

**Hotel Developers (Lanka) PLC**  
**Interim Financial Statements**  
**For the Nine Months Ended**  
**30<sup>th</sup> September 2016**

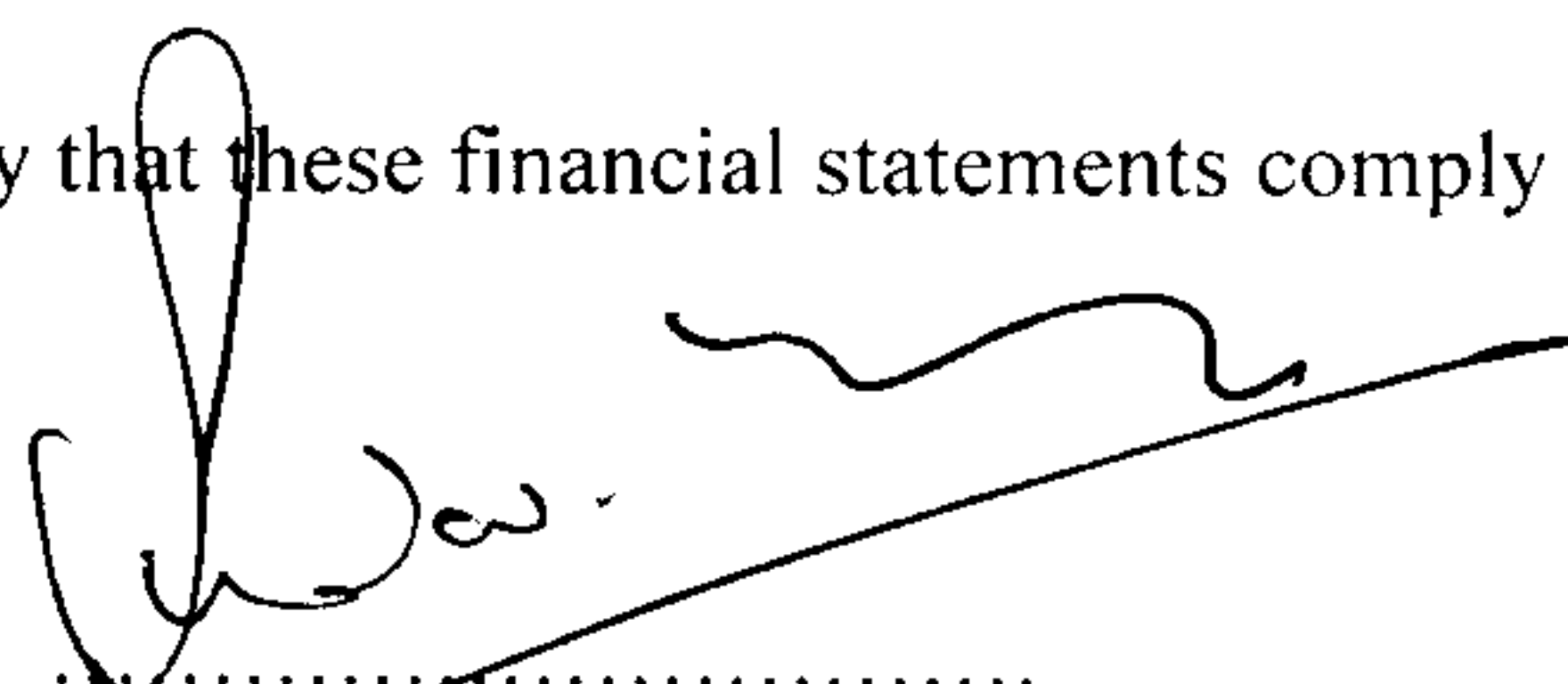
**HOTEL DEVELOPERS (LANKA) PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2016**

