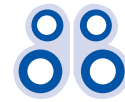


Browns Beach Hotels PLC

Interim Financial Statements - 2nd Quarter
(for the Six months ended 30th September 2016)

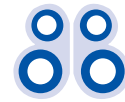


Consolidated Income Statement

	Quarter ended 30th September		Six months ended 30th September	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Revenue	142,643	-	216,653	-
Revenue tax	(2,590)	-	(4,331)	-
Net Revenue	140,053	-	212,322	-
Other operating income	595	-	656	-
Staff cost	(34,424)	(10,031)	(65,742)	(18,060)
Depreciation	(46,244)	(227)	(90,362)	(454)
Other Operating Expenses - Direct	(31,525)	-	(59,551)	-
Other Operating Expenses - Indirect	(72,725)	(4,541)	(129,974)	(9,388)
Profit/(Loss) from Operations	(44,270)	(14,799)	(132,651)	(27,902)
Finance income	111	34	116	188
Finance Expenses	(77,293)	-	(125,782)	-
Profit/(Loss) before income tax expense	(121,452)	(14,765)	(258,317)	(27,714)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	(121,452)	(14,765)	(258,317)	(27,714)
Attributable to:				
Equity Holders of the Parent Company	(121,452)	(14,765)	(258,317)	(27,714)
Non controlling interests	-	-	-	-
	(121,452)	(14,765)	(258,317)	(27,714)
Loss per share for the Period (Rs.) (Basic)	(0.94)	(0.12)	(1.99)	(0.21)

The above figures are provisional and subject to audit.

Colombo
03rd November 2016

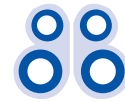


Company Income Statement

	Quarter ended 30th September		Six months ended 30th September	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Revenue	-	-	-	-
Other operating income	1,227	1,227	2,453	2,453
Staff cost	-	(1,611)	(428)	(3,582)
Depreciation	(227)	(227)	(454)	(454)
Other Operating Expenses - Direct	-	-	-	-
Other Operating Expenses - Indirect	(2,328)	(1,886)	(3,057)	(3,815)
Profit/(Loss) from Operations	(1,328)	(2,497)	(1,486)	(5,398)
Finance income	-	34	-	188
Finance Expenses	-	-	-	-
Profit/(Loss) before income tax expense	(1,328)	(2,463)	(1,486)	(5,210)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	(1,328)	(2,463)	(1,486)	(5,210)
Loss per share for the Period (Rs.) (Basic)	(0.01)	(0.02)	(0.01)	(0.04)

The above figures are provisional and subject to audit.

Colombo
03rd November 2016



Statement of Comprehensive Income - Group

	Quarter ended 30th September		Six months ended 30th September	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit/(Loss) for the period	(121,452)	(14,765)	(258,317)	(27,714)
Other Comprehensive Income				
Net change in fair value of available for sale financial assets	-	-	-	-
Total comprehensive income for the period net of tax	(121,452)	(14,765)	(258,317)	(27,714)
Attributable to:				
Equity holders of the parent	(121,452)	(14,765)	(258,317)	(27,714)
Non-controlling interests	-	-	-	-
	(121,452)	(14,765)	(258,317)	(27,714)

Statement of Comprehensive Income - Company

	Quarter ended 30th September		Six months ended 30th September	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
Profit/(Loss) for the period	(1,328)	(2,463)	(1,486)	(5,210)
Other Comprehensive Income				
Net change in fair value of available for sale financial assets	-	-	-	-
Total comprehensive income for the period net of tax	(1,328)	(2,463)	(1,486)	(5,210)

The above figures are provisional and subject to audit.



