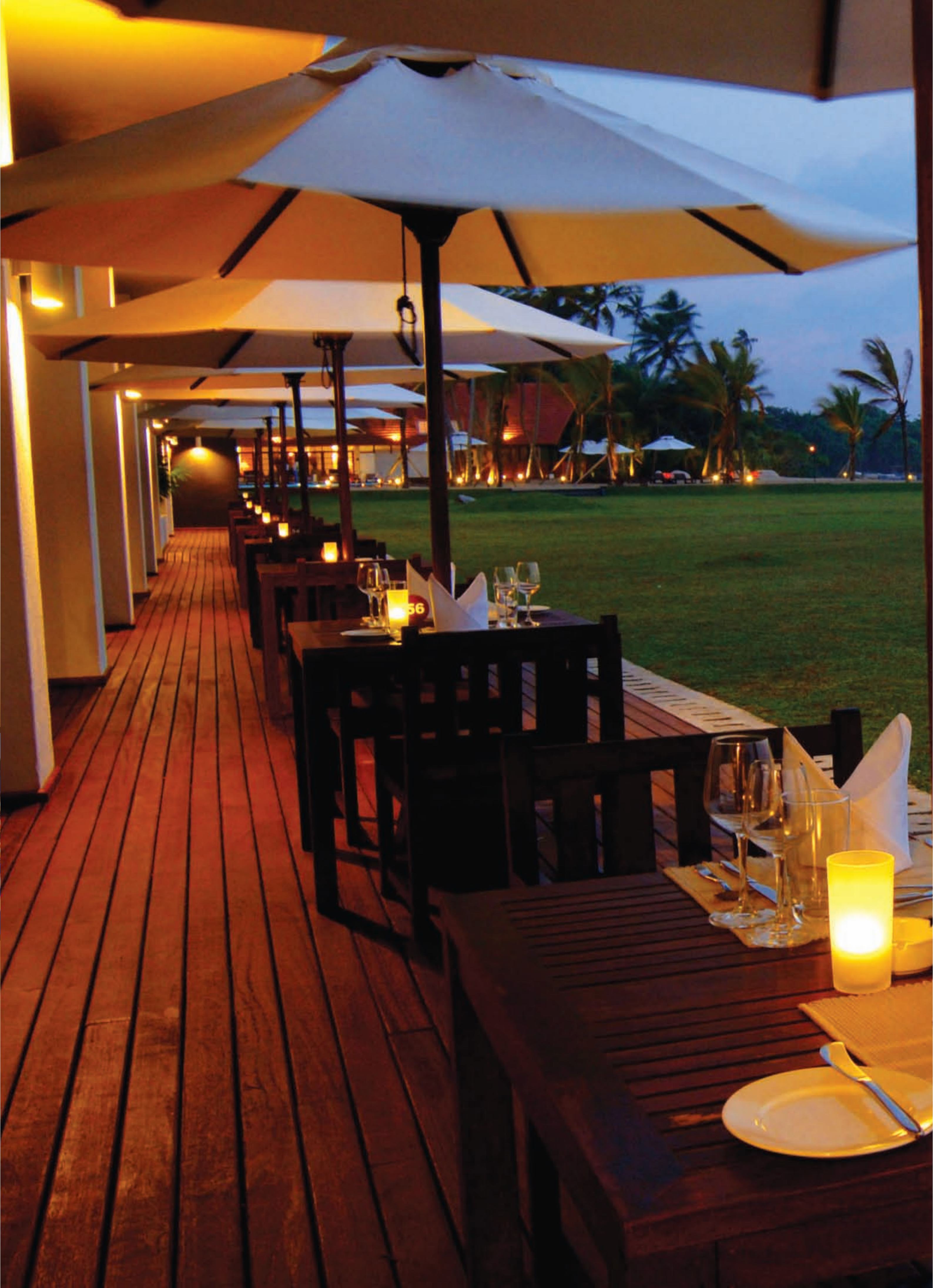
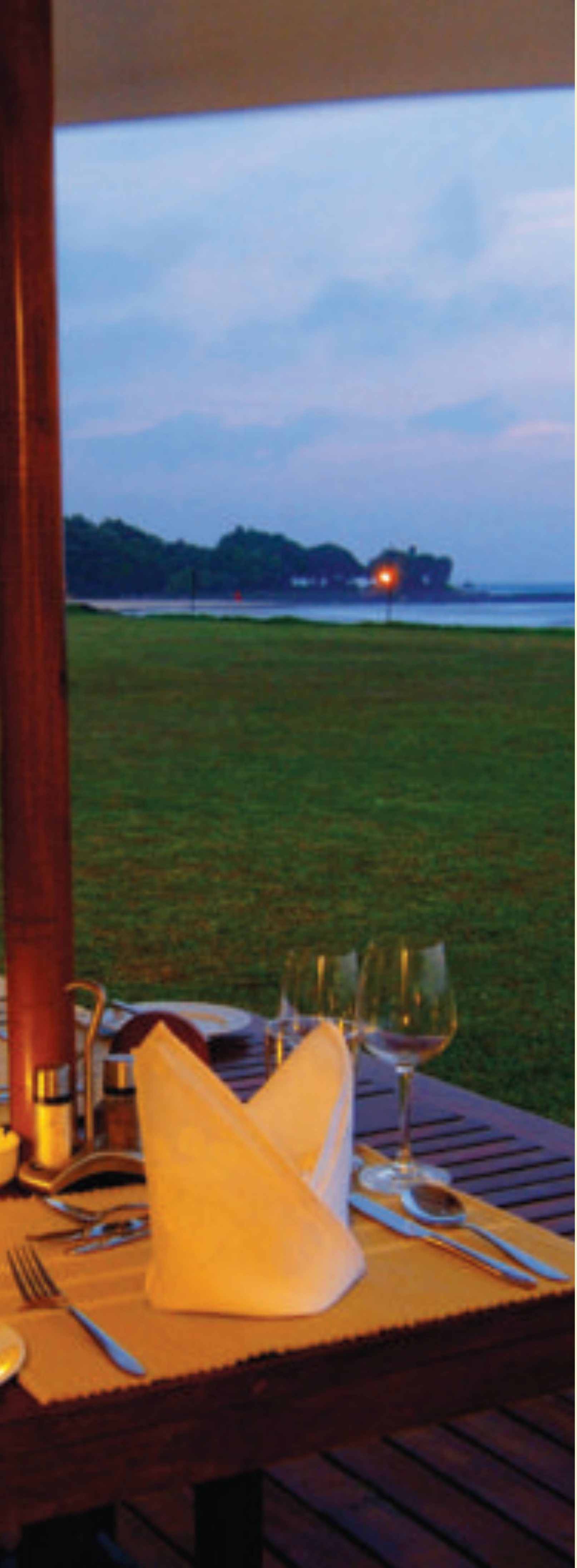
Ceylon Hotels Corporation PLC

Annual Report 2012/2013

A Member of The Galle Face Group





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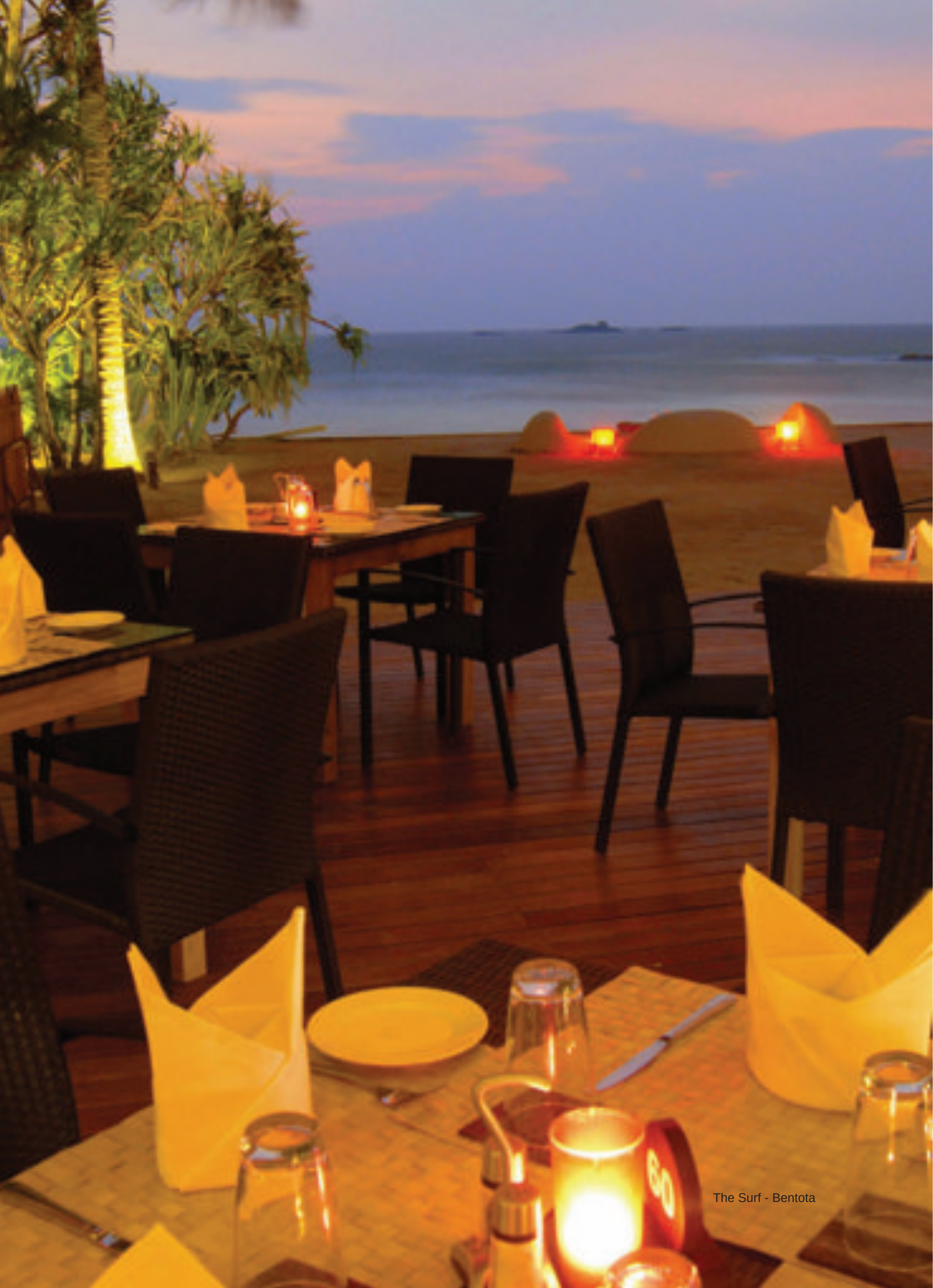
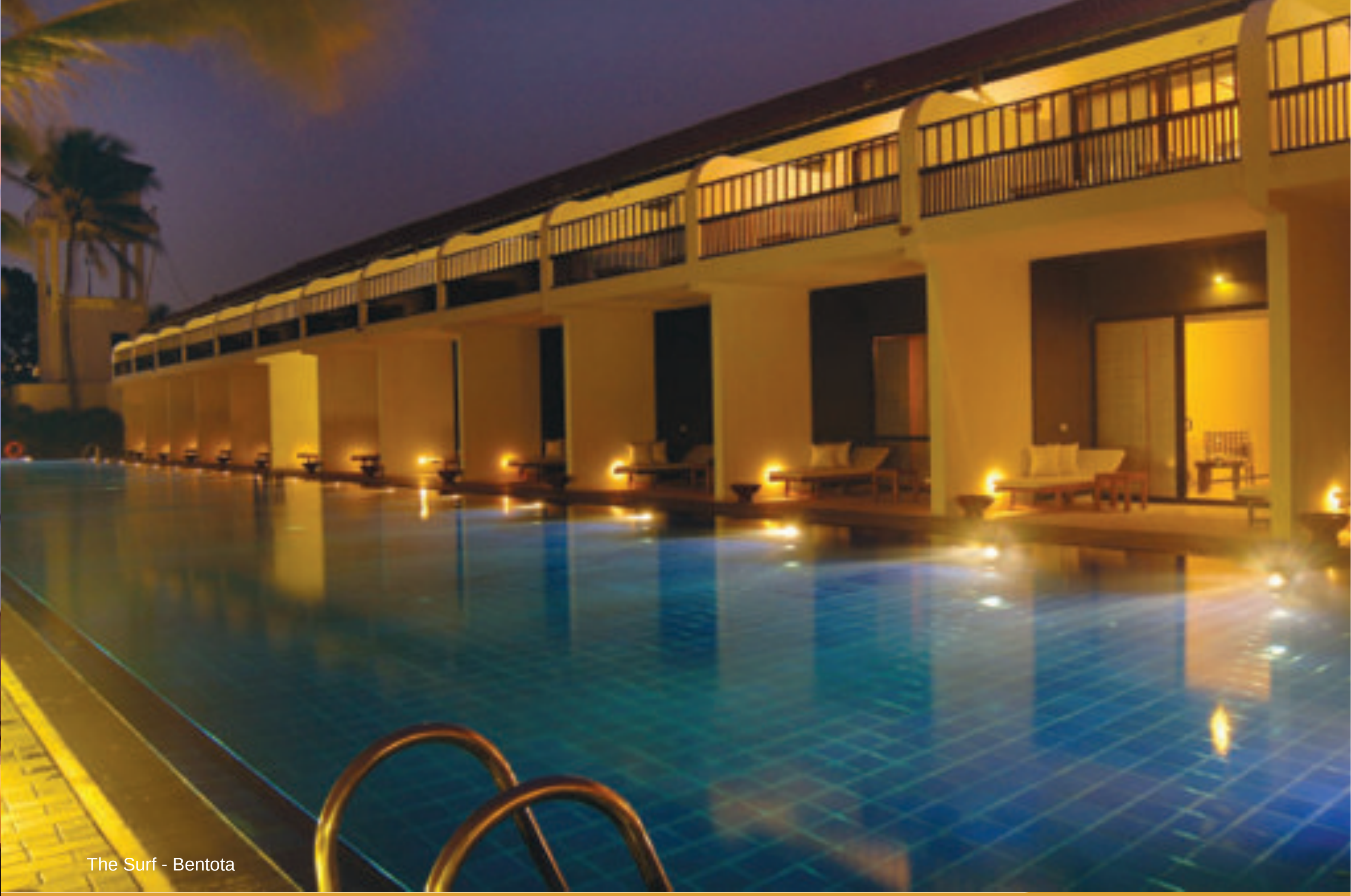


The Surf - Bentota



The Surf - Bentota

Chairman's Review

Ceylon Hotels Corporation PLC
No. 327, Union Place, Colombo 2

Annual Report
For the year ended 31st March 2013

CHAIRMAN'S REVIEW

On behalf of the Board, I am pleased welcome you to the 47th Annual General Meeting of Ceylon Hotels Corporation PLC.

