



ROYAL PALMS BEACH HOTELS PLC

Company Reg. No. PQ 167

236, GALLE ROAD, COLOMBO 3, SRI LANKA. TEL : 2422518/9 2343720/7 FAX : 2448279, 2391193

E-mail : tangerine@mi.com.lk WEB SITE : <http://www.tangerinehotels.com>

ROYAL PALMS BEACH HOTELS PLC STATEMENT OF FINANCIAL POSITION

| As At | 30.09.2016 Rs.'000' | 30.09.2015 Rs.'000' | 31.03.2016 Rs.'000' |
|--|------------------------|------------------------|------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 2,016,484 | 1,617,788 | 1,972,377 |
| Intangible Assets | 1,283 | 2,113 | 1,713 |
| Investments | 18,000 | 18,000 | 18,000 |
| | <u>2,035,767</u> | <u>1,637,901</u> | <u>1,992,090</u> |
| Current Assets | | | |
| Inventories | 14,661 | 14,837 | 13,313 |
| Trade and Other Receivables | 88,866 | 74,804 | 165,046 |
| Other Non Financial Assets | 29,274 | 25,752 | 15,629 |
| Amounts Due from Related Parties- Other Financial Assets | 5,976 | 3,285 | 7,099 |
| Short Term Investments - Other Financial Assets | 158,253 | 112,730 | 164,804 |
| Cash and Bank Balances | 48,844 | 66,108 | 98,211 |
| | <u>345,874</u> | <u>297,516</u> | <u>464,102</u> |
| Total Assets | <u>2,381,641</u> | <u>1,935,417</u> | <u>2,456,192</u> |
| EQUITY AND LIABILITIES | | | |
| Capital & Reserve | | | |
| Stated Capital | 521,583 | 521,583 | 521,583 |
| Revaluation Reserve | 1,033,204 | 694,976 | 1,032,667 |
| Retained Earnings | 580,961 | 510,245 | 646,207 |
| Total Equity | <u>2,135,748</u> | <u>1,726,804</u> | <u>2,200,457</u> |
| Non-Current Liabilities | | | |
| Interest Bearing Loans & Borrowings | 1,434 | 3,346 | 2,390 |
| Deferred Tax Liabilities | 137,099 | 99,517 | 136,221 |
| Employee Benefit Liability | 23,065 | 26,564 | 22,810 |
| | <u>161,598</u> | <u>129,427</u> | <u>161,421</u> |
| Current Liabilities | | | |
| Trade and Other Payables | 53,219 | 59,512 | 77,188 |
| Amounts Due to Related Parties | 3,090 | 1,937 | 3,901 |
| Interest Bearing Loans and Borrowings | 27,986 | 17,737 | 13,225 |
| | <u>84,295</u> | <u>79,186</u> | <u>94,314</u> |
| Total Equity and Liabilities | <u>2,381,641</u> | <u>1,935,417</u> | <u>2,456,192</u> |
| Net Assets per Share (Rs.) | 42.71 | 34.54 | 44.01 |

The above figures are provisional and subject to Audit.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.


