

## TAL LANKA HOTELS PLC

Interim Unaudited Financial Statements  
For the Quarter ended 30th September 2016



**Taj Samudra**  
*Colombo*

**TAL LANKA HOTELS PLC**

**Statement of Comprehensive Income**

(All amounts in Sri Lanka Rupees Thousands unless otherwise stated)

Particulars	For the 6 Months Ended 30th September			2nd Quarter Ended 30th September		
	2016	2015	% Change	2016	2015	% Change
Revenue	1,353,712	1,227,873	10	737,990	678,136	9
Direct Costs	(977,971)	(949,523)	3	(509,270)	(484,686)	5
<b>Gross profit</b>	<b>375,741</b>	<b>278,350</b>	<b>35</b>	<b>228,720</b>	<b>193,450</b>	<b>18</b>
Other operating income	13,623	8,336	63	6,959	4,273	63
Marketing expenses	(65,397)	(52,186)	25	(35,320)	(31,270)	13
Administrative expenses	(162,572)	(152,789)	6	(88,426)	(82,210)	8
<b>Operating profit /(loss)</b>	<b>161,395</b>	<b>81,710</b>	<b>98</b>	<b>111,933</b>	<b>84,244</b>	<b>33</b>
Finance costs	(69,667)	(205,831)	66	(40,820)	(170,394)	76
<b>Profit /(Loss) before tax</b>	<b>91,728</b>	<b>(124,121)</b>	<b>174</b>	<b>71,113</b>	<b>(86,151)</b>	<b>183</b>
Income tax expense	Nil	Nil	Nil	Nil	Nil	Nil
<b>Profit /(Loss) for the year</b>	<b>91,728</b>	<b>(124,121)</b>	<b>174</b>	<b>71,113</b>	<b>(86,151)</b>	<b>183</b>
Other Comprehensive income/(expense)	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total comprehensive income /( expense) for the year</b>	<b>91,728</b>	<b>(124,121)</b>	<b>174</b>	<b>71,113</b>	<b>(86,151)</b>	<b>183</b>
Profit/(Loss) per share- basic/diluted (Rs.)	0.66	(0.89)		0.51	(0.62)	

**TAL LANKA HOTELS PLC**  
**Statement of Financial Position**

(All amounts in Sri Lanka Rupees Thousands unless otherwise stated)

Particulars	As at 30th September 2016	As at 30th September 2015	As at 31st March 2016
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3,153,165	3,380,571	3,273,496
Leasehold Property	837,626	850,817	844,221
Investments	43,388	15,375	43,388
<b>Total Non-current assets</b>	<b>4,034,179</b>	<b>4,246,763</b>	<b>4,161,105</b>
<b>Current Assets</b>			
Inventories	68,159	75,713	66,279
Trade and Other Receivables	272,526	196,526	174,588
Amounts Receivable from Group of companies	1,891	5,697	1,167
Deposits, Prepayments and Advances	66,547	54,470	87,295
Commissioner General of Inland Revenue	14,813	6,387	11,716
Cash and cash equivalents	104,888	293,119	151,180
<b>Total Current Assets</b>	<b>528,824</b>	<b>631,912</b>	<b>492,224</b>
<b>Total Assets</b>	<b>4,563,002</b>	<b>4,878,675</b>	<b>4,653,329</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital (139,637,494 Shares)	1,396,375	1,396,375	1,396,375
Revaluation reserve	1,370,166	1,461,636	1,421,324
Available for sale reserve	4,300	1,287	4,300
Accumulated loss	(1,198,566)	(1,386,001)	(1,341,453)
	1,572,275	1,473,297	1,480,546
<b>Non-current liabilities</b>			
Borrowings	1,850,112	2,199,706	2,054,806
Retirement benefit obligations	121,748	103,471	108,846
Deferred tax liability	126,348	119,690	126,348
<b>Total Non-current liabilities</b>	<b>2,098,209</b>	<b>2,422,866</b>	<b>2,290,001</b>
<b>Current liabilities</b>			
Borrowings	400,464	471,184	464,682
Trade and Other Payables	359,502	305,466	318,712
Amounts Payable to Group companies	132,553	205,862	99,388
<b>Total current liabilities</b>	<b>892,519</b>	<b>982,512</b>	<b>882,782</b>
<b>Total liabilities</b>	<b>2,990,728</b>	<b>3,405,379</b>	<b>3,172,783</b>
<b>Total Equity and Liabilities</b>	<b>4,563,002</b>	<b>4,878,675</b>	<b>4,653,329</b>
Net assets per share Rs.	11.26	10.55	10.60

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



Soumitra Ray  
Area Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Signed for and on behalf of the Board.