LEISURE INDUSTRY

Sri Lanka Tourism Industry maintained a growth in the Tourist arrivals showing an increase of 17.50%. During 2012 tourist arrivals amounted to 1,005,605 compared to 855,975 last year, which was possible due to the demolition of Terrorism in 2009 under the guidance of His Excellency the President and Mr. Gotabhaya Rajapaksa the Defense Secretary. Hotel and Tourism sector contribution increased from Rs. 2.1 to 3.5 billion an increase of 20% over 2011.

DEVELOPMENT

The Surf - Bentota

The Surf which was refurbished and upgraded to a 4 star category having increased the number of rooms from 90 to 111 was ceremoniously re-opened on 18th February 2013 under the auspices of Hon Basil Rajapaksa, Minister of Economic Development and Group Chairman Mr. Sanjeev Gardiner. This occasion was also graced by many Religious and Governmental dignitaries including the Hon Deputy Speaker, Mr. Chandima Weerakkody.

Polonnaruwa Rest House

Polonnaruwa Rest House Restoration and Refurbishment work estimated to cost Rs. 50 million has commenced and it is expected to re-open the Rest House by early 2014.

Properties already refurbished

So far 50 rooms Safari Tissamaharama, 101 Rooms Surf Bentota, 40 Rooms Lake Polonnaruwa, 10 Rooms Bay Inn Weligama, Medawachchiya Rest House, Ambepussa Rest House & Avanhala, Pussellawa, Dambulla and Habarana Rest Houses were refurbished.

Properties to be refurbished

Ella, Kitulgala, Belihuloya, Mihintale, Sigiriya and Hanwella properties will be refurbished as early as possible.

PERFORMANCE

The Audited Accounts form part of this report.

It will be noted that there is no revenue shown under the Company for the year ended 31.3.2013. This is due to the fact that the Company has restructured its operations and as a result operations have been reflected under its wholly owned subsidiaries details of which are as follows:

a. Operations of Surf Bentota, The Safari - Tissamaharama and the Lake Polonnaruwa are accounted under United Hotels Co. (Pvt) Ltd.,

b. Operations of Belihuloya, Ella, Habarana, Hanwella, Kitulgala, Medawachchiya, Pussellawa, Sigiriya, Weligama Rest Houses are accounted under CHC Rest Houses (Pvt) Ltd.,

c. While operations of Ambepussa Rest House & Avanhala and Dambulla Rest House are accounted under CHC Foods (Pvt) Ltd., The Revenue from the above entities amounted to Rs. 538,734,848. With the turnover of Kandy Hotels Co (1938) PLC of Rs. 548,275,881 the Group turnover amounted Rs. 1,087,010,729 which was an increase of 17.60% over last year.

The above entities showed a loss of Rs. 102,628,633 from operations but with profit made from operations at Kandy Hotels of Rs. 161,068,662 CHC Group made a operating profit of Rs. 58,439,699. However, after finance costs CHC Group made a loss of Rs. 28,947,108.

However, with the advent of Mr. Tony Fleming our Group General Manager with a Team of experts in the industry CHC is expected to achieve much better results in the forthcoming year.

APPRECIATION

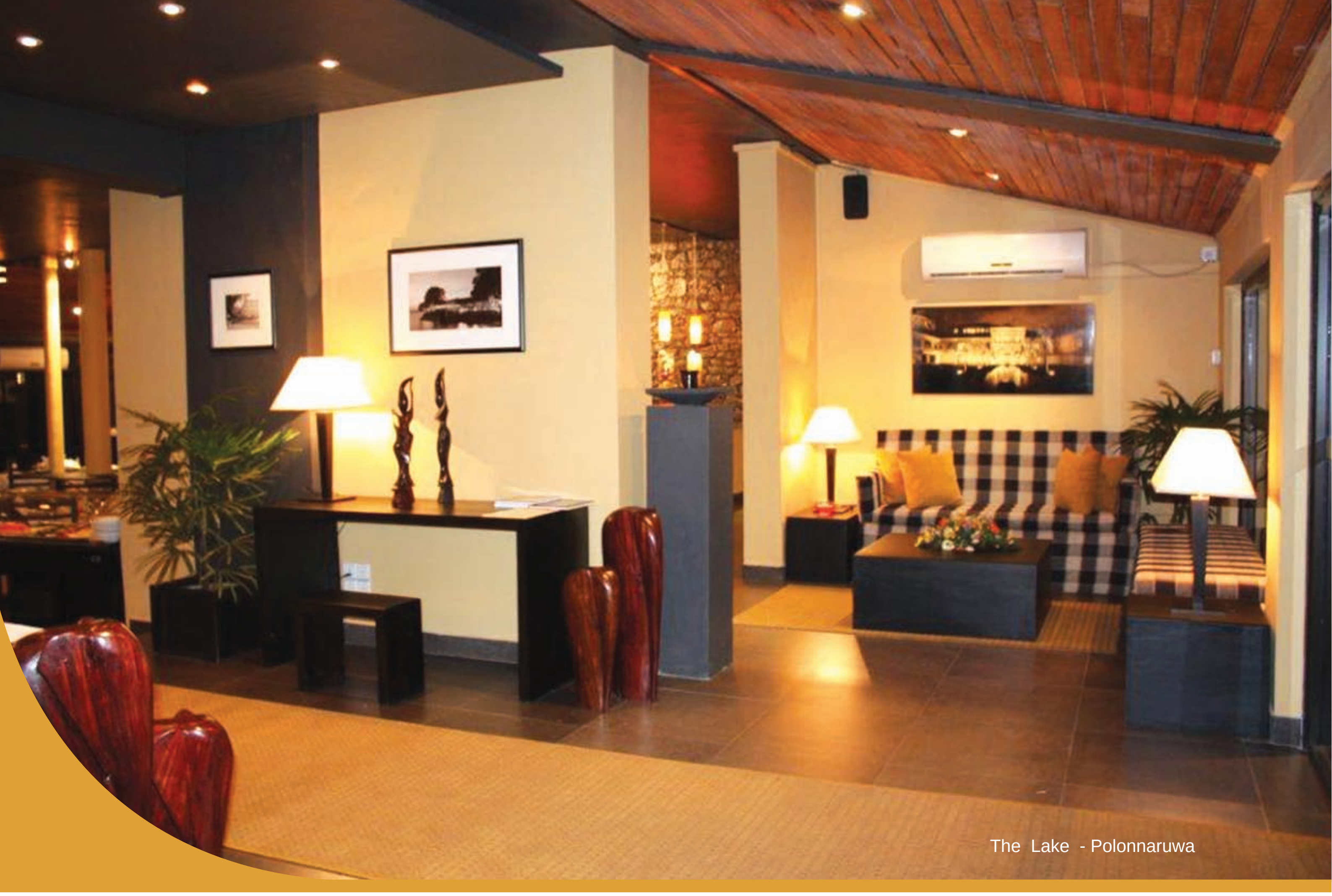
The Board of Directors and the Board of Management alike appreciate the inspired leadership of our Group Chairman Mr. Sanjeev Gardiner. I also thank all the Board Members for their co-operation and guidance.

I thank the Management including Mr. Tony Fleming our Group General Manager and the staff at all levels for their valuable services.

I also thank or valued Clients, Travel Agents, Suppliers, Bankers, Auditors (External and Internal) for their unstinted support.

A special word of thanks also goes to our shareholders for their continued trust and confidence placed on our Board and for their support.

Lakshman Samarasinghe
CHAIRMAN
27th August 2013



The Lake - Polonnaruwa

Financial Highlights

Ceylon Hotels Corporation PLC
No. 327, Union Place, Colombo 2

Annual Report
For the year ended 31st March 2013

	Group		Company	
	2013	2012	**2013**	2012
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Results for the year				
Gross Revenue	**1,087,011**	924,299	**-**	227,424
Cost of sales	**(321,600)**	(299,130)	**-**	(79,255)
Operation Profit/(Loss) Before Interest & Tax	**58,440**	86,509	**(287,524)**	(20,719)
Interest Expense	**(89,109)**	(47,590)	**(42,449)**	(44,296)
Profit / (Loss) Before Tax	**(31,868)**	39,924	**(329,869)**	(64,822)
Income Tax Reversal	**2,921**	5,942	**10,545**	18,826
Profit / (Loss) After Tax	**(28,947)**	45,866	**(319,324)**	(45,996)
Profit / (Loss) Attributable to Equity holders	**(61,666)**	26,259	**(319,324)**	(45,996)
Dividend Paid	**N/A**	N/A	**N/A**	N/A
Financial Position at the end of the year				
Equity holders, Funds (Stated Capital & Reserves)	**5,878,580**	5,362,560	**602,623**	917,796
Total Assets	**9,698,994**	8,190,950	**1,322,716**	1,776,420
Number of Share in Issue	**171,825**	171,825	**171,825**	171,825
Information per ordinary shares				
Earning / (Loss) Per Share (Rs.)	**(0.36)**	0.15	**(1.86)**	(0.27)
Dividend Per Share (Rs)	**N/A**	N/A	**N/A**	N/A
Net Assets Per Share (Rs)	**34.22**	31.21	**3.51**	5.34
Ratios				
Return on Equity Holders' Fund	**(1.05) %**	0.49 %	**(52.99) %**	(5.01) %
Return on Total Assets	**(0.60) %**	1.06 %	**(21.74) %**	(1.17) %
Dividend Cover (Times)	**N/A**	N/A	**N/A**	N/A
Equity : Assets	**75.06 %**	81.78 %	**45.56 %**	51.67 %
Current Ratio (Times)	**0.63**	0.57	**0.72**	0.70
Market Shareholder Information				
Market price of a Share as at 31st March (Rs)	**16.80**	22.90	**16.80**	22.90
Market Capitalization (Rs. 000)	**2,886,667**	3,934,802	**2,886,667**	3,934,802
Price Earning Ratio	**N/A**	N/A	**N/A**	N/A

Profile of Directors

MR. SANJEEV GARDINER

Mr. Gardiner who was Co-opted to the Board of Kandy Hotels on 06th Sept 2005 and appointed as Chairman is the Group Chairman and Chief Executive Officer of the Galle Face Hotel Group and counts over 24 years of management experience in a diverse array of business. He is a Director of many public quoted and unquoted companies including Cargills (Ceylon) PLC. He holds a Bachelor of Business Degree from the Royal Melbourne Institute of Technology and a Bachelor of Business Degree (Banking & Finance) from Monash University, Australia. He is a Director and Council member of Helpage Sri Lanka and a member of many prestigious associations.

MR. LAKSHMAN SAMARASINGHE (CHAIRMAN)

Mr. Samarasinghe who was Co-opted to the Board of Kandy Hotels on 06thSept 2005 has been a Director of Galle Face Hotel Co Ltd for over 35 years and a Director of all Group Companies for over 3 decades. He was appointed as an Executive Director of the Autodrome Ltd which is a quoted Company in 1973 for 20 years and thereafter continued as a non Executive Director until 2007 when he opted to retire under the Stock Exchange rules. He was appointed the Chairman of Ceylon Hotels Corporation PLC in 2005 and has continued in this position. He has a Diploma in Commerce and counts over 44 years of Management experience.

DR. DENNIS ALOYSIUS

Dr. Dennis Aloysius was Co-opted to the Board of Ceylon Hotel Corporation PLC on 25th July 2005. He has been Director of the Galle Face Hotel group since 1973 and counts over 46 years of experience. He was also a Director of Millers Ltd, Cargills (Ceylon) Ltd and The Autodrome Ltd for over 3 decades. He is a well respected Medical Practitioner by profession and a Fellow of the College of General Practitioners of Sri Lanka, The Sri Lanka College of Pediatricians and The Ceylon College of Physicians. He is also a past President of Sri Lanka Medical Association, Pediatric Association, College of General Practitioners and Organization of Professional Associations.

MR. PRIYANTHA MADDUMAGE

Mr. Maddumage who was Co-opted to the Board of Kandy Hotels Co (1938) Ltd on 06th Sept 2005 is the Group Financial Controller of the Galle Face Hotel Group of Companies and counts over 20 years of Finance Management experience. He has a Bachelor of Commerce Special Degree from the University of Sri Jayawardanapura and a Master of Business Management from Edith Cowan University in Australia. He is an Associate member of the Institute of Chartered Accountants of Sri Lanka, an Associate member of The National Institute of Accountants of Australia & Associate Member of CPA Australia, Associate Member of the Institute of Certified Management Accountants of Sri Lanka, & Fellow member of Institute of Certified Professional Managers of Sri Lanka.