M.I. Shahabdeen
Group Financial Controller


A.M. Ondaatjie
Joint Managing Director
November 11, 2016


T.J. Ondaatjie
Director



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ROYAL PALMS BEACH HOTELS PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Six months ended 30th September | | | Three months ended 30th September | | |
|---|---------------------------------|-------------------|---------------------|-----------------------------------|-------------------|---------------------|
| | 2016 Rs. '000' | 2015 Rs. '000' | Change Rs. '000' | 2016 Rs. '000' | 2015 Rs. '000' | Change Rs. '000' |
| Revenue | 196,831 | 236,117 | (39,286) | 120,219 | 138,829 | (18,610) |
| Cost of Sales | (89,913) | (92,412) | 2,499 | (51,969) | (50,540) | (1,429) |
| Gross Profit | 106,918 | 143,705 | (36,787) | 68,250 | 88,289 | (20,039) |
| Other Income | 8,227 | 9,968 | (1,741) | 4,123 | 3,875 | 248 |
| Selling and Distribution Costs | (7,328) | (7,320) | (8) | (4,429) | (3,576) | (853) |
| Administrative Expenses | (136,798) | (130,789) | (6,009) | (71,224) | (69,065) | (2,159) |
| Derecognition of Property, Plant & Equipment | (908) | - | (908) | (908) | - | (908) |
| Other Expenses | (291) | (260) | (31) | (179) | (167) | (12) |
| Finance Income | 8,999 | 3,218 | 5,781 | 4,979 | 2,386 | 2,593 |
| Finance Cost | (130) | (195) | 65 | (64) | (102) | 38 |
| Profit Before Taxation | (21,311) | 18,327 | (39,638) | 548 | 21,640 | (21,092) |
| Income Tax Expense | (4,357) | (3,063) | (1,294) | (2,848) | (2,553) | (295) |
| Profit for the Period | (25,668) | 15,264 | (40,932) | (2,300) | 19,087 | (21,387) |
| Other Comprehensive Income | | | | | | |
| Other Comprehensive Income to be reclassified to Profit or Loss in subsequent periods(net of tax) | - | - | - | - | - | - |
| Other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods(net of tax) | | | | | | |
| Income Tax effect | 959 | 645 | 314 | 587 | 323 | 264 |
| Other Comprehensive Income/(Loss) for the Period | 959 | 645 | 314 | 587 | 323 | 264 |
| Total Comprehensive Income/(Loss) for the Period | (24,709) | 15,909 | (40,618) | (1,713) | 19,410 | (21,123) |
| Earnings Per Share - Basic | (0.51) | 0.30 | (0.81) | (0.04) | 0.38 | (0.42) |

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Joint Managing Director
November 11, 2016

T.J. Ondaatjie
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**ROYAL PALMS BEACH HOTELS PLC
STATEMENT OF CHANGES IN EQUITY
Six Months Ended 30th September 2016**

| | Stated Capital Rs.'000' | Revaluation Reserve Rs.'000' | Retained Earnings Rs.'000' | Total Equity Rs.'000' |
|--|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Balance as at 1st April 2015 | 521,583 | 694,331 | 519,981 | 1,735,895 |
| Net Profit for the Period | - | - | 15,264 | 15,264 |
| Other Comprehensive Income | - | 645 | - | 645 |
| Total Comprehensive Income | - | 645 | 15,264 | 15,909 |
| Ordinary Dividends - 2014/2015 | - | - | (25,000) | (25,000) |
| Balance as at 30th September 2015 | <u>521,583</u> | <u>694,976</u> | <u>510,245</u> | <u>1,726,804</u> |
| Balance as at 1st April 2016 | 521,583 | 1,032,667 | 646,207 | 2,200,457 |
| Net Profit for the Period | - | - | (25,668) | (25,668) |
| Other Comprehensive Income | - | 959 | - | 959 |
| Total Comprehensive Income | - | 959 | (25,668) | (24,709) |
| Ordinary Dividends - 2015/2016 | - | - | (40,000) | (40,000) |
| Effect on Revaluation Surplus of Derecognised Property, Plant & Equipment | - | (422) | 422 | - |
| Balance as at 30th September 2016 | <u>521,583</u> | <u>1,033,204</u> | <u>580,961</u> | <u>2,135,748</u> |

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ROYAL PALMS BEACH HOTELS PLC