	Note	Unaudited 09 Months 30.09.2016 Rs. '000	Unaudited 09 Months 30.09.2015 Rs. '000	Unaudited 03 Months 30.09.2016 Rs. '000	Unaudited 03 Months 30.09.2015 Rs. '000
Revenue		1,750,861	1,358,851	632,717	568,990
Cost of sales		(300,233)	(238,752)	(114,281)	(100,057)
Gross profit		1,450,628	1,120,099	518,436	468,934
Investment income		16,861	46,873	2,904	13,699
Other gains and losses		27,732	29,020	12,274	11,060
Administrative expenses		(909,025)	(784,133)	(309,835)	(284,877)
Depreciation		(240,234)	(251,544)	(78,583)	(83,414)
Other expenses		(243,706)	(202,149)	(83,818)	(65,352)
Finance costs		(7,437)	(20)	(2,387)	(10)
Profit before taxation		94,819	(41,854)	58,992	60,039
Income tax expense		(8,842)	(71,446)	(9,631)	(21,701)
Profit for the year		85,978	(113,301)	49,360	38,338
<b>Other comprehensive income</b>					
Actuarial Gain/( loss )on employee benefit obligations		-	4,802	-	-
Other comprehensive income/ (expense) for the period, net of tax		-	4,802	-	-
<b>Total comprehensive income/ (expense) for the period</b>		<b>85,978</b>	<b>(108,499)</b>	<b>49,360</b>	<b>38,338</b>
Earning per share - Basic	04	0.04	(0.06)	0.02	0.02

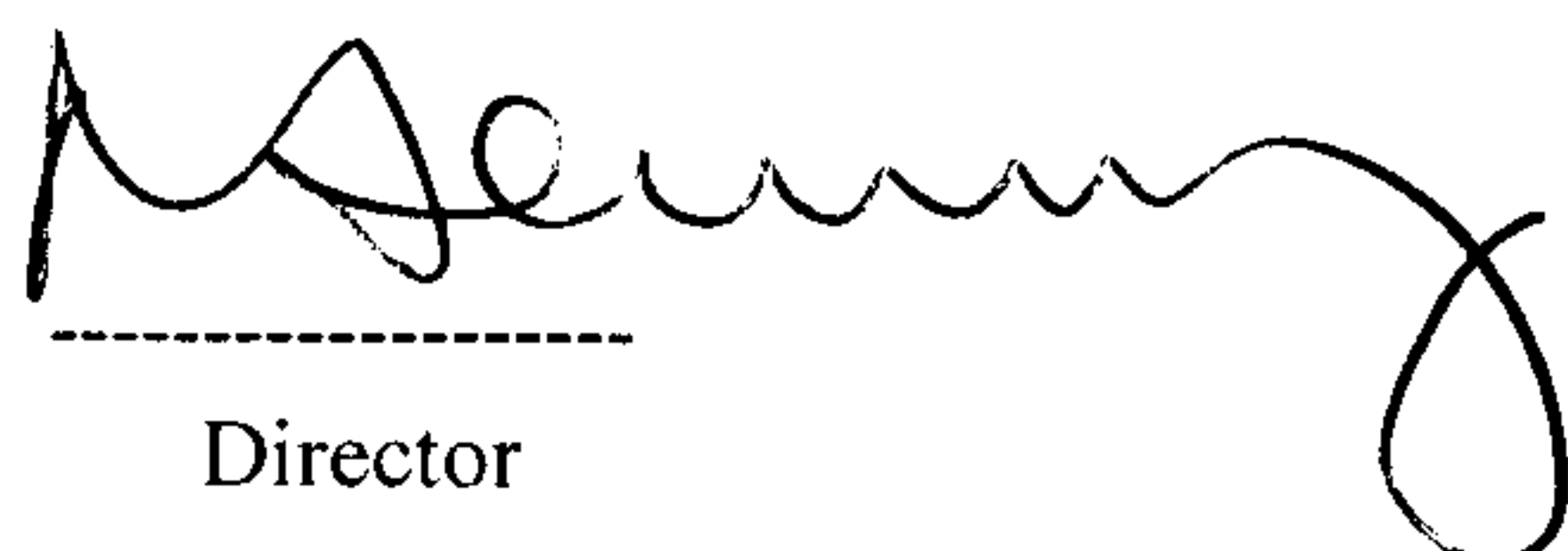
**HOTEL DEVELOPERS (LANKA) PLC**  
**STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER 2016**