DR. CHRISHANTHA NONIS

Dr. Nonis was co-opted to the Board of Ceylon Hotels Corporation PLc on 29Th April 2009. He is Chairman of the Mackwoods Group of Companies. He qualified in London, with a First Class Honours BSc. from Imperial College of Science, Technology and Medicine and obtained his M.B.B.S. from the Royal Free Hospital Medical School, University of London, having spent his electives at Massachusetts General Hospital, Harvard Medical School, Boston, USA. He carried out his postgraduate training at Royal Brompton, the Hammersmith, and Addenbrooke's Hospital, Cambridge, and obtained his M.R.C.P. (U.K.). He is a member of the Royal College of Physicians, UK, and is a Fellow of the Royal Society of Medicine, London, and a Member of the Institute of Directors, London.

Dr. Nonis served as a Director of Sri Lankan Airlines Limited, the Grants Board of the ICT Agency of Sri Lanka, and the Council of the Employers' Federation of Ceylon; the Advisory Committee on Peace and Reconciliation of the Ceylon Chamber of Commerce; President of the India Life Sciences Institute – Sri Lanka Committee and Committee Member - Sri Lanka China Business Council. He is a Board Member of the International Chamber of Commerce of Sri Lanka; the Country coordinating Mechanism for Sri Lanka of the Global Fund; Deputy Chairman of the Royal Commonwealth Society in London; Board member of Ramphal Institute of Commonwealth Policy Studies, London

MR. KUVERA DE ZOYSA

Mr. Zoysa was co-opted to the Board of Ceylon Hotels Corporation PLc on 03Rd august 2010 is an Attorney-at-Law of the Supreme Court of Sri Lanka in active practice since 1993 in the fields of Commercial and Civil Law. He holds a Masters Degree (LL.M) in International Trade Law from the University of Wales. He was also awarded the "The Young Outstanding Persons" Award, the HSBC – JCI TOYP 2007, by the Junior Chamber International Sri Lanka for Legal Accomplishment in recognition of his contribution to the Law field. He has served as Chairman/Director of People's Merchant Bank PLC and as a Director of the boards of People's Bank, Export Development Board and Sanasa Development Bank. He has also served as Acting Chairman of People's Bank and as Chairman of the Audit, Legal and Risk Management Committees of People's Bank. He currently serves as a Chairman of Multi Finance Plc and Boards of many listed Companies and non-listed companies in IT, Power, Healthcare and leisure sector as a Non-Executive Independent director. Mr. de Zoysa is an Independent, Non-Executive Director of the Company

MR. MANGALA BOYAGODA

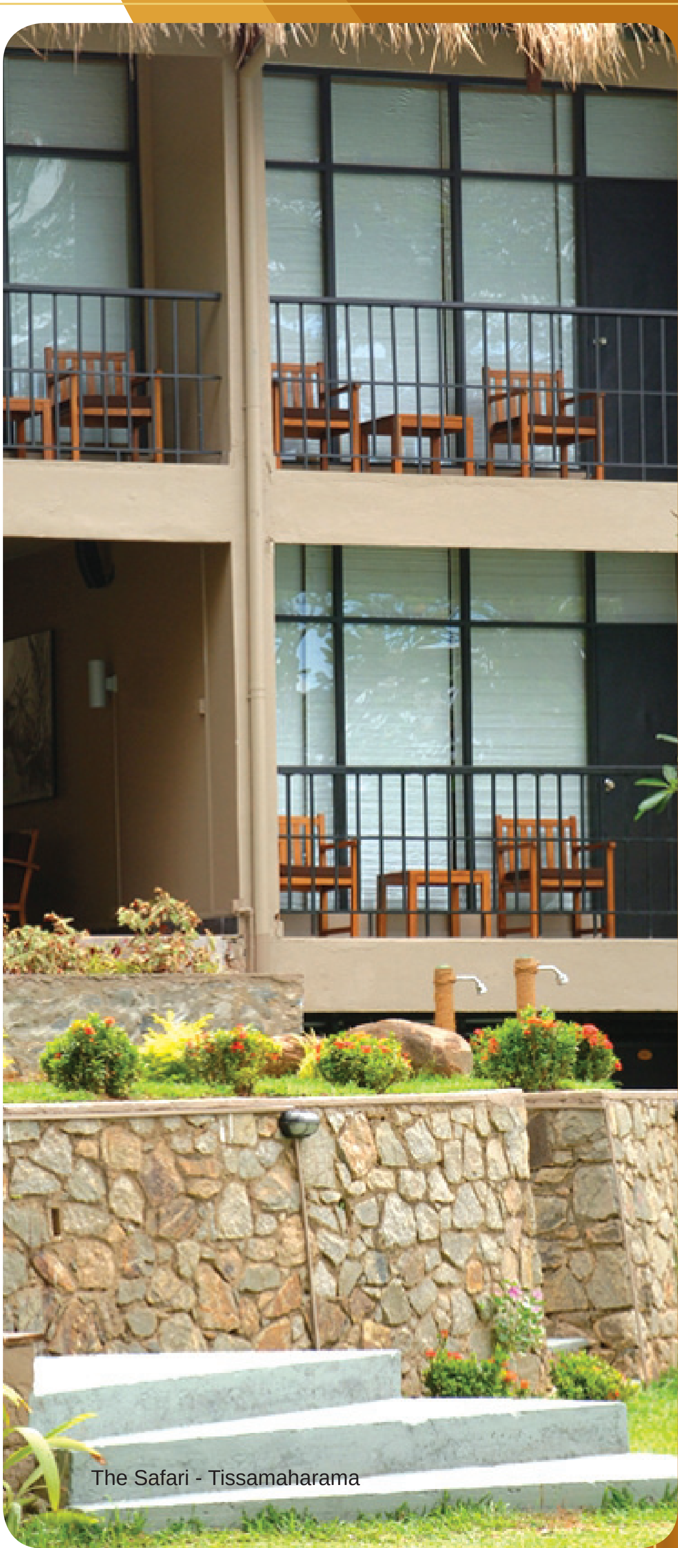
Mr. Mangala Boyagoda is a senior banker, possessing over 30 years' experience holding key positions in the field of financial services. He is a specialist in debt markets, Financial Risk Management and in the re-structure of companies. A former CEO of Standard Chartered Bank, he is at present Chairman, Wealth Lanka Management (Pvt.) Limited, Director SAFE Holdings (Pvt.) Ltd, Wealth Trust Securities (Pvt) Ltd, Asset Trust Management (Pvt.) Ltd, Cargills Agriculture and Commercial Bank, Sierra Construction Ltd, Ceylon Leather Products PLC, Maskeliya Plantations PLC and Colombo City Holdings PLC.

Mr. Boyagoda has served as a Consultant to the Asian Development Bank (ADB), the World Bank, the Central Bank of Sri Lanka, the Securities and Exchange Commission of Sri Lanka as well as Bangladesh. He also served as a Committee member of the Financial Reform Task Force and is a former President of the FOREX Association of Sri Lanka. Mr. Boyagoda holds a Masters Degree in Business Administration from the Irish International University (European Union).

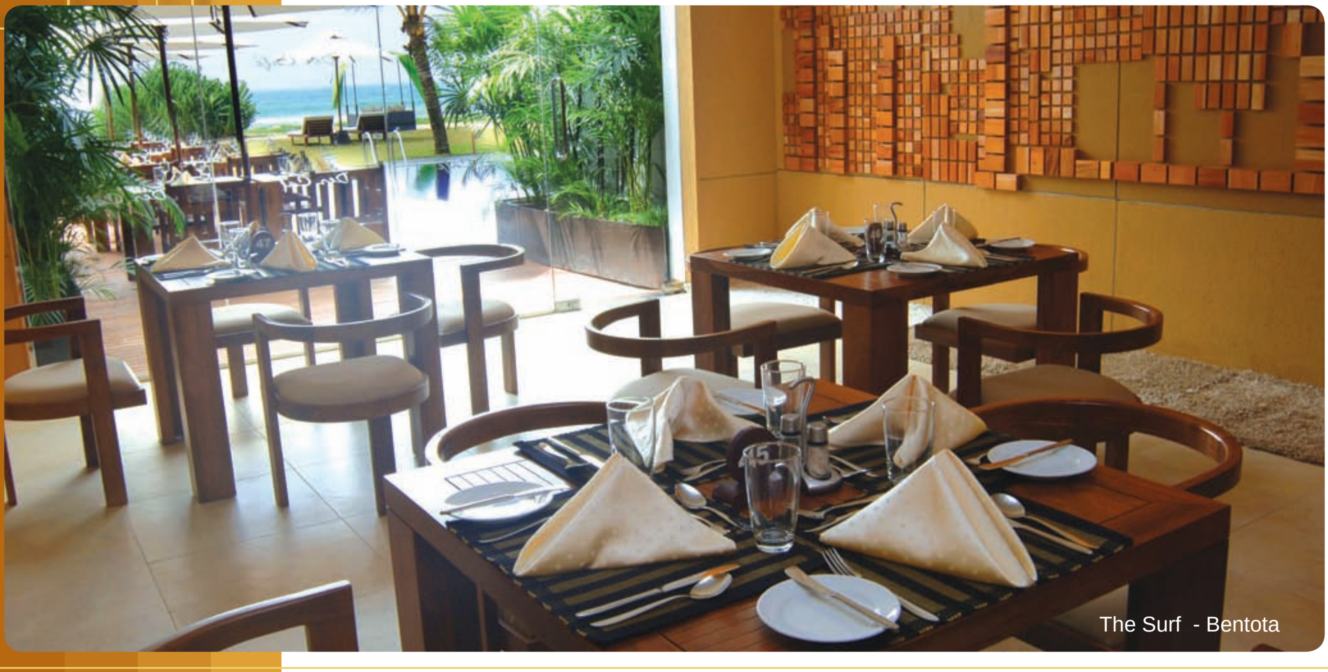
MR. G. TISSAKUTTIARACHCHI

Apart from being a Member of Parliament for Hambantota from 1988- 1994 and State Minister of Environment & Parliamentary Affairs from 1989 – 1994, Mr Kuttiarachchi has held several posts including Chairman of Multi Purpose Co-operative Society Tissamaharamaya, Chairman State Printing Corporation, and Consultant Consumer Affairs Authority.

He is a Working Director of Employees' Trust Fund Board from 2005 and holds a Mass Communication Degree (Special) University of Kelaniya.



The Safari - Tissamaharama



Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors have pleasure in presenting the Annual Report for the year ended 31st March 2013 on the affairs of the Company prepared in terms of the provisions of the Companies Act No.7 of 2007.

These were approved by the Board of Directors on 27th August 2013.

PRINCIPAL ACTIVITY THE COMPANY AND ITS SUBSIDIARIES

The principal activity of the Company is and its subsidiaries are to establish, maintain and operate adequate, efficient and attractive services for the living accommodation, refreshment, entertainment and recreation of tourists.

Activities of the subsidiaries are as follows:

United Hotels Company (Pvt) Limited	- Operations of The Surf Bentota, The Safari Tissamaharama, The Lake Polonnaruwa and Polonnaruwa Rest House
CHC Rest Houses (Pvt) Limited	- Operations of Belihuloya, Ella, Habarana, Hanwella, Kitulgala, Medawachchiya, Pussellawa, Sigiriya, Weligama Rest Houses.
CHC Foods (Pvt) Limited	- Operations of Ambepussa Rest House and Avanhala and Dambulla Rest House.

REVIEW OF OPERATIONS AND FINANCIAL HIGHLIGHTS

The Financial Statements which include statement of comprehensive income, statement of financial position, statement of changes in equity and the notes to the financial statements of the company & Group for the year ended 31st March 2013 are set out on pages 20 to 66 of the Annual Report.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No.07 of 2007, the Sri Lanka Accounting and Auditing Standard Act and the Continuing Listing Rules of the Colombo Stock Exchange.

STATED CAPITAL AND RESERVES

The Company's stated capital as at 31st March 2013 was represented by 171, 825, 401 ordinary shares and 1,200,000 Preference Shares.

There was no change in the stated capital during the year under review.

The total capital and reserves for the group stood at Rs. 5,878,579,764 as at 31st March 2013.

ACCOUNTING POLICIES

The details of the accounting policies adopted by the Company in preparation of the financial statements and the impact thereon, of changes in the Sri Lanka Accounting standard made during the year are disclosed on pages 28 to 41 of the Annual Report.

DIVIDENDS

The Board of Directors do not recommend a dividend for the financial year.

PROPERTY PLANT & EQUIPMENT

The Group has spent Rs. 187 million excluding intercompany transfers on capital expenditure during the year under review. The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statement.

STATUTORY PAYMENTS

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the Government and to the Employees have been settled to date or are provided for in the books of the company.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Contingent liabilities and capital commitment made on account of capital expenditure as at 31st March 2013 are given in Note 37 to 38 to the Financial Statements.

POST BALANCE SHEET EVENTS

There are no significant events that have occurred after the balance sheet date which would have any material effect on the Company that require adjustments.

GOING CONCERN

The Directors are confident that the company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

INTEREST REGISTERS

In terms with the Companies Act No.07 of 2007, the company maintained an Interest Register and the entries have been made therein. Interest Register is deemed to form part and parcel of this Annual Report and is available for inspection upon request. All related party transactions during the period are recorded in the Interest Register.