Vish Govindasamy -Director

Date :- 9th November 2016



T.De Zoysa - Director

Date :- 9th November 2016

**TAL LANKA HOTELS PLC**

**Statement of changes in equity**

(All amounts in Sri Lanka Rupees thousands)

Particulars	Stated Capital	Revaluation reserves	Available for sale reserve	Accumulated losses	Total
<b>Balance at 01st April 2015</b>	<b>1,396,375</b>	<b>1,512,794</b>	<b>1,287</b>	<b>(1,313,038)</b>	<b>1,597,418</b>
<i><b>Total comprehensive income for the year</b></i>					
Profit/ (Loss) for the year	Nil	Nil	Nil	(124,121)	(124,121)
Other comprehensive income	Nil	Nil	Nil	Nil	Nil
<b>Total comprehensive income/(expense) for the period</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>(124,121)</b>	<b>(124,121)</b>
Depreciation transfer	Nil	(51,158)	Nil	51,158	Nil
<b>Balance as at 30th September 2015</b>	<b>1,396,375</b>	<b>1,461,636</b>	<b>1,287</b>	<b>(1,386,001)</b>	<b>1,473,297</b>
<b>Balance at 01st April 2016</b>	1,396,375	1,421,324	4,300	(1,341,453)	1,480,546
<i><b>Total comprehensive income for the year</b></i>					
Profit/ (Loss) for the year	Nil	Nil	Nil	91,728	91,728
Other comprehensive income	Nil	Nil	Nil	Nil	Nil
<b>Total comprehensive income/(expense) for the period</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>91,728</b>	<b>91,728</b>
Depreciation transfer	Nil	(51,158)	Nil	51,158	Nil
<b>Balance as at 30th September 2016</b>	<b>1,396,375</b>	<b>1,370,166</b>	<b>4,300</b>	<b>(1,198,566)</b>	<b>1,572,275</b>

## TAL LANKA HOTELS PLC

### Statement of Cash Flows

(All amounts in Sri Lanka Rupees thousands)

Particulars	For the 6 Months ended 30th September	
	2016	2015
<b>Operating activities</b>		
Profit/(Loss) before tax	91,728	(124,121)
<b>Adjustments for:</b>		
Gain on disposals of property plant and equipment	(5,038)	(20)
Depreciation on property, plant and equipment	210,240	201,857
Amortisation of leasehold property	6,595	6,595
Write off of Property ,Plant & Equipments	905	Nil
Interest income	(1,352)	(805)
Interest expense	71,869	69,017
Provision for defined benefit plans	21,736	10,823
Impairment of trade receivables	(200)	Nil
Unrealized exchange loss on loans	(106,113)	137,587
<b>Operating Profit before working capital changes</b>	<b>290,371</b>	<b>300,933</b>
(Increase )/Decrease in inventories	(1,881)	(3,935)
(Increase )/Decrease in trade and other receivables	(97,738)	15,789
(Increase )/Decrease in amounts receivable from group companies	(724)	(3,559)
(Increase )/Decrease in deposits ,prepayments and advances.	20,748	5,064
Increase /(Decrease) in trade and other payables.	40,790	(7,255)
Increase /(Decrease) in amounts payable to group companies	33,165	41,713
<b>Cash flow generated from Operations</b>	<b>284,731</b>	<b>348,750</b>
Taxes Paid	(3,097)	(1,383)
Retirement benefits paid	(8,835)	(3,823)
Interest received	1,352	805
<b>Net cash flow generated from operating activities</b>	<b>274,152</b>	<b>344,349</b>
<b>Amounts Payable to Group companies</b>		
Net Proceeds from disposal of property, plant and equipment	5,038	20
Purchase of property, plant and equipment	(90,814)	(128,941)
<b>Net cash used in investing activities</b>	<b>(85,776)</b>	<b>(128,921)</b>
<b>Cash Flow from Financing activities</b>		
Proceeds from bank loans and borrowings	Nil	213,550
Repayments on bank loans and borrowings	(162,799)	(183,672)
Interest paid	(71,869)	(69,017)
<b>Net cash generated/(used in) financing activities</b>	<b>(234,667)</b>	<b>(39,139)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>(46,292)</b>	<b>176,289</b>
<b>Movement in cash and cash equivalents</b>		
<b>At start of period</b>	<b>151,180</b>	<b>116,831</b>
(Decrease)/Increase	(46,292)	176,289
<b>At end of period</b>	<b>104,888</b>	<b>293,119</b>

## TAL LANKA HOTELS PLC

### Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees Thousands unless otherwise stated)