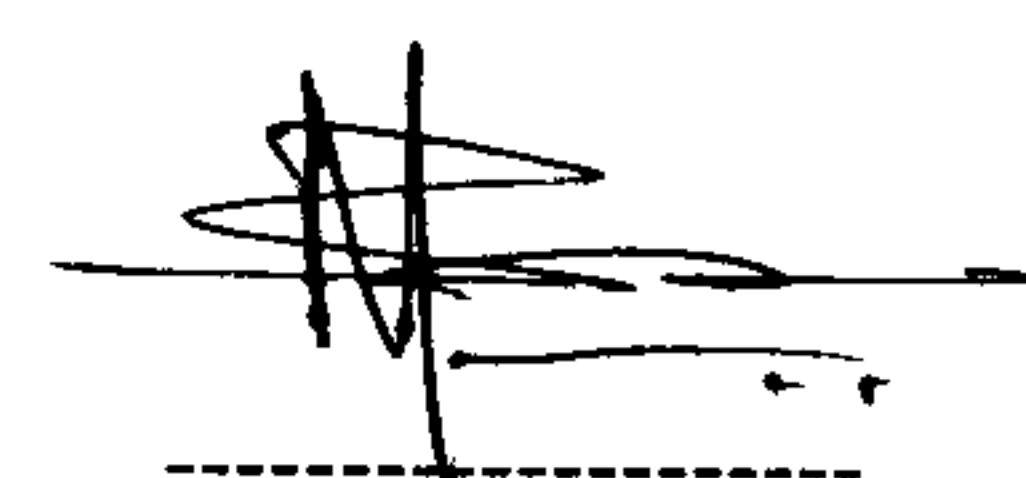
Assets	Note	Unaudited 30.09.2016 Rs. '000	Unaudited 30.09.2015 Rs. '000	Audited 31.12.2015 Rs. '000
<b>Non-current Assets</b>				
Property, plant & equipment	05	4,904,724	5,087,991	5,038,545
Leasehold land	05	6,698,914	6,769,621	6,751,945
Capital work-in-progress		2,380,589	1,115,748	1,313,612
		<u>13,984,226</u>	<u>12,973,361</u>	<u>13,104,101</u>
<b>Current Assets</b>				
Inventories		50,235	37,197	38,110
Trade and other receivables		156,258	174,774	150,235
Amounts due from related party		584	1,331	163
Other assets	06	263,905	359,376	386,311
Current financial assets	07	411,951	962,968	877,867
Cash and bank balances		82,634	59,607	215,214
		<u>965,567</u>	<u>1,595,254</u>	<u>1,667,899</u>
<b>Total Assets</b>		<b><u>14,949,793</u></b>	<b><u>14,568,615</u></b>	<b><u>14,772,000</u></b>
<b>Equity and Liabilities</b>				
<b>Shareholders' Equity</b>				
Stated capital		20,466,456	20,466,456	20,466,456
Reserves		106,806	102,825	117,421
Accumulated loss		(6,850,334)	(7,019,937)	(6,946,927)
<b>Total Equity</b>		<u>13,722,929</u>	<u>13,549,344</u>	<u>13,636,951</u>
<b>Non-current Liabilities</b>				
Retirement benefit obligations		126,316	103,915	104,524
Deferred tax liability	08	458,671	466,653	478,724
		<u>584,987</u>	<u>570,568</u>	<u>583,248</u>
<b>Current Liabilities</b>				
Trade and other payables		383,376	401,202	397,145
Amounts due to related party		26,818	19,477	15,865
Income tax payable		15,038	13,308	12,377
Bank overdraft		216,644	14,716	126,414
<b>Total Current Liabilities</b>		<u>641,877</u>	<u>448,702</u>	<u>551,801</u>
<b>Total Liabilities</b>		<u>1,226,864</u>	<u>1,019,270</u>	<u>1,135,049</u>
<b>Total Equity and Liabilities</b>		<b><u>14,949,793</u></b>	<b><u>14,568,615</u></b>	<b><u>14,772,000</u></b>
<b>Net Assets pe share</b>	09	<b>6.71</b>	<b>6.62</b>	<b>6.66</b>

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007

  
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Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the Board on 20th October 2016.