The Board of Directors has duly disclosed their directorships in related companies and share dealing with the company and related companies at board meetings.

The related party transactions and Directors' interest in contracts and proposed contracts with the company are also disclosed in Note 36 to the Financial Statements.

MAJOR SHAREHOLDINGS

The twenty largest shareholders of the company are disclosed on page 71 of this Report.

CONTRIBUTIONS TO CHARITY

The sum of contributions made to charities by the group during the financial year ended 31 March 2013 does not exceed Rs. 410,068.

DIRECTORS AS AT 31 MARCH 2013

The Board of Directors of Ceylon Hotel Corporation PLC comprise 08 Directors and 04 of them serves as Independent Non-Executive Directors. The qualification and experience of the Directors are given on page 6 & 7 of the Report.

The names of the Directors who held office during the year under review are as follows:
Mr Lakshman Samarasinghe
Mr. Sanjeev Gardiner
Mr Priyantha Maddumage
Dr Dennis Aloysius
Dr Chrisantha Nonis
Mr Kuvera De Zoysa
Mr Mangala Boyagoda
Mr Gunapala Tissakuttiarachchi

Dr D J Aloysius retires in terms of section 210 of the Companies Act No.07 of 2007. A special notice has been received from a shareholder pursuant to section 211 of the Companies Act No. 07 of 2007 of his intention to propose the re-election of Dr D J Aloysius.

Mr Lakshman Samarasinghe retires in terms of section 210 of the Companies Act No.07 of 2007. A special notice has been received from a shareholder pursuant to section 211 of the Companies Act No.07 of 2007 of his intention to propose the re-election of Mr. Lakshman Samarasinghe.

Mr Jeyam Perumal who served as a director of the company resigned on 30th August 2012.

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to market value per share and share trading is given in the Investor Information section of the Annual Report.

Directors shareholding in the company as at 31st March 2013 are as follows:

Names of Directors	Shareholding
Mr.Sanjeev Gardiner	NIL
Mr Lakshman Samarasinghe	3,025
Mr Priyantha Maddumage	01
Dr Dennis Jesuthasan Aloysius	10,069
Dr Chrisantha N A Nonis	NIL
Mr E Kuvera I De Zoysa	NIL
Mr E M Mangala Boyagoda	NIL
Mr Gunapala Tissakuttiarachchi	NIL

As at 31st March 2013, there were 7658 registered shareholders. The percentage of shares held by the public as per the Colombo Stock Exchange rules as at 31st March 2013 was 11.85% representing 20,362,110 ordinary shares in the company.

REMUNERATION OF DIRECTORS

Remuneration received by the Directors is set out in Note 11 to the Financial Statements on page 42.

DIRECTORS' INTEREST IN CONTRACTS

The Directors' interest in contracts and proposed contracts with the company are disclosed in Note 36 to the Financial Statements.

AUDITORS RELATIONSHIP

Messrs KPMG, Chartered Accountants who are willing to continue in office are recommended for re-appointment, at a remuneration to be decided by the Board of Directors.

The fees paid to auditors are disclosed in Note 11 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the company other than those disclosed above. The auditors also do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Monday, 30th September 2013 at 09.00 a.m. at the Sri Lanka Foundation Institute, No 100, Independence Square, Colombo 7.

For and on behalf of the Board

Lakshman Samarasinghe Director	Mangala Boyagoda Director

By Order of the Board,

Accounting Systems Secretarial Services (Private) Limited,
Secretaries to the Company,

27th August 2013

Statement of the Directors' Responsibility for the Preparation of Financial Statements

The Board of Directors is responsible for preparing and presenting the financial statements, which are set out on pages 20 to 66.

As per the provisions of the Companies Act No. 7 of 2007 the directors are required to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year.

In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed.

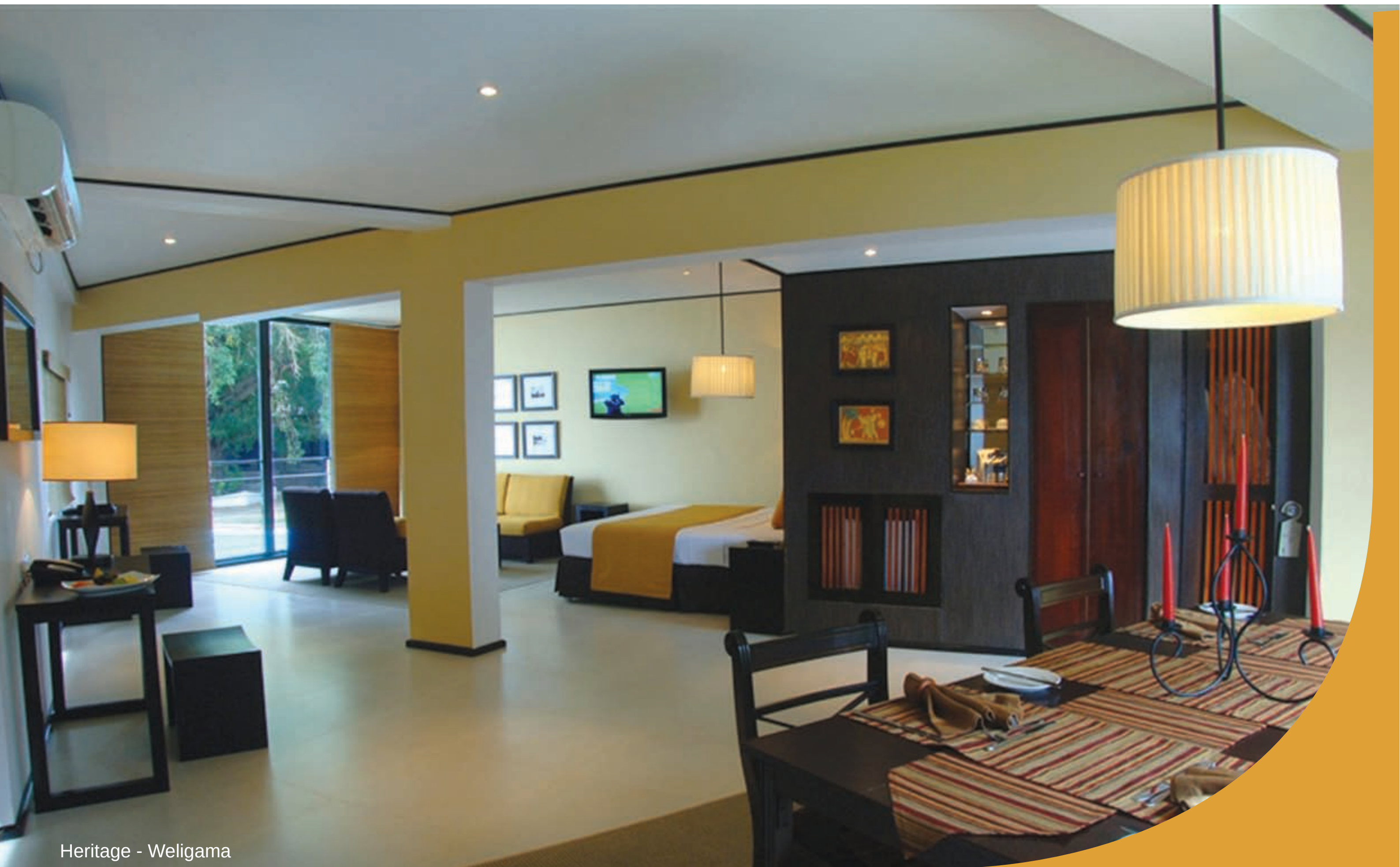
The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and to ensure that the financial statements presented comply with the requirements of the Companies Act, No. 7 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the Company and established appropriate internal control systems with a view to preventing and detection of fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the Statement of Financial Position date have been paid or where relevant, provided for.

Accounting Systems Secretarial Services (Pvt) Ltd.
Secretaries to Ceylon Hotels Corporation PLC
No. 02, Castle Lane,
Colombo 04.

27th August 2013


Heritage - Weligama

The Surf - Bentota

Corporate Governance

Ceylon Hotels Corporation PLC
No. 327, Union Place, Colombo 2

Annual Report
For the year ended 31st March 2013

Corporate Governance

Corporate Governance deals with the systems by which companies are led, directed and controlled, the role of the Board of Directors, the frame-work of internal controls and relationships between the Board of Directors, Shareholder and Auditors.

The platform on which Corporate Governance principals are structured in Sri Lanka is that the Board of Directors is responsible for the proper Governance of the Company. In that context, the Board of Directors of Ceylon Hotels Corporation PLC, have recognized that their responsibilities include the setting out of the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholder on their stewardship. Therefore, they strive to discharge such duties collectively.

The shareholders responsibilities cover the appointing of Director and Auditors and satisfying themselves that the appropriate Governance structures are in place.

THE BOARD OF DIRECTORS

The Board of Director of Ceylon Hotels Corporation PLC takes responsibility for good Corporate Governance of the Company together with Group Operating Committee (GOC). The Board and the GOC set out the Company's strategic focus, and oversees the business and connected affairs of the company and it also formulates the strategic objectives and policy frame work for the Company.

Board composition and Directors Independence as at 31st March 2013

Name of Director	Type	Shareholding
Sanjeev Gardiner	Group Chairman & Non Independent Executive Director	No
LakshmanSamarasinghe	Chairman & Non Independent Executive Director	Yes
Priyantha Maddumage	Non Independent Executive Director	Yes
Dr Dennis Aloysius	Non Executive & Non Independent Director	Yes
Dr. Chrishantha Nonis	Non Executive & Independent Director	No
Kuvera De Zoysa	Non Executive & Independent Director	No
Mangala Boyagoda	Non Executive & Independent Director	No
Gunapala Tissakuttiarachchi	Non Executive & Independent Director	No

COMPLIANCE REGARDING PAYMENTS

The Board of Directors confirms that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in Note 36 in the financial statements.

INTERNAL CONTROL

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

GOING CONCERN

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

The Company's Corporate Governance Structure is detailed below demonstrate extent to which the Company adheres to

- Provisions of the Companies Act No.07 of 2007
- CSE regulations on Corporate Governance
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka

Corporate Governance Principal		Level of Compliance by Ceylon Hotels Corporation PLC	
Board of Directors			
Rule 7.10.1 of CSE	The board of directors of a Listed Entity shall include at least two non-executive directors; or such number of non-executive directors equivalent to one third of the total number of directors whichever is higher.	Complied	Board currently has 08 Directors, and 05 of them are Non Executive Directors.
Rule 7.10.2 of CSE and Principal A.5.5. Board Balance of Corporate Governance Code	1/3 of non-executive directors appointed to the board of directors, whichever is higher shall be 'independent'	Complied	The Board comprised 08 directors and 04 of them are Independent Directors
Rule 7.10.3 of CSE & Principal A.7.3 of Corporate Governance code	The board shall make a determination annually as to the independence or non-independence of each non-executive director based on such declaration and other information available to the board	Complied	In accordance with the criteria specified in the Rule 7.10.4, all the Non Executive Directors have declared their independence or non independence. Brief profile of all the Directors are given on page 6 and 7 to the Annual Report. All the new Board appointments were informed to shareholders by making an announcement in Colombo Stock Exchange in compliance with Rule 7.10.3 (d).
Financial Acumen			
Principal A.4 of Corporate Governance Code	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance	Complied	The Board consist of Senior Accountants, who are members of the professional accounting bodies, to guide the Board on Financial matters.
Relationship with shareholders			
Principal C.1 of Corporate Governance Code	Boards should use the AGM to communicate with shareholders and should encourage their participation	Complied	Shareholders are encouraged to participate at Annual General Meetings and to exercise their voting rights. Adequate notice of meetings is given well in advance in order to obtain their maximum participation.
Remuneration Committee			
Rule 7.10.5 of CSE & Principal B.3 of Corporate Governance Code	The remuneration committee shall comprise of a minimum of two independent non-executive directors (in instances where an Entity has only two directors on its Board) or of non-executive directors a majority of whom shall be independent, whichever shall be higher	Complied	The Remuneration Committee consists of 02 Independent Non Executive Directors. Report of the Remuneration Committee detailing their functions, remuneration policy, total salaries of Executive and Non Executive Directors are given on page 17 to the Annual Report.

Audit Committee			
Rule 7.10.6 of CSE & Principal D.3.4 of Corporate Governance Code	The audit committee shall comprise of a minimum of two independent non-executive directors (in instances where a Entity has only two directors on its board) or of non-executive directors a majority of whom shall be independent, whichever shall be higher	Complied	The Audit Committee consists of 2 Independent Non Executive Directors. Report of the Audit Committee is given on page 19 to the Annual Report
Major Transactions			
Principal C.2 of Corporate Governance Code	Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a company with subsidiaries, the consolidated group net asset base.	Complied	There were no major transactions during the year which involves the acquisition, sale or disposition of greater than half of the net value of the Company's assets, which would materially alter/vary the net asset base of the Company or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities.
Financial Reporting			
Principal D.1 of the Corporate Governance Code	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Complied	The company makes timely publication of annual and quarterly results in compliance with statutory requirements, and procedures laid down by the Colombo Stock Exchange and Sri Lanka Accounting Standards.
Internal Controls			
Principal D.2 of Corporate Governance Code	The Board should maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Complied	Company has a sound internal control system which is periodically assessed by the Internal Auditors and the Audit committee.

Corporate Governance (Contd..)