Consolidated 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 and equipment	5,810,789	4,866,390	5,635,284
Deferred tax assets	-	38	-
	5,810,789	4,866,428	5,635,284
Current Assets			
Inventories	16,257	28	2,504
Trade and other receivables	25,780	3,914	-
Deposits & prepayments	15,187	65,127	5,642
Amount due from related parties	17,557	-	-
Cash & cash equivalents	83,910	603	13,135
	158,691	69,672	21,281
TOTAL ASSETS	5,969,480	4,936,100	5,656,565
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	2,383,449	2,383,449	2,383,449
Revaluation reserve	840,807	840,807	840,807
Reserve	10,000	10,000	10,000
Retained earnings	(49,506)	288,506	208,811
	3,184,750	3,522,762	3,443,067
Non controlling interests	-	-	-
Total Equity	3,184,750	3,522,762	3,443,067
Non-Current Liabilities			
Interest - bearing borrowings	2,370,040	1,285,000	1,969,482
Employee benefits	2,983	2,348	1,513
	2,373,023	1,287,348	1,970,995
Current Liabilities			
Trade creditors	185,087	-	-
Other payables	91,308	122,673	142,387
Amount due to related parties	486	3,317	3,103
Interest-bearing borrowings	96,960	-	96,960
Income tax payable	53	-	53
Short-term bank borrowings	37,813	-	-
	411,707	125,990	242,503
Total Liabilities	2,784,730	1,413,338	2,213,498
TOTAL EQUITY AND LIABILITIES	5,969,480	4,936,100	5,656,565
Net Asset Value per Share (Rs.)	24.57	27.18	26.57

The above figures are provisional and subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

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

D.H.S. Jayawardena
Chairman

J. M. S. Brito
Director

J. T. P. Gunawardana
Chief Financial Officer



Company 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 and equipment	856,528	857,434	856,980
Investments in subsidiaries	2,700,000	2,200,000	2,700,000
Deferred tax assets	-	38	-
	3,556,528	3,057,472	3,556,980
Current Assets			
Inventories	-	28	-
Other receivables	-	3,914	-
Deposits & prepayments	1,076	1,124	2,206
Amount due from related parties	32,590	536,123	31,617
Cash & cash equivalents	3,219	8,573	6,205
	36,885	549,762	40,028
TOTAL ASSETS	3,593,413	3,607,234	3,597,008
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	2,383,449	2,383,449	2,383,449
Revaluation reserve	840,807	840,807	840,807
Reserve	10,000	10,000	10,000
Retained earnings	356,451	367,356	357,937
Total Equity	3,590,707	3,601,612	3,592,193
Non-Current Liabilities			
Employee benefits	351	351	351
	351	351	351
Current Liabilities			
Other payables	2,201	2,283	2,207
Amount due to related parties	101	2,988	2,204
Income tax payable	53	-	53
	2,355	5,271	4,464
Total Liabilities	2,706	5,622	4,815
TOTAL EQUITY AND LIABILITIES	3,593,413	3,607,234	3,597,008
Net Asset Value per Share (Rs.)	27.71	27.79	27.72


The above figures are provisional and subject to audit.

The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

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


D.H.S. Jayawardena
Chairman


J. M. S. Brito
Director


J. T. P. Gunawardana
Chief Financial Officer

Colombo
03rd November 2016



Statement of Changes in Equity

For the six months ended 30th September 2016

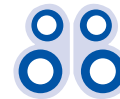
Group

.....Attributable to the Equity Holders of the parent.....

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	General Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000	Non Controlling Interests Rs.'000	Total Equity Rs.'000
Balance as at 1st April 2015	2,383,449	840,807	10,000	316,220	3,550,476	-	3,550,476
Net Profit/(Loss) for the period	-	-	-	(27,714)	(27,714)	-	(27,714)
Total Comprehensive Income for the period	-	-	-	(27,714)	(27,714)	-	(27,714)
Share Issue Expenses	-	-	-	-	-	-	-
Balance as at 30th September 2015	2,383,449	840,807	10,000	288,506	3,522,762	-	3,522,762
Balance as at 1st April 2016	2,383,449	840,807	10,000	208,811	3,443,067	-	3,443,067
Net Profit/(Loss) for the period	-	-	-	(258,317)	(258,317)	-	(258,317)
Total Comprehensive Income for the period	-	-	-	(258,317)	(258,317)	-	(258,317)
Balance as at 30th September 2016	2,383,449	840,807	10,000	(49,506)	3,184,750	-	3,184,750