  
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Director

  
.....  
Director

**HOTEL DEVELOPERS (LANKA) PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 30TH SEPTEMBER 2016**

	Stated Capital	Furniture, Fittings & Equipment Replacement Reserves	Accumulated Loss	Total
	<u>Rs. '000</u>	<u>Rs. '000</u>	<u>Rs. '000</u>	<u>Rs. '000</u>
<b>Balance as at 31st December 2014</b>	20,466,457	267,876	(7,076,488)	13,657,844
Profit for the period	-	-	(108,499)	(108,499)
Replacement of furniture, fittings & equipment	-	(239,001)	239,001	-
Transfers to furniture, fittings & equipment reserve	-	73,951	(73,951)	-
<b>Balance as at 30th September 2015</b>	<u>20,466,457</u>	<u>102,826</u>	<u>(7,019,937)</u>	<u>13,549,346</u>
Profit for the period	-	-	74,721	74,721
Replacement of furniture, fittings & equipment	-	(19,511)	19,511	-
Transfers to furniture, fittings & equipment reserve	-	34,107	(34,107)	-
<b>Balance as at 31st December 2015</b>	20,466,457	117,421	(6,946,927)	13,636,952
Profit for the period	-	-	85,978	85,978
Replacement of furniture, fittings & equipment	-	(91,654)	91,654	-
Transfers to furniture, fittings & equipment reserve	-	81,038	(81,038)	-
<b>Balance as at 30th September 2016</b>	<u><u>20,466,457</u></u>	<u><u>106,806</u></u>	<u><u>(6,850,334)</u></u>	<u><u>13,722,929</u></u>

**HOTEL DEVELOPERS (LANKA) PLC**  
**STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED 30TH SEPTEMBER 2016**

	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Profit before taxation	94,819	(41,854)
<b>Adjustment for</b>		
Depreciation and amortisation	240,234	251,544
Provision for defined benefit plans	21,792	17,443
Interest expenses	7,437	20
Profit on sale of property, plant & equipment	(7,200)	-
Interest income	(16,861)	(46,873)
Operating profit before working capital changes	<u>340,222</u>	<u>180,279</u>
(Increase)/ decrease in inventories	(12,125)	2,355
(Increase)/ decrease in receivables	(6,023)	24,118
Increase/decrease in amounts dues to related parties	10,533	18,146
(Increase)/ decrease in other assets	122,405	(272,685)
Increase/ (decrease) in trade & other payables	(13,769)	77,583
Cash generated from operations	<u>441,242</u>	<u>29,797</u>
Tax paid	(26,233)	(42,476)
Net cash generated from operating activities	<u>415,009</u>	<u>(12,679)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment	(53,383)	(47,368)
Investment in capital work-in-progress	(1,066,977)	(398,310)
Proceeds from sale of property, plant & equipment	7,200	-
Investments in financial assets	465,916	300,865
Interest income received	16,861	46,873
Net cash used in investing activities	<u>(630,383)</u>	<u>(97,940)</u>
<b>Cash Flows from Financing Activities</b>		
Overdraft Interest	(7,437)	(20)
Net cash used in financing activities	<u>(7,437)</u>	<u>(20)</u>
Net increase/(decrease) in cash & cash equivalents	(222,811)	(110,640)
Cash & cash equivalents at the beginning of the year	88,800	155,532
Cash & cash equivalents at the end of the period	<u>(134,011)</u>	<u>44,892</u>

**Hotel Developers (Lanka) PLC**  
**Notes to the Financial Statements**

**1. Corporate Information**

**1.1. General**

Hotel Developers (Lanka) PLC is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business of the company is located at No. 02, Sir Chittampalam Gardiner Mawatha, Colombo 2.

**1.2. Principal Activities and Nature of Operations**

Hotel Developers (Lanka) PLC is engaged in the business of hospitality trade, owning Hilton Colombo Hotel.

**2.0 Statement of Compliance**

These Interim Financial Statements are in compliance with the Sri Lanka Accounting standards (SLAS) LKAS 34-Interim Financial Reporting and have been prepared in accordance with the Accounting Policies and methods of computations followed in the Annual Report for the period ended 31<sup>st</sup> December 2015.