REMUNERATION COMMITTEE REPORT

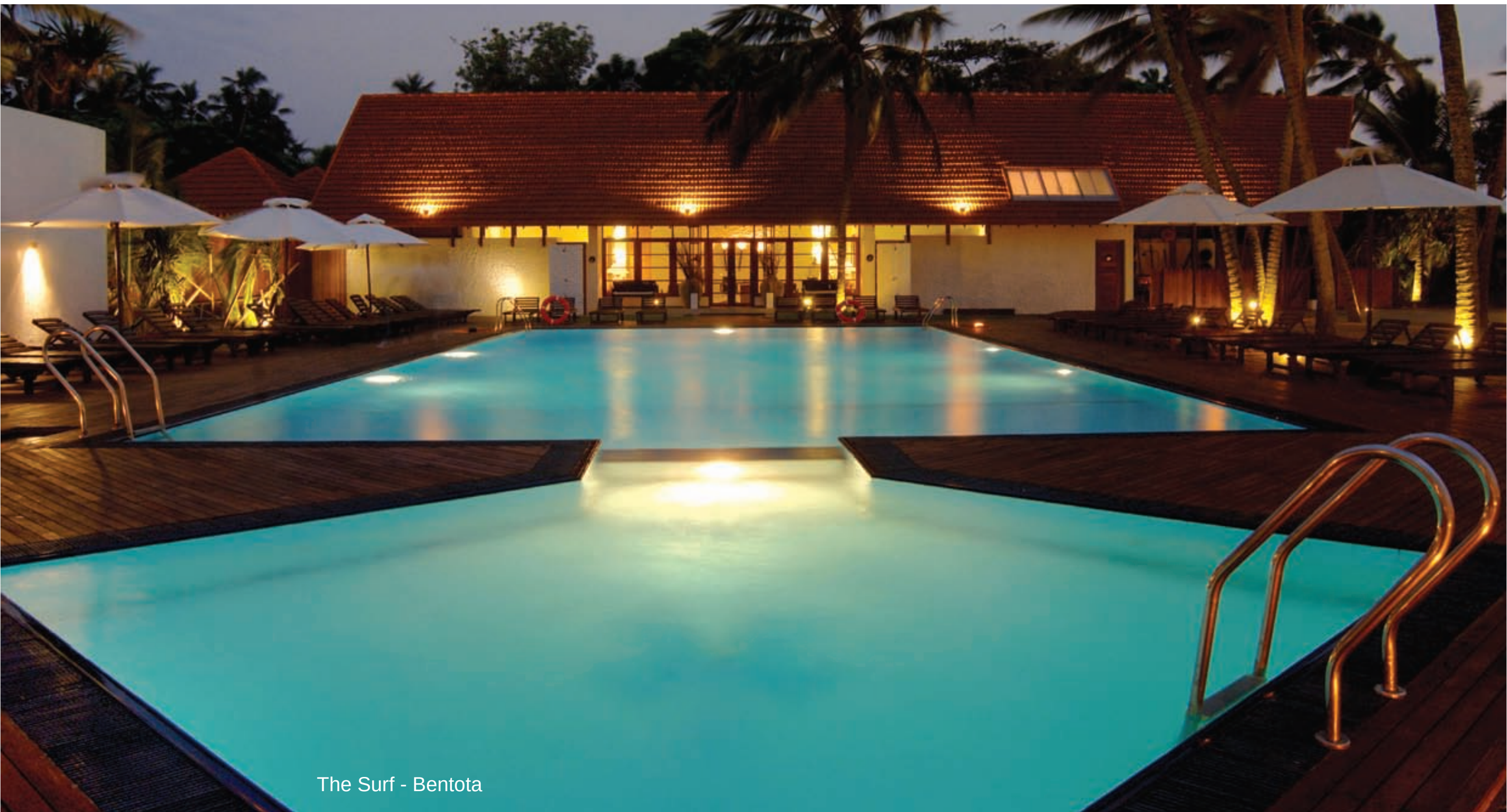
The purpose of the Remuneration committee comprising Mr. Kuvera De Zoysa (Chairman), Mr. Mangala Boyagoda assisted by M/s Priyantha Maddumage (Group Financial Controller) laid down guidelines and recommended a policy on remuneration of the Management Staff and General Staff.

The main objective of the remuneration package is designed to retain Quality Managerial Staff and reward those who are performing well. The Chairman and Executive Directors the Financial Controller representing attend the meetings by invitation and provide information to the committee and participate in the deliberations.

The aggregate amount paid to Directors comprises the allowance paid to Chairman which amounted to Rs. 480,000/-.

Sgd.

Kuvera De Zoysa
Chairman – Remuneration Committee
27th August 2013



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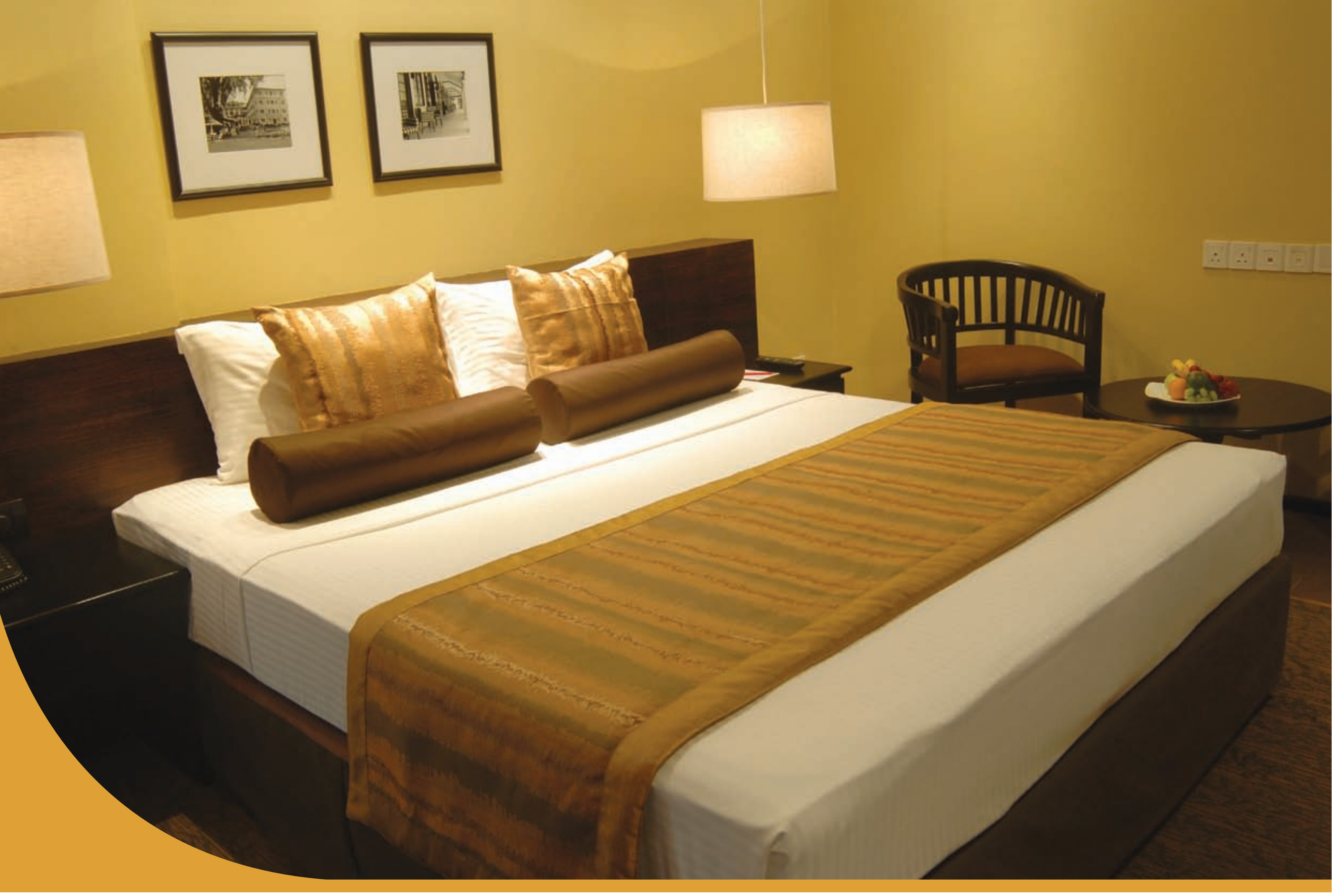

Financial Reports

Financial Calendar 2012/2013

47th Annual General Meeting
31st March 2013

Report of the Audit Committee

The Audit committee comprising Mr. Kuvera De Zoysa, Mr. Mangala Boyagoda and Mr. Gunapala Tissakuttiarachchi is empowered to review and monitor the financial affairs of the Company with particular to the internal and external audit functions and internal control procedures.

The Audit Committee dealt with matters arising from the Audit Report and matters brought to their attention by the Management. Directions are given so as to ensure compliance with best practice for Corporate Governance relating to regulatory compliance and control issues. Steps were taken to make the management of the company is aware expeditiously to ensure implementation of the recommendations of the Audit Committee.

The Audit Committee having determined that the Auditors are independent has recommended to the Board of Directors the appointment of Messrs KPMG, as External Auditors for the financial year ending 31st March 2014, subject to the approval of the share holders at the Annual General Meeting and to re-appoint M/s Ernest & Young Advisory Services (Pvt) Ltd. as Internal Auditors.

Sgd.

Kuvera De Zoysa
Chairman – Audit Committee
27th August 2013

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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TO THE SHAREHOLDERS OF CEYLON HOTELS CORPORATION PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Ceylon Hotels Corporation PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at March 31, 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 21 to 66 of the Annual Report.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion- Company
In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2013 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2013, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion- Group
In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Kpmg

CHARTERED ACCOUNTANTS
Colombo, 27th August 2013

For the Year Ended 31 March,	Notes	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Revenue	7	**1,087,010,729**	924,298,950	**-**	227,423,602
Cost of sales		**(321,600,116)**	(299,129,917)	**-**	(79,254,946)
Gross profit		**765,410,613**	625,169,033	**-**	148,168,656
Other income	8	**12,186,724**	13,937,569	**96,912,326**	22,997,438
Distribution expenses		**(52,732,398)**	(33,860,074)	**-**	(7,809,169)
Administrative expenses		**(665,797,056)**	(503,104,631)	**(85,797,520)**	(177,300,207)
Other operating expenses	9	**(628,184)**	(15,632,411)	**(298,638,801)**	(6,775,983)
Profit from operations		**58,439,699**	86,509,487	**(287,523,995)**	(20,719,265)
Finance Income		**2,745,343**	1,004,903	**104,238**	193,283
Finance costs	10	**(89,109,261)**	(47,590,441)	**(42,448,847)**	(44,295,985)
Net finance costs		**(86,363,918)**	(46,585,538)	**(42,344,609)**	(44,102,702)
Share of Loss of equity accounted investees (net of tax)		**(3,944,171)**	-	**-**	-
Profit /(Loss) before income tax	11	**(31,868,389)**	39,923,949	**(329,868,604)**	(64,821,967)
Income tax expense	12	**2,921,281**	5,942,361	**10,544,559**	18,825,802
Profit/(Loss) for the year		**(28,947,108)**	45,866,310	**(319,324,045)**	(45,996,165)

Figures in brackets indicate deductions

The Notes on pages 28 to 66 are an integral part of these Financial Statements.

For the Year Ended 31 March,	Notes	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Profit/(Loss) for the year		**(28,947,108)**	45,866,310	**319,324,045)**	(45,996,165)
Other comprehensive income					
Revaluation of property, plant & equipment		**691,572,302**	-	**4,717,261**	-
Deferred tax on revaluation surplus		**(74,468,076)**	-	**(566,071)**	-
Deferred Tax effect on Rate difference		**(15,819)**	-	**-**	-
Total comprehensive income for the year, net of tax		**588,141,298**	45,866,310	**(315,172,855)**	(45,996,165)
Profit/(Loss) attributable to:					
Equity holders of the company		**(61,665,714)**	26,259,009	**(319,324,045)**	(45,996,165)
Non Controlling interests		**32,718,606**	19,607,301	**-**	-
Profit for the year		**(28,947,108)**	45,866,310	**(319,324,045)**	(45,996,165)
Total Comprehensive Income attributable to :					
Owners of the Company		**519,477,157**	26,274,806	**(315,172,855)**	(45,996,165)
Non Controlling Interests		**68,664,141**	19,591,504	**-**	-
Total comprehensive income for the year		**588,141,298**	45,866,310	**(315,172,855)**	(45,996,165)
Earnings/(Loss) per share					
Basic earnings/(loss) per share (Rs).	**13**	**(0.36)**	0.15	**(1.86)**	(0.27)
Diluted earnings/ (loss) per share (Rs).	**13.1**	**(0.36)**	0.15	**(1.86)**	(0.27)