STATEMENT OF CASH FLOW

For the Six Months Ended 30th September 2016

| | 30.09.2016 Rs.'000' | 30.09.2015 Rs.'000' |
|--|------------------------|------------------------|
| Cash Flows From Operating Activities | | |
| Profit before Taxation | (21,311) | 18,327 |
| Adjustments for : | | |
| Depreciation | 27,728 | 25,293 |
| Amortisation of Intangible Assets | 429 | 483 |
| Finance Income | (8,999) | (3,218) |
| Finance Costs | 130 | 195 |
| Loss from derecognition of Property, Plant & Equipment | 908 | - |
| (Gain) / Loss on Disposal of Property, Plant & Equipment | (6,662) | - |
| Provision for Retirement Benefit Obligations | 2,490 | 2,820 |
| Operating Profit before Working Capital Changes | <u>(5,287)</u> | <u>43,900</u> |
| (Increase) / Decrease in Inventories | (1,348) | 229 |
| (Increase) / Decrease in Trade and Other Receivables | 101,719 | 16,707 |
| (Increase) / Decrease in Other Non Financial Assets | (16,164) | (3,997) |
| (Increase) / Decrease in Amounts Due from Related Parties | 1,122 | 1,090 |
| Increase / (Decrease) in Trade and Other Payables | (23,969) | (2,241) |
| Increase / (Decrease) in Amounts Due to Related Parties | (811) | (2,757) |
| Cash Generated from Operations | <u>55,262</u> | <u>52,931</u> |
| Income Tax Paid | (23,815) | - |
| Finance Costs Paid | (129) | (195) |
| Retirement Benefit Costs Paid | (2,235) | (1,556) |
| Net Cash From Operating Activities | <u>29,083</u> | <u>51,180</u> |
| Cash Flows from / (Used in) Investing Activities | | |
| Acquisition of Property, Plant & Equipment | (75,554) | (4,385) |
| Investments in Fixed Deposits | 7,885 | (71,044) |
| Interest Received | 7,665 | 1,570 |
| Disposal of Property, Plant & Equipment | 9,473 | - |
| Net Cash Flows Used in Investing Activities | <u>(50,531)</u> | <u>(73,859)</u> |
| Cash Flows from / (Used in) Financing Activities | | |
| Repayment of Interest Bearing Loans and Borrowings | (1,275) | (956) |
| Dividends Paid - on Ordinary Shares | (40,000) | (25,000) |
| Net Cash Flows Used in Financing Activities | <u>(41,275)</u> | <u>(25,956)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | <u>(62,723)</u> | <u>(48,635)</u> |
| Effect of exchange rate changes on Cash & Cash Equivalents | (1,724) | 2,599 |
| Cash and Cash Equivalents at the beginning of the Period | <u>87,217</u> | <u>96,318</u> |
| Cash and Cash Equivalents at the end of the Period(Note A) | <u>22,770</u> | <u>50,282</u> |
| Note A | | |
| CASH AND CASH EQUIVALENTS | | |
| Components of Cash and Cash Equivalents | | |
| Cash & Bank Balances | 48,844 | 66,108 |
| Bank Overdrafts | (26,074) | (15,826) |
| | <u>22,770</u> | <u>50,282</u> |

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NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Royal Palms Beach Hotels PLC is a public limited liability company incorporated and domiciled in Sri Lanka listed on the Colombo Stock Exchange. The Interim Financial Statements of the Company for the period ended 30th September 2016 were authorised for issue by the Board of Directors on 11th November 2016.

2. Basis of Preparation

The interim financial statements have been prepared on the same accounting policies and methods of computation applied for the year ended 31.03.2016 and in compliance with the Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting.

| | 30.09.2016 | 30.09.2015 |
|---|------------|------------|
| 3 Market price during the quarter - Highest (Rs.) | 34.40 | 38.50 |
| - Lowest (Rs.) | 28.00 | 33.00 |
| - Last Traded (Rs.) | 28.10 | 38.40 |
| 4 There are no material events subsequent to the quarter ended 30.09.2016 that need disclosure. | | |
| 5 There were no material changes in the composition in the assets and liabilities of the company during the quarter under review. | | |
| 6 The Company carried out refurbishment of the " Restaurant" and "Lounge Bar" during the period. In order to de-recognize the carrying amount of the items of Property, Plant & Equipment that were subject to refurbishment, the management used the Quantity Surveyor's valuation as the cost of the replaced items. Accordingly an amount of Rs. 907,800/= was de-recognized and included in profit and loss in accordance with LKAS 16. In such de-recognized amounts, the revaluation surplus amounting to Rs. 421,584/= included under the revaluation reserve was transferred to retained earnings in accordance with LKAS 16. | | |
| 7 Six months of the financial year relates to the off season of the tourism industry. | | |
| 8 There is no liability to management fees or any other similar expenditure. | | |
| 9 There are no significant contingencies as at 30.09.2016. | | |