#### 1) Turnover

	2016/17 Rs.	2015/16 Rs.
Accommodation	799,594	723,505
Food and Beverage	485,938	466,393
Shop rentals	20,263	18,761
Others	47,917	19,214
<b>Total</b>	<b>1,353,712</b>	<b>1,227,873</b>

#### 2) Statistics

	2016/17 Rs.	2015/16 Rs.
Highest Market Price per Share	26.30	34.00
Lowest Market Price per Share	20.40	28.30
Closing Price on 30th September	26.00	28.50

#### 3) Basis of preparation and summary of significant accounting policies

##### 3.1) Basis of preparation

These interim financial statements for the quarter ended 30th September 2016 have been prepared in accordance with the requirements of LKAS - 34 Interim Financial Reporting and the Statement of Recommended Practices as laid down by the Institute of Chartered Accountants of Sri Lanka and the Companies Act No.7 of 2007.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at 31st March 2016.

##### 3.2) Significant accounting policies

The accounting policies adopted in preparation of these interim financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended 31st March 2016, except for the adoption of new Sri Lanka Accounting Standards (SLFRSs). The effect of transition to SLFRSs are summarised below.

###### - Investment in non-quoted equity investments

Under the previous Sri Lanka Accounting Standards (SLASs), the company measured the investment in non-quoted equity investments at cost. On adoption of SLFRSs, the company categorised this investment as available for sale in accordance with LKAS 39 - Financial Instruments: Recognition and Measurement. This investment was measured at the fair value using the net assets based valuation model.

###### - Revised presentation of financial statements

In accordance with, LKAS 1 - Presentation of Financial Statements, the company elected to present single statement of comprehensive income and the comparative information have been re-arranged or re-grouped where ever necessary.

## TAL LANKA HOTELS PLC

### Notes to the financial statements

(In the notes all amounts are shown in Sri Lanka Rupees Thousands unless otherwise stated)

#### 4) Contingencies

The company has no material contingent liabilities or assets as at the reporting date.

#### 5) Events after the Balance Sheet Date

There have been no material events occurring after the balance sheet date that require adjustment to or disclosure in the financial statements.

#### 6) Management Fee Payable to TAL Hotels & Resorts Ltd

TAL Lanka Hotels PLC has entered in to a Hotel Operating agreement with TAL Hotels & Resorts Ltd. The details of fees payable to TAL Hotels & Resorts Ltd under the agreement as at 30th September 2016 is as follows .

	<b>2016/17</b>	<b>2015/16</b>
	<b>Rs.</b>	<b>Rs.</b>
Basic fee Payable	21,186	88,629
Incentive fee Payable	26,748	73,771
	<b>47,933</b>	<b>162,401</b>

## Notes to the financial statements

7)

## TAL LANKA HOTELS PLC

## TOP 20 SHARE HOLDERS AS AT 30TH SEPTEMBER 2016

Serial	Name	Shares	%
1	TAL HOTELS & RESORTS LTD	81,181,580	58.14
2	IHOCO B.V	34,375,640	24.62
3	EMPLOYEES PROVIDENT FUND	7,437,832	5.33
4	MOUGIN INVESTMENT COMPANY LIMITED	2,070,000	1.48
5	ASSOCIATED ELECTRICAL CORPORATION LTD	1,305,884	0.94
6	E.W. BALASURIYA & CO. (PVT) LTD	901,658	0.65
7	SAMPATH BANK PLC/MR.ARUNASALAM SITHAMPALAM	587,000	0.42
8	BANK OF CEYLON NO. 1 ACCOUNT	447,400	0.32
9	HALLSVILLE TRADING GROUP INC	343,029	0.25
10	SEYLAN BANK LTD / GOVINDASAMY RAMANAN	331,238	0.24
11	PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA	260,270	0.19
12	ASHAN DE ZOYSA AND COMPANY PVT LIMITED	215,000	0.15
13	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	212,390	0.15
14	MRS. - NAFEESA HAMZAALLY ABDUL HUSEIN	166,000	0.12
15	MR. - NAWALAGE JOSEPH HIRAN MAHINDA COORAY	137,165	0.10
16	MRS. - BINANTHI SHAMANI RASANAYAGAM	122,000	0.09
17	SENKADAGALA FINANCE COMPANY PLC	114,432	0.08
18	MASCONS (PVT) LIMITED	100,000	0.07
19	NEGOMBO HOTELS LIMITED	100,000	0.07
20	MR.SITHAMPALAM ABISHEK	98,500	0.07
<b>Sub Total</b>		<b>130,507,018</b>	<b>93.46</b>
Others		9,130,476	6.54
<b>Total Shares</b>		<b>139,637,494</b>	<b>100.00</b>