Company

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	General Reserve Rs.'000	Retained Earnings Rs.'000	Total Equity Rs.'000
Balance as at 1st April 2015	2,383,449	840,807	10,000	372,566	3,606,822
Net Profit/(Loss) for the period	-	-	-	(5,210)	(5,210)
Total Comprehensive Income for the period	-	-	-	(5,210)	(5,210)
Balance as at 30th September 2015	2,383,449	840,807	10,000	367,356	3,601,612
Balance as at 1st April 2016	2,383,449	840,807	10,000	357,937	3,592,193
Net Profit/(Loss) for the period	-	-	-	(1,486)	(1,486)
Total Comprehensive Income for the period	-	-	-	(1,486)	(1,486)
Balance as at 30th September 2016	2,383,449	840,807	10,000	356,451	3,590,707



Cash Flow Statement

For the six months ended

	Group		Company	
	30.09.2016 Rs. '000	30.09.2015 Rs. '000	30.09.2016 Rs. '000	30.09.2015 Rs. '000
Profit before income tax expense	(258,317)	(27,714)	(1,486)	(5,210)
<i>Adjustments for</i>				
Depreciation on property, plant & equipment	90,362	454	454	454
Interest income	(116)	(188)	-	(188)
Provision for retiring benefit obligations	1,470	1,500	-	-
Operating (Loss) before working capital changes	(166,601)	(25,948)	(1,032)	(4,944)
(Increase)/Decrease in inventories	(13,753)	(13)	-	(13)
(Increase)/Decrease in other receivables	(25,780)	535	-	536
(Increase)/Decrease in deposits & prepayments	(9,545)	986	1,130	985
(Increase)/Decrease in amount due from related parties	(17,557)	-	(513,714)	-
Increase/(Decrease) in Trade creditors	134,008	275	(7)	275
Increase/(Decrease) in amount due to related parties	(2,617)	1,324	(2,103)	2,081
Cash generated/(used) from operations	(101,845)	(22,841)	(515,726)	(1,080)
Net cash flow from operating activities	(101,845)	(22,841)	(515,726)	(1,080)
Cash Flow from investing activities				
Addition to capital work in progress/PPE	(265,867)	(613,285)	-	-
Funds advanced to Negombo Beach Resort (Pvt) Ltd.	-	-	512,740	(6,945)
Interest received	116	188	-	188
Net cash flow from/(used in) investing activities	(265,751)	(613,097)	512,740	(6,757)
Cash flow from financing activities				
Proceeds from long term borrowings	400,558	620,000	-	-
Net cash flow from/(used in) financing activities	400,558	620,000	-	-
Net Increase in Cash & Cash Equivalents	32,962	(15,938)	(2,986)	(7,837)
Cash and cash equivalents as at the beginning of the period	13,135	16,541	6,205	16,410
Cash and cash equivalents as at the end of the period	46,097	603	3,219	8,573
Analysis of cash and cash equivalents at the end of the period				
Cash at bank and in hand	83,910	603	3,219	8,573
Bank Overdraft	(37,813)	-	-	-
	46,097	603	3,219	8,573



Notes to the interim Financial Statements

1. The Financial statements of the Company and those consolidated with such for the interim period have been prepared using same accounting policies and methods of computations as in the most recent audited financial statements and are in compliance with LKAS 34-Interim Financial Reporting.

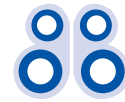
The consolidated financial statements comprise the accounts of Browns Beach Hotels PLC, and its fully owned subsidiary Negombo Beach Resort (Pvt) Ltd.

