of the company, recognized directly in equity</b>						
Provision for Reserve of Replacement of Furniture Fittings & Equipment	-	-	81,086,375	-	(81,086,375)	-
Replacement of Furniture, Fittings & Equipment	-	-	(3,455,200)	-	3,455,200	-
<b>Total transactions with owners of the company</b>	-	-	<b>77,631,175</b>	-	<b>(77,631,175)</b>	-
<b>Balance as at 31st December 2015</b>	<b>8,988,239,455</b>	<b>8,735,564,242</b>	<b>360,213,423</b>	<b>(814,554)</b>	<b>(8,921,002,574)</b>	<b>9,162,199,992</b>
<b>Balance as at 1st January 2016</b>	<b>8,988,239,455</b>	<b>8,735,564,242</b>	<b>360,213,423</b>	<b>(814,554)</b>	<b>(8,921,002,574)</b>	<b>9,162,199,992</b>
Profit for the period	-	-	-	-	229,580,827	229,580,827
<b>Other comprehensive income</b>						
Net change in fair value of available for sale financial assets	-	-	-	(3,337,759)	-	(3,337,759)
<b>Total comprehensive income for the year</b>	-	<b>0</b>	-	<b>(3,337,759)</b>	<b>229,580,827</b>	<b>226,243,068</b>
Provision for Replacement of Furniture Fittings & Equipment	-	-	65,439,697	-	(65,439,697)	-
Replacement of Furniture, Fittings & Equipment	-	-	(2,486,116)	-	2,486,116	-
<b>Balance as at 30th September 2016</b>	<b>8,988,239,455</b>	<b>8,735,564,242</b>	<b>423,167,004</b>	<b>(4,152,313)</b>	<b>(8,754,375,328)</b>	<b>9,388,443,060</b>

The above figures are provisional and subject to audit.

Figures in brackets indicate deductions.

**GALADARI HOTELS (LANKA) PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1 Market Price of Share**

	<b>30th September 2016</b>	<b>30th September 2015</b>
Highest Market Value per Share	Rs.11.90 (10.08.2016)	Rs.13.60 (12.08.15)
Lowest Market Value per Share	Rs.9.80 (08.07.2016)	Rs.12.00 (30.09.15)
Closing Price	Rs.10.70 (30.09.2016)	Rs.12.00 (30.09.15)

- 2** The Interim Financial Statements of the Company has been prepared on the basis of the same Accounting Policies and Methods applied for the year ended 31<sup>st</sup> December, 2015 and is in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting and the requirements of the Companies Act No 7 of 2007.
- 3** 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 period.
- 4** The number of shares included in the stated capital is 500,829,564.
- 5** There have been no material events subsequent to the Reporting Date, which require disclosure in the Interim Financial Statements.
- 6** The Department of Inland Revenue had raised an assessment for additional income tax for the year of assessment 2009/2010 amounting to Rs. 575 Million. The Company had lodged an appeal against the assessment.

On 14th July 2014 the appeal for the assessment, was determined by the Commissioner General of Inland Revenue against the Company.

Galadari Hotel decided to make an appeal to the Tax Appeals Commission and made the appeal on 25th September 2014. On 18th October 2016 the case was determined in favour of the Company and no additional tax to be paid to the Department of Inland Revenue.

There have been no significant Contingent Assets or Contingent Liabilities as at the Reporting Date other than disclosed above which require disclosures in the Interim Financial Statements.

- 7** There are no funds raised through an IPO/Rights/Debenture issue.
- 8** There is no liability to management fees or any other similar expenditure which has not been provided for in the Interim Financial Statements.

**GALADARI HOTELS (LANKA) PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**9 Major Shareholders as at 30th September 2016**

<b>Name of Shareholder</b>	<b>No of Shares</b>	<b>% holding</b>
Galadari Brothers Co. (LLC)	318,395,504	63.57
Iceberg 2 Limited	29,510,817	5.89
Employees Provident Fund	23,712,200	4.73
Calgary Holdings S.A	18,146,303	3.62
Pershing LLC S/A Averbach Grauson & Co.	14,486,665	2.89
M. A. I. Galadari	9,810,017	1.96
I.A.L.I. Galadari	9,810,017	1.96
Suhail Abdul Latif Ebrahim Galadari	9,810,016	1.96
Sabah Abdul Rahim Galadari	8,865,064	1.77
Suaad Abdul Rahim Galadari	8,865,064	1.77
Samia Abdul Rahim Galadari	8,865,064	1.77
Dubai Bank Limited	6,760,390	1.35
Z.A.I. Galadari	4,905,000	0.98
S.A I.Galadari	4,905,000	0.98
F. E. Abdul Qader	3,166,094	0.63
F. N. M. Alam Khan	2,802,861	0.56
J Rudra	799,500	0.16
Mrs. N. H. Abdul Husein	496,000	0.10
S. Subramaniam	344,200	0.07
M. H. Haniffa	309,818	0.06

**10 Public holding percentage**

(ii) The percentage of Shares held by the Public as at 30th September, 2016 -12.57% in the hands of 11,135 Public Shareholders.

**11 Directors' Shareholdings**

<b>Name</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
A S B M Belyoahah	-	-
M Y Kazi Meeran	-	-
Mr L R De Silva	-	-
Mr S M H A Kooray	-	-
Dr J A S Felix	-	-
Mr M H A W Al Garf	-	-
Mr. M Bhat	-	-