Figures in brackets indicate deductions

The Notes on pages 28 to 66 are an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group			Company		
As at 31 March		**2013**	**2012**	**1-Apr-11**	**2013**	**2012**	**1-Apr-11**
	Note	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
ASSETS							
Non-Current Assets							
Property, plant and equipment	14	**8,863,004,619**	7,848,313,919	7,374,447,177	**489,713,153**	551,958,973	1,189,907,487
Intangible assets	15	**8,015,385**	-	-	**-**	-	-
Lease hold right over land	16	**15,333,411**	17,887,096	20,440,718	**-**	-	20,440,718
Investments in subsidiaries	17	**-**	-	-	**41,955,873**	41,955,873	8,391,757
Investment in Joint Venture	17.1	**137,085,831**	-	-	**-**	-	-
Investment Property	18	**-**	-	333,000,000	**531,989,007**	986,561,396	333,000,000
Deferred tax assets	31.1	**6,464,946**	-	-	**3,080,513**	-	-
Total Non-Current Assets		**9,029,904,192**	7,866,201,015	7,727,887,895	**1,066,738,546**	1,580,476,242	1,551,739,962
Current Assets							
Inventories	19	**64,188,695**	59,330,307	51,679,450	**-**	-	20,094,791
Trade & other receivables	20	**295,439,303**	196,138,644	142,167,466	**18,100,303**	31,430,244	43,978,782
Amounts due from related companies	21	**-**	-	-	**233,677,046**	156,952,343	290,609,659
Income Tax recoverable	22	**541,131**	3,085,766	3,027,799	**107,746**	117,244	61,067
Cash & cash equivalents	23	**308,921,107**	66,193,779	43,486,440	**4,092,028**	7,444,163	16,230,134
Total current assets		**669,090,236**	324,748,496	240,361,155	**255,977,123**	195,943,994	370,974,433
Total Assets		**9,698,994,428**	8,190,949,511	7,968,249,050	**1,322,715,669**	1,776,420,236	1,922,714,395
EQUITY AND LIABILITIES							
Equity							
Stated capital	24	**1,220,425,748**	1,220,425,748	1,220,425,748	**1,220,425,748**	1,220,425,748	1,220,425,748
Reserves	25	**5,339,603,916**	4,880,415,708	4,941,408,156	**521,143,628**	606,512,007	627,891,799
Accumulated losses		**(681,449,900)**	(738,281,948)	(828,138,083)	**(1,138,946,256)**	(909,141,780)	(884,525,407)
Total equity attributable to equity holders of the company		**5,878,579,764**	5,362,559,508	5,333,695,821	**602,623,120**	917,795,975	963,792,140
Non Controlling interests		**1,401,702,638**	1,336,242,130	1,317,287,715	**-**	-	-
Total Equity		**7,280,282,402**	6,698,801,638	6,650,983,536	**602,623,120**	917,795,975	963,792,140
Non-Current Liabilities							
Interest-bearing-borrowings	26	**1,043,204,560**	442,278,242	270,305,554	**262,000,000**	238,278,242	267,055,554
Finance lease obligations	27	**-**	896,641	1,982,260	**-**	291,637	717,250
Amounts due to related companies	28	**-**	307,175,171	-	**-**	327,677,446	-
Employee benefits	29	**9,228,723**	8,245,556	7,965,934	**6,956,140**	6,181,464	6,270,457
Non interest-bearing borrowings	30	**-**	-	1,522,200	**-**	-	1,522,200
Deferred tax liabilities	31	**310,276,726**	257,110,922	279,249,285	**-**	6,897,975	25,667,600
Deferred income	32	**-**	-	720,451	**-**	-	720,451
Total Non-Current Liabilities		**1,362,710,009**	1,015,706,532	561,745,684	**268,956,140**	579,326,764	301,953,512
Current Liabilities							
Trade and other payables	33	**270,962,147**	222,320,626	241,255,461	**45,097,442**	54,763,542	148,029,912
Interest-bearing-borrowings due within one year	26	**123,576,178**	88,523,824	84,804,278	**57,000,000**	76,023,824	81,804,278
Finance lease obligations due within one year	27	**941,637**	1,075,147	1,045,434	**336,622**	415,143	385,430
Non interest-bearing-borrowings due within one year	30	**1,802,200**	1,802,200	280,000	**1,522,200**	1,522,200	-
Amounts due to related companies	34	**524,342,062**	49,565,269	143,326,957	**264,771,494**	55,504,655	173,411,465
Income tax payable	35	**15,527,107**	7,228,467	6,978,712	**-**	-	-
Bank overdrafts		**118,850,686**	105,925,808	277,828,988	**82,408,651**	91,068,133	253,337,658
Total current liabilities		**1,056,002,017**	476,441,341	755,519,830	**451,136,409**	279,297,497	656,968,743
Total Equity & Liabilities		**9,698,994,428**	8,190,949,511	7,968,249,050	**1,322,715,669**	1,776,420,236	1,922,714,395

The Notes on pages 28 to 66 are an integral part of these Financial Statement.

These Financial Statements are in compliance with the requirements of the Companies Act No.07 of 2007.

....

Priyantha Maddumage
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved & signed for and on behalf of the Board,

....

Lakshman Samarasinghe
Chairman

....

Mangala Boyagoda
Director

Colombo
27th August 2013

Group	Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Accumulated Profit/(Loss)	Total	Non Controlling interests	Total Equity
	Attributable to Equity Holders of the Company							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2011 as previously stated	**1,220,425,748**	**4,763,261,141**	**8,128,011**	**170,019,004**	**(283,136,291)**	**5,878,697,613**	**1,317,287,715**	**7,195,985,328**
Effect of transition to SLFRS	-	-	-	-	(545,001,792)	(545,001,792)	-	(545,001,792)
Restated Balance as at 1 April 2011	**1,220,425,748**	**4,763,261,141**	**8,128,011**	**170,019,004**	**(828,138,083)**	**5,333,695,821**	**1,317,287,715**	**6,650,983,536**
Profit for the year	-	-	-	-	26,259,009	26,259,009	19,607,301	45,866,310
Other comprehensive income								
Surplus on revaluation of property, plant & equipment	-	-	-	-	-	-	-	-
Net change in fair value of available for sale financial assets	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**26,259,009**	**26,259,009**	**19,607,301**	**45,866,310**
Transactions with owners of the company, recognized directly in equity								
Trasnfers to/(from) Reserves	-	(63,597,126)	-	-	63,597,126	-	-	-
Deferred Tax Effect due to reduction in tax rate	-	2,604,678	-	-	-	2,604,678	-	2,604,678
Ordinary Share Dividend paid	-	-	-	-	-	-	(619,464)	(619,464)
Preference Share Dividend paid	-	-	-	-	-	-	(33,422)	(33,422)
Total transactions with owners of the company	-	(60,992,448)	-	-	63,597,126	2,604,678	(652,886)	1,951,792
Balance as at 31 March 2012	**1,220,425,748**	**4,702,268,693**	**8,128,011**	**170,019,004**	**(738,281,948)**	**5,362,559,508**	**1,336,242,130**	**6,698,801,638**
Profit for the year					(61,665,714)	(61,665,714)	32,718,606	(28,947,108)
Other comprehensive income								
Surplus on revaluation of property, plant & equipment	-	652,995,591	-	-	-	652,995,590	38,576,711	691,572,301
Deferred tax on revaluation surplus	-	(71,836,900)	-	-	-	(71,836,900)	(2,631,176)	(74,468,076)
Deferred Tax effect on Rate diference	-	(15,819)	-	-	-	(15,819)	-	(15,819)
Total comprehensive income for the year	**-**	**581,142,872**	**-**	**-**	**(61,665,714)**	**519,477,157**	**68,664,141**	**588,141,298**
Transfer on revaluation of building	-	(3,456,903)	-	-	-	(3,456,903)	(1,058,937)	(4,515,840)
Transactions with owners of the company, recognized directly in equity								
Trasnfers to/(from) Reserves	-	(118,497,762)	-	-	118,497,762	-	-	-
Ordinary Share Dividend paid to minority	-	-	-	-	-	-	(2,111,273)	(2,111,273)
Preference Share Dividend paid to minority	-	-	-	-	-	-	(33,422)	(33,422)
Total transactions with owners of the company	-	(121,954,665)	-	-	118,497,762	(3,456,903)	(3,203,632)	(6,660,535)
Balance as at 31 March 2013	**1,220,425,748**	**5,161,456,901**	**8,128,011**	**170,019,004**	**(681,449,900)**	**5,878,579,764**	**1,401,702,638**	**7,280,282,402**

Figures in brackets indicate deductions
The Notes on pages 28 to 66 are an integral part of these Financial Statements.

Company	Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Accumulated Profit/(Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2011 as previously stated	**1,220,425,748**	**453,045,395**	**8,128,011**	**166,718,393**	**(366,141,923)**	**1,482,175,624**
Effect of transition to SLFRS	-	-	-	-	(518,383,484)	(518,383,484)
Restated Balance as at 1 April 2011	**1,220,425,748**	**453,045,395**	**8,128,011**	**166,718,393**	**(884,525,407)**	**963,792,140**
Loss for the year	-	-	-	-	(45,996,165)	(45,996,165)
Other comprehensive income						
Surplus on revaluation of property, plant & equipment	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(45,996,165)**	**(45,996,165)**
Transactions with owners of the company, recognized directly in equity						
Transfers During the year	-	(21,379,793)	-	-	21,379,793	-
Total transactions with owners of the company	-	(21,379,793)	-	-	21,379,793	-
						-
Balance as at 31 March 2012	**1,220,425,748**	**431,665,603**	**8,128,011**	**166,718,393**	**(909,141,780)**	**917,795,975**
Loss for the year	-	-	-	-	(319,324,045)	(319,324,045)
Other comprehensive income						
Surplus on revaluation of property, plant & equipment	-	4,717,261	-	-	-	4,717,261
Deferred tax on revaluation surplus	-	(566,071)	-	-	-	(566,071)
Total comprehensive income for the year	**-**	**4,151,190**	**-**	**-**	**(319,324,045)**	**(315,172,855)**
Transactions with owners of the company, recognized directly in equity						
Transfers to / (from) reserves	-	(89,519,568)	-	-	89,519,568	-
	-	-	-	-	-	-
Total transactions with owners of the company	-	(89,519,568)	-	-	89,519,568	-
						-
Balance as at 31 March 2013	**1,220,425,748**	**346,297,224**	**8,128,011**	**166,718,393**	**(1,138,946,256)**	**602,623,120**

Figures in brackets indicate deductions

The Notes on pages 28 to 66 are an integral part of these Financial Statements.

For the Year Ended 31 March	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Cash flows from operating activities				
Profit/(Loss) before income tax	**(31,868,389)**	39,923,949	**(329,868,604)**	(64,821,967)
Adjustment for:				
Depreciation on property, plant and equipment	**169,017,380**	142,594,951	**31,457,849**	61,363,757
Provision for retiring gratuity	**3,620,602**	843,331	**3,279,936**	389,766
Provision/Written off for bad & doubtful debts	**7,290,944**	25,161,604	**(7,296,764)**	9,515,636
Reversal of provision for Inventory	-	(204,240)	-	(211,342)
Amortization of government grant	-	(720,450)	-	(720,450)
Loss on transfer of PPE		-	-	-
Inventory written off	**12,754**	1,200,161	-	-
Income Tax Receivable written off	**2,780,054**	-	-	-
Change in fair value on Investment Property	-	-	-	-
Loss on foreign currency transactions	**1,952,520**	-	**(706)**	-
Dividend Received	-	-	**(7,337,611)**	(2,020,536)
ESC write off	-	1,613,620	-	1,613,620
Amortization of lease hold right over land	**2,553,685**	2,553,622	-	2,553,685
Amortization of Intangible assets	**1,915,384**	-	-	-
Loss on disposal of property, plant & Equipment & Investment Property	**598,183**	5,045,311	**298,638,801**	269,897
Share of result of equity accounted investee	**3,944,171**	-	-	-
Interest income	**(2,745,343)**	(473,477)	**(104,238)**	(193,283)
Interest expenses	**86,265,982**	47,542,148	**42,448,847**	44,295,985
Operating profit before working capital changes	**245,337,926**	266,064,001	**31,217,509**	52,034,768
Changes in inventories	**(4,871,142)**	(8,646,780)	-	20,306,133
Changes in trade and other receivables	**(108,544,124)**	(80,746,403)	**20,636,204**	1,419,281
Changes in loans from related companies	-	307,175,171	-	-
Changes in amounts due from related companies	-	-	**(89,946,062)**	(97,254,480)
Changes in trade & other payables	**48,641,525**	(18,934,535)	**(9,666,100)**	(93,266,370)
Changes in amounts due to related companies	**168,246,250**	(93,761,688)	**(105,189,248)**	209,770,636
Cash generated from/(used in) operating activities	**348,810,435**	369,634,870	**(152,947,697)**	93,009,968
Interest Paid	**(86,265,982)**	(47,077,630)	**(42,448,847)**	(44,103,765)
Taxes paid	**(16,798,537)**	(13,399,736)	-	-
Retiring gratuity amount paid	**(2,637,435)**	(563,709)	**(2,505,260)**	(478,759)
Net cash flow generated from (used in) operating activities	**243,108,481**	308,593,795	**(197,901,804)**	48,427,444

	Group		Company	
	2013	2012	**2013**	2012
	Rs.	Rs.	**Rs.**	Rs.
Cash flows from investing activities				
Interest received	**2,745,343**	473,477	**104,238**	193,283
Acquisition of investments	**(141,030,001)**	-	**-**	-
Proceeds from sale of PPE & investment property	**188,675,143**	1,896,326	**245,520,271**	75,923
Acquisition of investment Property	**-**	-	**-**	-
Purchase of investment Property Land	**-**	-	**-**	-
Acquisition of property, plant and equipment	**(684,728,577)**	(290,403,330)	**(54,081,452)**	(78,587,745)
Addition of intangible assets	**(9,930,769)**	-	**-**	-
Dividend Income	**-**	-	**7,337,611**	2,020,536
Net cash used in investing activities	**(645,465,227)**	(287,502,101)	**198,880,668**	(76,298,003)
Cash flows from financing activities				
Loans obtained during the year	**692,705,000**	216,500,000	**24,697,934**	216,500,000
Loans transferred to subsidiary Companies during the year	**-**	-	**-**	-
Proceeds from Finance Lease	**-**	-	**-**	-
Dividends paid to minority	**(2,144,695)**	(652,884)	**-**	-
Repayment of loans	**(56,726,328)**	(40,807,766)	**(20,000,000)**	(34,557,766)
Payment of finance lease liabilities	**(1,674,779)**	(1,520,424)	**(369,452)**	(588,120)
Net cash generated from financing activities	**632,159,197**	173,518,926	**4,328,482**	181,354,114
Net increase in cash & cash equivalents	**229,802,451**	194,610,519	**5,307,347**	153,483,554
Cash & cash equivalents at the beginning	**(39,732,031)**	(234,342,548)	**(83,623,969)**	(237,107,524)
Cash & cash equivalents at the end	**190,070,420**	(39,732,029)	**(78,316,623)**	(83,623,970)
Analysis of cash & cash equivalents				
Cash at banks and in hand	**39,741,928**	62,376,508	**391,444**	4,478,124
Short term deposits	**269,179,179**	3,817,271	**3,700,584**	2,966,039
Bank overdraft	**(118,850,686)**	(105,925,808)	**(82,408,651)**	(91,068,133)
	190,070,420	(39,732,029)	**(78,316,623)**	(83,623,970)

Figures in brackets indicate deductions

The Notes on pages 28 to 66 are an integral part of these Financial Statements.