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10 Stated Capital

| | 30.09.2016 | | 30.09.2015 | |
|------------------------|-------------------|--------------------|-------------------|--------------------|
| | Number | Rs. | Number | Rs. |
| Ordinary Share Capital | 50,000,000 | 521,583,448 | 50,000,000 | 521,583,448 |
| | <u>50,000,000</u> | <u>521,583,448</u> | <u>50,000,000</u> | <u>521,583,448</u> |



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ROYAL PALMS BEACH HOTELS PLC

DIRECTORS' SHAREHOLDINGS AS AT 30TH SEPTEMBER 2016

| | No. of Shares held | |
|------------------------|--------------------|-------|
| Mr. G L A Ondaatjie | 2,742,700 | 5.49% |
| Ms. A M Ondaatjie | 197,500 | 0.40% |
| Mr. G G Ondaatjie | 167,500 | 0.34% |
| Mr. T J Ondaatjie | 500,000 | 1.00% |
| Mr. N H V Perera | 265,795 | 0.53% |
| Mr. R S Weerawardena | 192,775 | 0.39% |
| Mr. M Keerthiratne | 220,000 | 0.44% |
| Mr. A N Esufally | 232,138 | 0.46% |
| Mr. M U Maniku | 2,552,823 | 5.11% |
| Mr. M J Fernando | 3,649,403 | 7.30% |
| Mr. A de Zoysa | 625 | 0.00% |
| Mr. J D Vaz | 33 | 0.00% |
| Mr. P S R Casie Chitty | - | 0.00% |

| | |
|--|--------|
| PUBLIC HOLDING PERCENTAGE AS AT 30/09/2016 | 13.08% |
| NUMBER OF PUBLIC SHAREHOLDERS | 1,415 |

20 Largest Shareholders

| | | |
|---|------------|--------|
| Tangerine Beach Hotels PLC | 14,202,786 | 28.41% |
| Mercantile Investments and Finance PLC | 8,576,700 | 17.15% |
| Tangerine Tours (Pvt) Ltd | 3,882,575 | 7.77% |
| Mr. M J Fernando | 3,649,403 | 7.30% |
| The Nuwara Eliya Hotels Co. PLC | 2,750,000 | 5.50% |
| Mr. G L A Ondaatjie | 2,742,700 | 5.49% |
| Mr. M U Maniku | 2,552,823 | 5.11% |
| Mercantile Fortunes (Pvt) Ltd | 829,870 | 1.66% |
| Nilaveli Beach Hotels (Pvt) Ltd | 707,375 | 1.41% |
| Security Ceylon (Pvt) Ltd | 650,000 | 1.30% |
| City Properties (Pvt) Ltd | 558,428 | 1.12% |
| Mr. T J Ondaatjie | 500,000 | 1.00% |
| Mrs. K M N Perera | 414,542 | 0.83% |
| N Vaitilingam & Co. (Pvt) Ltd | 362,498 | 0.72% |
| Mr. J A S S Adhihetty | 299,050 | 0.60% |
| Mr. N H V Perera | 265,795 | 0.53% |
| Mr. D C Fernando | 250,000 | 0.50% |
| Ceylon Galvernizing Industries Ltd | 249,998 | 0.50% |
| Renuka Consultants & Services Limited | 239,547 | 0.48% |
| People's Leasing & Finance PLC/ L P Hapangama | 239,149 | 0.48% |

30/09/2016