<b>3.0 Income Tax Expenses</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>Rs. "000"</b>	<b>Rs. "000"</b>
Provision for the period	28,894	34,688
Previous Year Under Provision	-	-
Deferred Tax (Income)/Expense (Note 08)	<u>(20,052)</u>	<u>36,759</u>
Income Tax Expenses	8,842	71,446

**4.0 Basic Profit Per Share**

Basic Profit per share is calculated by dividing the Profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>Rs.0.04</b>	<b>Rs. (0.06)</b>
Profit/(Loss) per ordinary Share		
	<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>"000"</b>	<b>"000"</b>
<b>Amount used as the Numerator</b>		
Profit/(Loss) attributable to the ordinary shareholders	Rs. 85,978	Rs. (113,301)
<b>Amount used as the Denominator</b>		
Weighted number of ordinary shares for the purpose of Basic Profit / Loss per share	2,046,646	2,046,646

<b>5.1</b>	<b>Leasehold Land</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
		<b>Rs. "000"</b>	<b>Rs. "000"</b>
	Capitalised Value B/F	6,751,945	6,822,651
	Amortization during the period	<u>(53,030)</u>	<u>(53,030)</u>
		<u>6,698,915</u>	<u>6,769,621</u>
<b>6.0</b>	<b>Other Assets</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
		<b>Rs. "000"</b>	<b>Rs. "000"</b>
	Deposits, prepayments and advances	177,271	81,413
	Advances – Refurbishment WIP	<u>86,634</u>	<u>277,962</u>
		263,905	359,375
		=====	=====
<b>7.0</b>	<b>Financial Assets</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
		<b>Rs. "000"</b>	<b>Rs. "000"</b>
	<b><u>FF&amp;E Reserve Investment</u></b>		
	Call Deposit	10,540	51,338
	Treasury Bill - FF&E Reserve	<u>155,000</u>	<u>58,469</u>
		<u>165,540</u>	<u>109,807</u>
	<b><u>Current Financial Assets</u></b>		
	Treasury Bills	-	100,014
	USD Saving A/C	223,100	107,067
	Call Deposits	23,311	92,734
	Fixed Deposits- Bank of Ceylon	<u>-</u>	<u>553,345</u>
		<u>246,411</u>	<u>853,160</u>
	Total Short-term investment	<u>411,951</u>	<u>962,967</u>
<b>8.0</b>	<b>Deferred Tax Liability</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
		<b>Rs. "000"</b>	<b>Rs. "000"</b>
	Balance at the beginning of the year	478,724	429,895
	Deferred tax expense/(Income)	<u>(20,052)</u>	<u>36,759</u>
	Balance at the end of the period	458,671	466,653
		=====	=====

## 9.0 Share Information

### 9.01 Shareholding of the company

Shareholder	30.09.2016		30.09.2015	
	Shareholding	%	Shareholding	%
The Secretary to the Treasury (No. of Shares)	2,046,645,700	100%	2,046,645,700	100%

### 9.02 Net Assets per share

	30.09.2016	30.09.2015
Net Assets Value (Rs) "000"	13,722,929	13,549,344
Number of ordinary shares "000"	2,046,646	2,046,646
Net Assets per share (Rs)	6.71	6.62

## 10.0 Events after the Balance Sheet Date

There have been no material events after the reporting date that require adjustment to or disclosure in the financial statements

## 11.0 Commitments & Contingencies

There are no Contingent liabilities or Capital Commitments that requires disclosures in these financial statements other than the following.

The company has commenced a major refurbishment of the hotel from October 2014. Accordingly, Hilton Colombo has been undergoing major renovations from 2014, which will see improvements across the property including rooms, food and beverage outlets and meeting spaces. The Refurbishment program is budgeted at US \$ 35Mn(Excluding Taxes & Duties) and will be financed by USD loan amounting to US\$ 27Mn and the balance from internally generated funds.

The values of the contracts that the company has already entered into on the refurbishment are as follows.

	Contract Value	Amounts outstanding
Civil /fit out Contract	USD 17.74Mn	USD 7.60Mn
Consultancy Contract	USD 5.13Mn	USD 1.17Mn