1. CORPORATE INFORMATION

1.1. REPORTING ENTITY

1.1.1 DOMICILE AND LEGAL FORM

Ceylon Hotels Corporation PLC, which was established in 1967 Incorporated by an Act of parliament which was repealed and subsequently converted to a Company in 2008 and domiciled in Sri Lanka. The registered office of the Company and its Subsidiaries are situated at 327, Union Place, Colombo 02. The company has been registered under the new companies Act No. 7 of 2007.

1.2. COMPANIES IN THE GROUP AND PARENT COMPANY

The company, in the consolidated financial statements, refers to Ceylon Hotels Corporation PLC and group refers to the company and all its subsidiaries namely United Hotels Company (Pvt) Ltd, CHC Rest Houses (Pvt) Ltd, Tissa Resort (Pvt) Ltd, CHC Foods (Pvt) Ltd, Kandy Hotels Co.(1938) PLC and Air Line Services Limited (together referred to as the "Group"), whose financial statements have been consolidated.

The Galle Face Hotel Company Ltd is the ultimate parent company of Ceylon Hotels Corporation PLC.

1.3. PRINCIPAL ACTIVITY AND NATURE OF THE OPERATIONS

The principal activity of the Group and its subsidiaries is the provision of hotel services.

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The consolidated financial statements of The Ceylon Hotel Corporation PLC, comprise the statement of financial position, statement of comprehensive income & other comprehensive income, cash flow statement, statement of changes in equity and notes to the consolidated financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (hereinafter referred to as SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, Sri Lanka Accounting & Auditing Standards act no 15 of 1995 & the requirements of the Companies Act No. 7 of 2007 and the listing rules of the Colombo Stock Exchange.

2.2. FIRST TIME ADOPTION OF SLFRSS/LKASS

These are the Group's first consolidated financial statements prepared in accordance with Sri Lanka Accounting Standards – (hereinafter referred to as SLFRSs and LKASs) and Sri Lanka Accounting Standard - SLFRS 1 - First -Time Adoption of Sri Lanka Accounting Standards has been adopted in preparing the financial statements for the year ended 31 March 2013, the comparative information presented in these financial statements for the year ended 31 March 2012 and in the preparation of an opening statement of Financial Position as at 1 April 2011 (The Group's date of transition).

An explanation on how the transition to Sri Lanka Accounting Standards – SLFRSs, has affected the previously reported financial position and the financial performance of the Group is provided in Note 43.

2.3. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 27th August 2013.

2.4. GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.5. BASIS OF MEASUREMENT

The Consolidated financial statements are presented in Sri Lankan Rupees. The Consolidated financial statements are prepared based on the historical cost convention except as explained below.

Land and Buildings	-	Revalued amounts
Financial assets classified as Loans & Receivables	-	Amortized Cost
Defined benefit obligation	-	Actuarially valued and recognized at present value of the defined benefit obligation.

2.6. FUNCTIONAL AND PRESENTATION CURRENCY

Consolidated financial statements of the Group are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency.

2.7. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affects the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in following notes.

Note 14	–	Revaluation of Land and Buildings
Note 15	–	Measurement of Intangible Assets
Note 31	–	Measurement of Deferred tax liabilities
Note 29	–	Measurement of Retirement benefit obligations
Note 37	–	Commitments and contingencies
Note 18	–	Classification of Investment Property
Note 31	–	Utilisation of Tax losses

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. These accounting policies are consistent with those of the previous year's figures and phrases.

3.1 BASIS OF CONSOLIDATION

(a) Business Combinations

Acquisitions on or after 1 April 2012

For acquisitions on or after 1 April 2012, the Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions prior to 1 April 2012

As part of its transition to SLFRSs / LKASs, the Group elected to restate only those business combinations that occurred prior to 1st April 2012. In respect of acquisitions prior to 1 April 2012, goodwill represents the amount recognized under the Group's previous accounting framework.

(b) Acquisition of non-controlling interests

Acquisition of non-controlling interests is accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(c) Subsidiaries

Subsidiaries are those entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(d) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence is retained.

(e) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(f) Transactions Eliminated on Consolidation

Intra-Group Balances and any unrealized gains and losses or income and expenses arising from intra-Group transactions are eliminated in full in the Consolidated Financial Statements. Unrealized losses resulting from intra-Group transactions are eliminated unless there is evidence of impairment.

3.2. FOREIGN CURRENCY

3.2.1. FOREIGN CURRENCY TRANSACTIONS

All foreign exchange transactions in individual companies are translated at the rate of exchange prevailing at the time the transaction was effected. All monetary assets and liabilities in foreign currency at year end are translated at the rate prevailing on the balance sheet date.

Non monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined. The resulting gains or losses on translations are dealt with in the Income Statement.

3.3. FINANCIAL INSTRUMENTS

3.3.1. INITIAL RECOGNITION OF FINANCIAL INSTRUMENTS

An entity shall recognise a financial asset or financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. i.e. all the financial assets and liabilities except "Regular way trades" are initially recognize on the trade date. Regular way trade means purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Those trades are initially recognizes on the settlement date.

3.3.2. INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to the acquisition or issue of such financial instrument, except in the case of financial assets and financial liabilities at fair value through profit or loss as per Sri Lanka Accounting Standard – LKAS 39 on "Financial Instruments : Recognition and measurement".

Transaction costs in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Statement of Comprehensive Income.

3.3.3. CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

The Group classifies non derivative financial assets into the following categories;

(a) Loans and receivables
(b) Available for sale
(c) Fair Value through profit or loss and,
(d) Held to maturity

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loan and receivables comprise of cash and cash equivalents, trade receivables, other receivables and fixed deposits.

(b) Fair Value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes in to account any dividend income, are recognized in profit or loss.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

(d) Held to Maturity

Held to maturity financial investments are non derivative financial assets with fixed determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity. After initial measurement, Held to Maturity financial investments are subsequently measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking in to account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in income statement in the Statement of Comprehensive Income.

If the Group were to sell or reclassify more than an insignificant amount of Held to Maturity investment before maturity (Other than in certain specific circumstances permitted in the Sri Lanka Accounting Standards – LKAS 39 on "Financial Instruments : Recognition and Measurement "), the entire category would be tainted and would have to be reclassified as Available For Sale. Furthermore, the Group would be prohibited from classifying any financial asset as Held to Maturity during the following two years.

The Group has not designated any financial instrument as Held to Maturity financial investment.

(c) Available for sale

Available-for-sale financial assets are financial assets that are designated as available for sale and are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available for sale equity instruments are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive incomes transferred to profit or loss.

Available for sales financial assets comprise of investment in quoted shares for long term purpose.

3.3.4. CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL LIABILITIES

The Group classifies financial liabilities into other financial liabilities category. Such finance liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise,

(a) Trade Payables
(b) Other Liabilities
(c) Bank Borrowings

3.3.4.1. FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using valuation technique. valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market related discount rate. The fair value of held-to –maturity investments is determined for disclosure purposes only.

3.3.5. DERECOGNITION OF FINANCIAL INSTRUMENTS

The Group derecognizes a financial asset when the right to receive cash flows from the asset have expired or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred or in which the Group neither transfer nor substantially all risks and rewards of ownership and it does not retain control of the financial asset.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (Including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset or settle the liability simultaneously.

3.4. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.5. PROPERTY, PLANT & EQUIPMENT

3.5.1. RECOGNITION AND MEASUREMENT

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

a. Recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

b. Measurement

Items of property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognized as an expense when incurred.

c. Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

d. Derecognition

An item of property, plant & equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset), is recognized in "other expenses" in profit/loss in the year the asset is derecognized.

When replacement costs are recognized in the carrying amount of an item of property, plant & equipment, the remaining carrying amount of the replaced part is derecognized as required by LKAS 16 – Property, Plant & Equipment.

e. Revaluation

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset

The group transfer portion of revaluation reserve to retained earnings as the assets are used by the entity, since the future economic benefits embodied in the assets are consumed principally through its use rather than on retirement or disposal.

f. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives of the assets are as follows.

The estimated useful lives for the current and comparative years are as follows:

Buildings on Leasehold Land	-	Over the unexpired lease period
Freehold Buildings	-	20 years
Plant & Machinery	-	10 years
Tools & Implements	-	10 years
Furniture & Office equipment	-	10 years
Freehold Motor Vehicles	-	10 years
Leasehold Motor Vehicles	-	10 years
Leasehold Equipment	-	10 years
Swimming pool	-	08 years
Computer Equipment	-	05 years
Other Equipment	-	05 years
Computer Software	-	05 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6. INTANGIBLE ASSETS AND GOODWILL

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(a). Subsequently Goodwill is measured at cost less accumulated impairment losses.

3.6.1. OTHER INTANGIBLE ASSETS

Other Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Lease hold rights are shown at historical cost. Lease hold rights have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight- line method to allocate the cost of leasehold right over the estimated useful life.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Intangible assets are amortized on a straight line basis in profit or loss over their estimated useful lives, from the date that they are available for use other than goodwill. Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful life for the current and comparative years for leasehold right over the land is 50 years.

3.7. INVESTMENT PROPERTY

Investment Property, principally comprise freehold land and building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investments property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalized borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment Property is carried at fair value determined annually by an independent valuer. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

3.8. LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payables. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

When the lessor effectively retains substantially all the risks and rewards of an asset under the lease agreement, such leases are classified as operating leases. Payments under operating leases are recognised as an expense in the income statement over the period of lease on a straight line basis.

3.9. INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows:

Food and Beverage	- At weighted average cost
Packeted Snacks	- At actual cost on FIFO basis
Other Consumables	- At actual cost on FIFO basis
Cutlery,Crockery, Linen & Glassware	- At weighted average cost

3.10. IMPAIRMENT

The Group assesses at each reporting date whether there is any objective evidence that financial assets or Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably estimated.

Objective evidence that a financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(a) Impairment losses on financial assets carried at amortized cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group considers evidence of impairment for loans and receivable on a specific asset basis. Therefore all loans and receivables are assessed individually and made specific impairment provisions.

(b) Impairment losses on available for sale financial assets

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(c) Impairment of non financial assets

The carrying amounts of the Group's non financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (Group of CGUs) on pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets , an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined , net of depreciation or amortisation, if no impairment loss had been recognised.

3.11. EMPLOYEE BENEFITS

a. Defined contribution plans

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Group and Employees' contribute 12% & 8% respectively on the salary of each employee respectively to the Employee Provident Fund.

Employees Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund contributions to defined contribution plans are recognized as an expense in the income statement as incurred.

b. Defined benefit plans - Retiring Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan.

In accordance with revised LKAS 19 - "Employee Benefits" which became effective from the financial year commencing after 01 July 2007, the Group has adopted the actuarial valuation method and the valuation method used by the actuary is "Projected Unit Credit Method". The assumptions based on which the results of the actuarial valuation was determined, are included in Note 29 to the financial statements.

However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continues service.

Any actuarial gains or losses arising are recognized immediately in the statement of comprehensive income.

The liability was not externally funded.

3.12. LIABILITIES AND PROVISIONS

3.12.1. LIABILITIES

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date.

Noncurrent liabilities are those balances that fall due for payment after one year from the balance sheet date.

3.12.2. PROVISIONS

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.13. CAPITAL COMMITMENTS & CONTINGENCIES

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the financial statements.

4. STATEMENT OF COMPREHENSIVE INCOME

4.1. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The revenue of the Group is recognized on an accrual basis and matched with associated costs and expenses.

Following specific criteria are used for the purpose of recognition of revenue.

a) Apartment revenue is recognized based on the daily room's occupation whilst other outlet sales are accounted for at the time of sales.
b) Food and Beverage Revenue is accounted at the time of the sale.
c) Dividend income from investments is recognized when the right to receive is established.
d) Interest income is recognized on an accrual basis.
e) Others hotel related revenue is accounted for when such service is rendered and accrual basis is followed for the recording of such transactions.

4.2. REVENUE EXPENDITURE

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Income Statement, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to revenue in the year in which the expenditure is incurred.

The profit incurred by the Group before taxation as shown in the Comprehensive Income Statement is after making provision for all known liabilities and for the depreciation of property, plant & equipments.

