


TAJ
SAMUDRA
COLOMBO

TAL LANKA HOTELS PLC

Interim Condensed Financial Statements
For the six months ended 30th September 2018



TAL LANKA HOTELS PLC

Statement of Profit or Loss and other 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 | | |
|---|---------------------------------------|----------------|--------------|----------------------------------|----------------|--------------|
| | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Revenue | 1,227,502 | 1,324,573 | (7) | 626,817 | 713,192 | (12) |
| Direct Costs | (968,685) | (1,030,479) | (6) | (496,060) | (539,410) | (8) |
| Gross profit | 258,818 | 294,094 | (12) | 130,756 | 173,782 | (25) |
| Other Income | 11,155 | 12,964 | (14) | 5,130 | 5,395 | (5) |
| Marketing Expenses | (49,458) | (55,682) | (11) | (25,252) | (30,762) | (18) |
| Administrative Expenses | (172,874) | (176,789) | (2) | (95,582) | (96,586) | (1) |
| Operating Profit | 47,640 | 74,588 | (36) | 15,053 | 51,830 | (71) |
| Finance and Other Charges | (229,253) | (83,436) | 175 | (163,376) | (31,346) | 421 |
| Profit / (Loss) Before Tax | (181,613) | (8,848) | 1,952 | (148,323) | 20,484 | (824) |
| Income Tax Expense | (8,315) | Nil | | (4,158) | Nil | |
| Profit / (Loss) for the period | (189,928) | (8,848) | 2,046 | (152,481) | 20,484 | (844) |
| Other Comprehensive income/(expense) | Nil | Nil | | Nil | Nil | |
| Total comprehensive income /(expense) for the year | (189,928) | (8,848) | 2,046 | (152,481) | 20,484 | (844) |
| Profit / (Loss) per share- basic (Rs.) | (1.36) | (0.06) | | (1.09) | 0.15 | |

TAL LANKA HOTELS PLC

Statement of Financial Position

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

| Particulars | As at 30th September 2018 | As at 30th September 2017 | As at 31st March 2018 |
|---|------------------------------|------------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3,827,024 | 3,821,938 | 3,847,128 |
| Intangible assets | 12,383 | 13,822 | 14,468 |
| Leasehold property-right to use of land | 811,244 | 824,435 | 817,839 |
| Other Financial assets | 19,618 | 19,556 | 19,618 |
| Total Non-current assets | 4,670,269 | 4,679,751 | 4,699,054 |
| Current assets | | | |
| Inventories | 83,449 | 70,099 | 84,311 |
| Trade and other receivables | 183,983 | 266,732 | 179,414 |
| Amounts receivable from related parties | 1,035 | 2,539 | 4,846 |
| Deposits, prepayments and advances | 80,523 | 58,611 | 93,178 |
| Current tax receivables | 20,728 | 29,284 | 20,995 |
| Cash and cash equivalents | 71,942 | 103,870 | 138,865 |
| Total current assets | 441,660 | 531,134 | 521,609 |
| Total assets | 5,111,930 | 5,210,885 | 5,220,663 |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Stated capital (139,637,494 Shares) | 1,396,375 | 1,396,375 | 1,396,375 |
| Revaluation reserve | 1,962,473 | 2,075,662 | 2,023,604 |
| Available for sale reserve | 4,977 | 5,468 | 4,977 |
| Accumulated losses | (1,112,588) | (1,114,103) | (983,791) |
| | 2,251,238 | 2,363,403 | 2,441,166 |
| Non-current liabilities | | | |
| Borrowings | 1,606,603 | 1,575,938 | 1,590,897 |
| Retirement benefit obligations | 125,216 | 124,328 | 118,754 |
| Deferred tax liability | 261,681 | 240,520 | 261,681 |
| Total Non-current liabilities | 1,993,501 | 1,940,786 | 1,971,332 |
| Current liabilities | | | |
| Trade and other payables | 358,513 | 390,314 | 310,984 |
| Amounts payable to related parties | 83,068 | 160,794 | 140,868 |
| Borrowings | 425,609 | 355,589 | 356,313 |
| Total current liabilities | 867,191 | 906,696 | 808,166 |
| Total liabilities | 2,860,692 | 2,847,482 | 2,779,497 |
| Total Equity and Liabilities | 5,111,930 | 5,210,885 | 5,220,663 |

Net assets per share Rs. 16.12 16.93 17.48

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



Soumitra Ray
Area Financial Controller Sri Lanka & Maldives
Financial Controller
Taj Samudra, Colombo.

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

Signed for and on behalf of the Board.