2. The presentation and classification of the financial statements of the previous year have been amended where relevant to be comparable with those of the current period.
3. Browns Beach Hotel ceased its operations on 31st March 2011 to facilitate the construction of a new resort. The new hotel construction was done under, Negombo Beach Resort (Pvt) Ltd, which is a fully owned subsidiary of Brown Beach Hotels PLC.
4. Negombo Beach Resort (Pvt) Ltd, (Heritage Negombo) commenced its commercial operations on 2nd April 2016.
5. The Company has announced a Rights Issue of shares of 5 new shares for every 12 ordinary shares held by a shareholder to raise approx. Rs.1,395,900,000/- and the approval process is currently in progress.
6. There were no material events subsequent to the end of the interim period which require disclosure in the interim financial statements.
7. There was no liability to management fees or any other similar expenditure not provided for in the interim financial statements.
8. There were no material changes in contingent liabilities and contingent assets which were disclosed in the financials for the year ended 30th September 2016.
9. **Share Information**

	For six months ended		Year Ended
	30.09.2016	30.09.2015	31.03.2016
	Rs. Cts.	Rs. Cts.	Rs. Cts.
Market Price per share			
Highest	34.00	38.00	41.80
Lowest	24.10	33.60	24.70
Last Traded	25.00	35.00	32.50
Number of shares represented by the stated capital	129,600,000	129,600,000	129,600,000

10. Percentage of shares held by the public as at 30th September 2016 is 9.2% and number of public shareholders was 2338.
11. The numbers of shares held by the Directors as at 30th September 2016 are as follows.

Name of Director	Position	No of Shares	No of Shares
		30.09.2016	30.09.2015
1. Deshamanya D. H. S. Jayawardena	Chairman	-	-
2. Mr. M. V. Theagarajah (Held jointly with Mrs.L Theagarajah)	Director	18,003	18,003
3. Mr. J. M. S. Brito	Director	-	-
4. Ms. D. S. T. Jayawardena	Director	-	-
5. Mr. N. J. de S. Deva Aditya	Director	-	-
6. Mr. R. N. Asirwatham	Director	-	-
7. Mr. A. L. Gooneratne	Director	-	-
8. Mr. R. Stanislaus	Director	-	-
		18,003	18,003



Notes to the interim Financial Statements

12. Twenty largest shareholders as at 30th September 2016.

Name of the Shareholder	No of Shares	%
Melstacorp Limited	54,273,234	41.877
Aitken Spence Hotel Holdings PLC	47,455,750	36.617
Stassen Exports Limited	12,730,620	9.823
Elgin Investments Limited	1,652,472	1.275
Lanka Milk Foods (CWE) Limited	1,251,558	0.966
H. W. M. Woodward	1,000,000	0.772
Milford Exports (Ceylon) (Pvt) Limited	768,960	0.593
S. S. A. M. De Silva	470,000	0.363
Aitken Spence Hotels Limited	432,459	0.334
Heritance (Private) Limited	432,444	0.334
V. R. Jayasinghe	432,378	0.334
F. A. A. Mack	367,500	0.284
Kandalama Hotels (Pvt) Ltd	306,450	0.236
A. Sithampalam	295,130	0.228
C. S. Silvapulle	246,210	0.190
I. K. Amerasinghe	222,689	0.172
P. P. Thevarajah	223,722	0.173
W. P. S. Weerasinghe	209,832	0.162
S. D. Weveldeniya	183,250	0.141
P. A. Anil	182,710	0.141
	123,137,368	95.015



DIRECTORS

Deshamanya D. H. S. Jayawardena (*Chairman*)
M. V. Theagarajah F.C.M.A., F.C.I.A.A., F.I.Mgt.
J. M. S. Brito LL.B., F.C.A., M.B.A.
D. S. T. Jayawardena
N. J. de S. Deva Aditya
A. L. Goonaratne F.C.A
R. N. Asirwatham F.C.A
R. Stanislaus (*Appointed with effect from 15th August 2016*)

SECRETARIES

P.W.Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road, Colombo 8.
Tel: (9411) 4640360-3
Fax: (9411) 4740588

COMPANY REGISTRATION NUMBER

PQ 202

REGISTERED OFFICE

315, Vauxhall Street,
Colombo 02.