Notes to the financial statements

8)

**TAL LANKA HOTELS PLC**  
**PUBLIC SHARE HOLDING AS OF 30th SEPTEMBER 2016**

		Number of Share Holders		Number of Shares	%
	Issued Share Capital.	11,419		139,637,494	100.00%
(1)	Parent , Subsidiary or associate entities or any subsidiary or associates of Its Parent Entity.			Nil	
(2)	Directors of the entity & their close family members .			Nil	
(3)	Chief Executice officer & his close family members .			Nil	
(4)	Key Management personnel & their close family members .			Nil	
(5)	Any party acting in concert with the parties set out in 1,2,3 and 4.			Nil	
(6)	Shares that have been allotted to employees, whereby the shares of the Entity are, directly or indirectly controlled by the management or the majority shareholder of the Entity.			Nil	
(7)	Shares that are in a locked account with the CDS due to statutory or regulatory requirement other than the shareholders exempted under (8) below.			Nil	
(8)	Entities , Single share holders or Single share holders Jointly or severally holding 10% or More . TAL Hotels & Resorts Limited IHOCO BV		81,181,580 34,375,640	115,557,220	82.76%
	Public share holding	11,417		24,080,274	17.24%
	<b>Total Shares</b>			139,637,494	100.00%

Notes to the financial statements

9)

**TAL LANKA HOTELS PLC**

**DIRECTORS' SHAREHOLDING AS AT 30TH SEPTEMBER 2016**

<b>Names of the Directors</b>	<b>CDS</b>	<b>NON CDS</b>
MR . RAKESH KUMAR SARNA	NIL	NIL
MR. A.P. GOEL	NIL	NIL
MR. B K CHAUDHARY	NIL	NIL
MR. TILAK DE ZOYSA	NIL	NIL
MR. P. VERMA	NIL	NIL
DR. G SUNDARAM	NIL	NIL
MR.V.GOVINDASAMY	NIL	NIL
MR. R K CHAUDHARY	NIL	NIL
MR. U. NARAIN	NIL	NIL
MR. S. JOSHI	NIL	NIL
MR. N. I. R. DE MEL	NIL	NIL

Mr. Sarabjeet Singh, Area Director-Sri Lanka & Maldives and General Manager -Taj Samudra , senior most Executive of the Company, does not hold any shares in TAL Lanka Hotels PLC and is not a Director on the Board of the Company.

Notes to the financial statements

10)

**TAL LANKA HOTELS PLC**

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NO OF SHARES AS AT 30TH SEPTEMBER 2016

(LOCAL : FOREIGN)

NO OF SHARES	NO. OF SHAREHOLDERS		TOTAL HOLDINGS		PERCENTAGE	
	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL
1 To 1000	54	10,164	24,376	2,151,626	0.02%	1.54%
1001 To 10,000	26	1,023	124,607	3,405,884	0.09%	2.44%
10,001 To 100,000	7	128	291,590	3,430,893	0.21%	2.46%
100,001 To 1,000,000	1	11	343,029	3,494,553	0.25%	2.50%
1,000,001 & Above	3	2	117,627,220	8,743,716	84.24%	6.26%
<b>TOTAL</b>	<b>91</b>	<b>11,328</b>	<b>118,410,822</b>	<b>21,226,672</b>	<b>84.80%</b>	<b>15.20%</b>
<b>GRAND TOTAL</b>		<b>11,419</b>		<b>139,637,494</b>		<b>100%</b>

Notes to the financial statements

11)

**TAL LANKA HOTELS PLC**

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NO OF SHARES AS AT 30TH SEPTEMBER 2016

(COMPANY: MEMBER )

NO OF SHARES	NO. OF SHAREHOLDERS		TOTAL HOLDINGS		PERCENTAGE	
	COMPANIES	MEMBERS	COMPANIES	MEMBERS	COMPANIES	MEMBERS
1 To 1000	99	10,119	33,892	2,142,110	0.02%	1.53%
1001 To 10,000	51	998	230,953	3,299,538	0.17%	2.36%
10,001 To 100,000	35	100	1,240,828	2,481,655	0.89%	1.78%
100,001 To 1,000,000	9	3	3,412,417	425,165	2.44%	0.30%
1,000,001 & Above	5	-	126,370,936	-	90.50%	-
<b>TOTAL</b>	<b>199</b>	<b>11,220</b>	<b>131,289,026</b>	<b>8,348,468</b>	<b>94.02%</b>	<b>5.98%</b>
<b>GRAND TOTAL</b>		<b>11,419</b>		<b>139,637,494</b>		<b>100%</b>