V. Govindasamy - Director

Date :- 9th November 2018



T. De Zoysa - Director

Date :- 9th November 2018

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 |
|---|------------------|----------------------|----------------------------|--------------------|------------------|
| Balance at 01st April 2017 | 1,396,375 | 2,126,820 | 5,468 | (1,156,413) | 2,372,251 |
| Loss for the year | Nil | Nil | Nil | (8,848) | (8,848) |
| <i>Total comprehensive expense for the year</i> | | | | | |
| Other comprehensive expense | Nil | Nil | Nil | Nil | Nil |
| Total comprehensive expense for the period | Nil | Nil | Nil | (8,848) | (8,848) |
| Transfer of depreciation. | Nil | (51,158) | Nil | 51,158 | Nil |
| Balance as at 30th September 2017 | 1,396,375 | 2,075,662 | 5,468 | (1,114,103) | 2,363,402 |
| Balance at 01st April 2018 | 1,396,375 | 2,023,604 | 4,977 | (983,790) | 2,441,166 |
| Loss for the year | Nil | Nil | Nil | (189,928) | (189,928) |
| <i>Total comprehensive expense for the year</i> | | | | | |
| Other comprehensive expense | Nil | Nil | Nil | Nil | Nil |
| Total comprehensive expense for the period | Nil | Nil | Nil | (189,928) | (189,928) |
| Transfer of depreciation . | Nil | (61,131) | Nil | 61,131 | Nil |
| Balance as at 30th September 2018 | 1,396,375 | 1,962,473 | 4,977 | (1,112,588) | 2,251,238 |

TAL LANKA HOTELS PLC

Statement of Cash Flow

(All amounts in Sri Lanka Rupees thousands)

| Particulars | For the 06 Months ended 30th September | |
|---|---|------------------|
| | 2018 | 2017 |
| Operating activities | | |
| Loss before tax | (181,613) | (8,849) |
| Adjustments for: | | |
| Gain on disposals of property plant and equipment | (359) | (171) |
| Depreciation on property, plant and equipment | 170,503 | 194,616 |
| Amortisation of intangible asset | 2,085 | Nil |
| Amortisation of leasehold property | 6,595 | 6,595 |
| Interest income | (1,196) | (59) |
| Interest expense | 62,149 | 66,959 |
| Provision for defined benefit plans | 6,554 | 13,516 |
| Unrealized exchange loss on loans | 164,892 | 13,445 |
| Operating Profit before working capital changes | 229,611 | 286,053 |
| (Increase)/Decrease in inventories | 862 | 2,983 |
| (Increase)/Decrease in trade and other receivables | (4,569) | (55,896) |
| (Increase)/Decrease in amounts receivable from related companies | 3,811 | (972) |
| (Increase)/Decrease in deposits ,prepayments and advances | 12,655 | 19,253 |
| Increase /(Decrease) in trade and other payables | 47,529 | 41,874 |
| Increase /(Decrease) in amounts payable to group companies | (57,800) | 19,661 |
| Cash flow generated from Operations | 232,100 | 312,957 |
| Taxes Paid | (8,048) | (6,666) |
| Retirement benefits paid | (3,444) | (7,288) |
| Net cash flow generated from operating activities | 220,607 | 299,002 |
| Cash flow from investing activities | | |
| Net Proceeds from disposal of property, plant and equipment | 359 | 171 |
| Purchase of property, plant and equipment | (150,399) | (109,559) |
| Proceeds from fixed deposits | Nil | 27,728 |
| Withdrawal from plan asset | 4,224 | Nil |
| Interest received | 324 | 59 |
| Net cash used in investing activities | (145,491) | (81,601) |
| Cash Flow from Financing activities | | |
| Borrowings obtained | 83,211 | Nil |
| Repayments of borrowings | (163,101) | (207,586) |
| Interest paid | (62,149) | (66,959) |
| Net cash used in financing activities | (142,039) | (274,545) |
| Net decrease in cash and cash equivalents | (66,923) | (57,144) |
| Movement in cash and cash equivalents | | |
| At start of period | 138,865 | 161,013 |
| Decrease | (66,923) | (57,144) |
| At end of period | 71,942 | 103,870 |

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) Corporate information

TAL Lanka Hotels PLC (formerly known as Taj Lanka Hotels PLC) is a limited liability company incorporated in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business is situated at No. 25, Galle Face Centre Road, Colombo 03.

2) Approval of financial statements

The unaudited interim condensed financial statements of the company for the 06 months period ended 30th September 2018 were authorised for issues by the Audit Committee on 09th November 2018.

3) Basis of preparation

The unaudited interim financial statements of the company for the 06 months period ended 30th September 2018 have been prepared in accordance with the requirements of LKAS - 34 Interim Financial Reporting and have been prepared in accordance with the same accounting policies and methods set out in the recently published Annual Audited Financial Statements. These interim condensed 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 recently published annual audited financial statement.

The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current period.

These interim condensed financial statements are presented in Sri Lankan Rupees Thousands and all values are rounded to the nearest Sri Lankan Rupees Thousands except when otherwise indicated.

4) Segmental information

Segmental information is not presented since the company does not have distinguishable components to be identified as a segment as all operations are treated as one segment.

5) Events after the reporting period

There were no significant events after the reporting period that would require adjustments to or disclosures in these interim financial statements

6) Contingencies

There has been no significant change in the nature of contingencies, which were disclosed in the recently published annual report.

7) 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 2018 is as follows ;

Sri Lanka Rupees Thousands

| | 2018/19 Rs. | 2017/18 Rs. |
|-----------------------|------------------------|------------------------|
| Basic fee Payable | 18,341 | 54,736 |
| Incentive fee Payable | 13,757 | 57,167 |
| | 32,098 | 111,902 |

8) Share price statistics

| | 2018/19 Rs. | 2017/18 Rs. |
|---------------------------------|------------------------|------------------------|
| Highest Market Price per Share | 16.90 | 22.50 |
| Lowest Market Price per Share | 11.30 | 18.60 |
| Closing Price on 30th September | 12.20 | 20.00 |

Notes to the financial statements

9)

TAL LANKA HOTELS PLC
TOP 20 SHARE HOLDERS AS AT 30TH SEPTEMBER 2018

| 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 | 1,313,044 | 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 | SEYLAN BANK LTD / GOVINDASAMY RAMANAN | 526,931 | 0.38 |
| 9 | BANK OF CEYLON NO. 1 ACCOUNT | 447,400 | 0.32 |
| 10 | HALLSVILLE TRADING GROUP INC | 343,029 | 0.25 |
| 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 | MR. - SRI MAHADEVA MYLVENTHEN | 154,792 | 0.11 |
| 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 |
| Sub Total | | 130,698,663 | 93.60 |
| Others | | 8,938,831 | 6.40 |
| Total Shares | | 139,637,494 | 100.00 |

Notes to the financial statements

10)

TAL LANKA HOTELS PLC
PUBLIC SHARE HOLDING AS OF 30TH SEPTEMBER 2018

| | | Number of Share Holders | | Number of Shares | % |
|-----|---|----------------------------|------------|------------------|---------|
| | Issued Share Capital. | 10,897 | | 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 | | 81,181,580 | | |
| | IHOCO BV | | 34,375,640 | 115,557,220 | 82.76% |
| | Public share holding | 10,895 | | 24,080,274 | 17.24% |
| | Total Shares | | | 139,637,494 | 100.00% |

Notes to the financial statements

11)

TAL LANKA HOTELS PLC**DIRECTORS' SHAREHOLDING AS AT 30TH SEPTEMBER 2018**

| Names of the Directors | CDS | NON CDS |
|-------------------------------|------------|----------------|
| MR. G SANJEEVI | NIL | NIL |
| MR. B K CHAUDHARY | NIL | NIL |
| MR. TILAK DE ZOYSA | NIL | NIL |
| MR. P.S 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. N. I. R. DE MEL | NIL | NIL |
| MR. C. SUBRAMANIAN | NIL | NIL |
| MR. S. SINGH | NIL | NIL |

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

Notes to the financial statements

TAL LANKA HOTELS PLC

12) ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NO OF SHARES AS AT 30TH SEPTEMBER 2018
(LOCAL : FOREIGN)

| NO OF SHARES | NO. OF SHAREHOLDERS | | TOTAL HOLDINGS | | PERCENTAGE | |
|----------------------|---------------------|---------------|--------------------|-------------------|---------------|---------------|
| | FOREIGN | LOCAL | FOREIGN | LOCAL | FOREIGN | LOCAL |
| 1 To 1000 | 56 | 9,679 | 24,742 | 2,003,804 | 0.02% | 1.44% |
| 1001 To 10,000 | 21 | 986 | 100,092 | 3,301,691 | 0.07% | 2.36% |
| 10,001 To 100,000 | 6 | 132 | 235,599 | 3,571,403 | 0.17% | 2.56% |
| 100,001 To 1,000,000 | 1 | 11 | 343,029 | 3,679,038 | 0.25% | 2.63% |
| 1,000,001 & Above | 3 | 2 | 117,627,220 | 8,750,876 | 84.24% | 6.27% |
| TOTAL | 87 | 10,810 | 118,330,682 | 21,306,812 | 84.74% | 15.26% |
| GRAND TOTAL | 10,897 | | 139,637,494 | | 100% | |

13) ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NO OF SHARES AS AT 30TH SEPTEMBER 2018
(COMPANY: MEMBER)

| NO OF SHARES | NO. OF SHAREHOLDERS | | TOTAL HOLDINGS | | PERCENTAGE | |
|----------------------|---------------------|---------------|--------------------|------------------|---------------|--------------|
| | COMPANIES | MEMBERS | COMPANIES | MEMBERS | COMPANIES | MEMBERS |
| 1 To 1000 | 93 | 9,642 | 29,916 | 1,998,630 | 0.02% | 1.43% |
| 1001 To 10,000 | 46 | 961 | 226,809 | 3,174,974 | 0.16% | 2.27% |
| 10,001 To 100,000 | 40 | 98 | 1,368,198 | 2,438,804 | 0.98% | 1.75% |
| 100,001 To 1,000,000 | 9 | 3 | 3,608,110 | 413,957 | 2.58% | 0.30% |
| 1,000,001 & Above | 5 | - | 126,378,096 | - | 90.50% | - |
| TOTAL | 193 | 10,704 | 131,611,129 | 8,026,365 | 94.25% | 5.75% |
| GRAND TOTAL | 10,897 | | 139,637,494 | | 100% | |