4.3. GRANTS AND SUBSIDIES

Government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

4.4. SEGMENT REPORTING

A segment is a distinguishable component of an enterprise that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks & rewards that are different from those of the segment. However, there are no distinguishable components to be identified as segment for the Company or Group.

4.5. BORROWING COST

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs may include:

(a) Interest expense calculated using the effective interest method as described in LKAS 39 Financial Instruments: Recognition and Measurement;

(b) Finance charges in respect of finance leases recognised in accordance with LKAS 17 Leases; and

(c) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Then Group recognizes other borrowing costs as an expense in the period in which it incurs them.

4.6. FINANCE INCOME & FINANCE COST

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method and impairment gains recognized on financial assets (other than trade receivables if any).

Finance cost comprises interest expenses on borrowings, impairment losses recognized on financial assets (other than trade receivables if any).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest rate method.

4.7. INCOME TAX EXPENSES

An income tax expense comprises current and deferred tax. An income tax expense is recognized directly in income statements except to the extent that if relates to items recognized directly in equity, in which case it is recognized in equity.

a. Current tax

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. The Group's liability to taxation has been computed in accordance with the Inland Revenue Act No. 10 of 2006, and subsequent amendments thereto. The Company and its subsidiaries qualify for a concessionary tax rates.

b. Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the year in which deferred tax asset is realized or liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the Balance Sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.8. VALUE ADDED TAX

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the VAT is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of VAT included. The amount of VAT recoverable or payable in respect of taxation authorities is included as a part of receivable and payable in the Balance Sheet.

4.9. BASIC EARNINGS PER SHARE

The consolidated financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period

5. CASH FLOW STATEMENT

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, demand deposits and short-term highly liquid investments, with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short term commitments.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Cash Flows Statements has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of cash flow statement.

6. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations have been introduced by ICASL, and Group have not applied in preparing these Consolidated Financial Statements. Those which may be relevant to the Group are set out below.

a) SLFRS 9 Financial instruments

SLFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under SLFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

SLFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendment to classification and measurement requirement of SLFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

The adoption of SLFRS 9 (2010) is expected to have an impact on the Group's financial instruments.

b) SLFRS 13 Fair value measurement

SLFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout SLFRS. Subject to limited exceptions, SLFRS 13 is applied when fair value measurements or disclosures are required or permitted by other SLFRSs. The Group is currently reviewing its methodologies in determining fair values. Application of these standards has been deferred by the Institute of Chartered Accountants of Sri Lanka.

For the Year Ended 31 March	Group		Company	
	2013	2012	**2013**	2012
	Rs.	Rs.	**Rs.**	Rs.
7 Revenue				
Accommodation income	**506,987,671**	383,032,134	**-**	47,657,458
Food income	**483,309,476**	427,708,642	**-**	153,074,328
Beverage income	**54,063,217**	76,276,190	**-**	25,148,946
Others	**42,650,365**	37,281,984	**-**	1,542,870
	1,087,010,729	924,298,950	**-**	227,423,602

Ceylon Hotels Corporation PLC (CHC PLC) has restructured its operations during the financial year 2011/2012 and as a result of that company operations have been reflected under wholly owned subsidiaries of the CHC PLC details of which are as follows,

a) The Surf – Bentota, The Safari – Tissa Maharama, The Lake – Polonnaruwa and Polonnaruwa Rest House which come under United Hotels Co (Pvt) Limited.

b) Belihuloya, Ella, Hbarana, Hanwella, Kithulgala, Weligama, Madwachchiya, Pussellawa and Sigiriya Rest Houses which come under CHC Rest Houses (Pvt) Ltd.

a) Ambepussa Rest House, Ambepussa Awanhala, Dambulla Rest Houses which come under CHC Foods (Pvt) Ltd.

	Group 2013	Group 2012	Company 2013	Company 2012
8 Other income				
Rent Income	**-**	-	**36,142,462**	9,035,616
Tour income	**2,937,996**	3,324,078	**2,937,996**	3,324,078
Income from outside hotel reservation	**1,295,737**	1,072,232	**1,295,737**	1,072,232
Income from sale of sigiriya tickets	**-**	1,010,992	**-**	944,202
Amortization of government grant	**-**	720,451	**-**	720,451
Interest income	**-**	473,477	**-**	-
Dividend Income	**-**	-	**7,337,611**	2,020,536
Gain on translation of foreign currencies	**890,759**	1,743,391	**706**	157,137
Profit on disposal of Property Plant and Equipment	**30,001**	-	**-**	-
Salary Income	**-**	-	**45,014,825**	-
Sundry income	**7,032,231**	5,592,948	**4,182,989**	5,723,186
	12,186,724	13,937,569	**96,912,326**	22,997,438
9 Other expenses				
Loss on transfer/disposal of Property, plant & equipment (9.1)	**628,184**	5,045,311	**298,638,801**	269,897
Others	**-**	10,587,100	**-**	6,506,086
	628,184	15,632,411	**298,638,801**	6,775,983

9.1 During the financial year, the Company has transferred buildings and fittings value of Rs. 497 Mn to United Hotels Co. (Pvt) Limited resulted loss has been recognized in other expenses.

	Group 2013	Group 2012	Company 2013	Company 2012
10 Finance costs				
Interest on over drafts	**11,625,394**	8,783,087	**10,889,329**	8,674,162
Interest on lease	**375,936**	454,711	**-**	83,649
Loss on translation of foreign currencies	**2,843,279**	-	**-**	-
Interest on loans	**71,686,515**	38,304,350	**29,049,000**	35,538,174
Interest On Tresury Loan	**2,510,518**	-	**2,510,518**	-
Others	**67,619**	48,293	**-**	-
	89,109,261	47,590,441	**42,448,847**	44,295,985
11 Profit/(Loss) before income tax				
Profit/(Loss) before income tax is stated after charging all expenses including the following:				
Directors' emoluments	**480,000**	480,000	**480,000**	480,000
Auditors' remuneration - statutory audit	**2,508,752**	1,885,680	**645,000**	645,000
Depreciation on property, plant & equipment	**169,017,380**	142,594,951	**31,457,849**	61,363,757
Amortization of intangible assets	**1,915,384**	-	**-**	-
Amortization of lease hold right over land	**2,553,685**	2,553,685	**-**	2,553,685
Provision / (reversal) for bad & doubtful debts & write off	**9,186,620**	25,161,604	**(7,296,764)**	9,515,636
Donations	**410,068**	1,572,262	**-**	36,100
Staff costs (Note 11.1)	**205,452,190**	153,766,280	**47,740,276**	46,696,657
11.1 Staff costs				
Wages ,salaries and staff expenses	**185,761,713**	138,861,774	**39,435,788**	41,801,924
Defined contribution plan cost- EPF & ETF	**16,069,875**	14,061,175	**5,024,644**	4,504,967
Defined benefit plan cost- Retiring gratuity	**3,620,602**	843,331	**3,279,844**	389,766
	205,452,190	153,766,280	**47,740,276**	46,696,657

12 Income tax expense

The Company and its Subsidiaries are liable for income tax at the rate of 12% and 10% on its business profit and at 28% on other sources of income as per the provisions of Inland Revenue Act No.10 of 2006 and subsequent amendments thereto.

	Group		Company	
	2013	2012	**2013**	2012
	Rs.	Rs.	**Rs.**	Rs.
Current tax				
Income tax expense for the year (Note 12.1)	**(24,861,758)**	(13,649,291)	**-**	-
Under/(Over) provision in respect of previous year	**-**	(57,967)	**-**	56,177
	(24,861,758)	(13,591,324)	**-**	56,177
Deferred tax				
Origination & Reversal of temporary differences	**27,783,039**	19,596,848	**10,544,559**	18,769,625
Effect on reduction in tax rate	**-**	63,163	**-**	-
	2,921,281	5,942,361	**10,544,559**	18,825,802

12.1 Reconciliation between accounting profit and income tax on current year profit

	Group 2013	Group 2012	Company 2013	Company 2012
Profit/(Loss) before income tax	**(31,868,389)**	39,923,949	**(329,868,604)**	(64,821,967)
Adjustment on Disallowable Expenses	**467,940,312**	181,124,273	**340,073,063**	84,021,562
Adjustment on Allowable Expenses	**(269,424,081)**	(110,287,746)	**(46,526,076)**	(58,892,031)
Tax Profit/(losses) for the period	**166,647,842**	110,760,476	**(36,321,616)**	(39,692,437)
Taxable other income	**37,948,773**	663,598	**25,165,403**	193,283
Tax Losses utilized	**(24,025,317)**	(53,185,300)	**-**	-
Taxable Income	**180,571,298**	(58,238,774	**(11,156,213)**	39,499,154
Tax Loss brought forward	**392,507,101**	352,089,072	**325,836,739**	277,085,281
Adjustments to b/f balance	**16,644,727**	9,252,304	**-**	9,252,304
Tax Losses utilized during the year	**(24,025,317)**	(55,677,444)	**-**	-
Loss incurred during the year	**228,869,947**	86,843,169	**11,156,214**	39,499,154
Tax Losses carried forward	**613,996,458**	392,507,101	**336,992,953**	325,836,739
Statutory tax rate	**10%**	10%	**10%**	10%
Income tax expenses	**-**	1,565,260	**-**	-
Statutory tax rate	**12%**	12%	**12%**	12%
Income tax expenses	**21,278,664**	10,788,117	**-**	-
Statutory tax rate	**28%**	28%	**28%**	28%
Income tax expenses	**3,583,094**	1,295,914	**-**	-
Income tax on current year profits	**24,861,758**	13,649,291	**-**	-

13 Earnings/(Loss) per share

Earnings/(Loss) per ordinary share has been calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2013	2012	**2013**	2012
	Rs.	Rs.	Rs.	Rs.
Profit/(loss) attributable to equity holders of the company (Rs.)	**(61,665,714)**	26,259,009	**(319,324,045)**	(45,996,165)
Weighted average number of ordinary shares in issue	**171,825,401**	171,825,401	**171,825,401**	171,825,401
Earnings/(Loss) per share (Rs.)	**(0.36)**	0.15	**(1.86)**	(0.27)

13.1

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year after adjustment for the effects of all dilutive potential ordinary shares.

As at 31st March 2013 & as at 31st March 2012 there were no dilutive potential ordinary shares. Hence diluted earnings per share is same as basic earnings per share.

14 Property, Plant and Equipment

14.1 Group

	Freehold Land	Free hold buildings	Building on leasehold land	Plant and machinery	Furniture and office equipments	Freehold motor vehicles	Equipments	Leasehold Equipments	Computers	Swimming pool	WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1 April 2011	**3,768,286,425**	**2,079,341,903**	**1,181,562,565**	**89,392,949**	**223,555,912**	**11,034,902**	**133,473,351**	**2,644,017**	**6,404,969**	**16,422,533**	**3,066,817**	**7,515,186,343**
Additions	-	47,668	62,116,531	7,814,204	9,976,608	-	14,943,262	-	4,342,250	-	191,019,421	290,259,943
Disposals	-	-	(591,375)	(6,906,132)	(1,795,355)	-	(247,877)	-	-	-	-	(9,540,739)
Transfers from Investment Property	247,500,000	85,500,000	-	-	-	-	-	-	-	-	-	333,000,000
Transfers from WIP	-	2,361,348	69,208,917	-	1,900,837	-	2,198,961	-	81,800	-	(75,751,863)	-
As at 31 March 2012	**4,015,786,425**	**2,167,250,919**	**1,312,296,638**	**90,301,021**	**233,638,002**	**11,034,902**	**150,367,696**	**2,644,017**	**10,829,019**	**16,422,533**	**118,334,375**	**8,128,905,547**
Additions	-	87,519	438,641,303	52,855,522	45,778,422	-	29,741,261	-	13,375,563	26,867,668	77,381,319	684,728,577
Revaluations	**71,005,000**	**85,933,190**	**475,494,919**	**17,708,614**	**26,155,584**	**147,363**	**7,704,286**	**1,016,954**	**4,591,419**	**1,814,973**	**-**	**691,572,302**
Disposals	(141,000,000)	(4,608,000)	(46,260)	(4,768,120)	(7,375,642)	(4,140,603)	(1,240,120)	-	(10,100)	(15,182,942)	(30,765,557)	(209,137,344)
Depreciation on Revaluataion	-	(110,371,065)	(173,566,564)	(25,447,368)	(54,316,462)	(3,548,381)	(55,875,803)	(1,355,978)	(5,656,188)	(1,787,277)	-	(431,925,086)
Transfers from WIP	-	21,745,538	66,357,549	-	-	-	-	-	1,140,000	4,724,678	(93,967,765)	-
As at 31 March 2013	**3,945,791,425**	**2,160,038,101**	**2,119,177,585**	**130,649,669**	**243,879,904**	**3,493,281**	**130,697,320**	**2,304,993**	**24,269,713**	**32,859,633**	**70,982,372**	**8,864,143,997**
Accumulated depreciation												
As at 31 March 2011	**-**	**15,952,397**	**76,983,400**	**11,335,808**	**14,288,454**	**3,599,689**	**13,272,540**	**566,237**	**488,034**	**4,109,257**	**-**	**140,595,816**
Charge for the year	-	45,247,122	43,629,733	8,333,065	20,610,405	1,164,769	19,672,227	409,752	1,440,442	2,087,436	-	142,594,951
Disposals	**-**	**-**	**(11,662)**	**(2,172,038)**	**(386,923)**	**-**	**(28,517)**	**-**	**-**	**-**	**-**	**(2,599,140)**
As at 31 March 2012	**-**	**61,199,519**	**120,601,471**	**17,496,835**	**34,511,937**	**4,764,458**	**32,916,250**	**975,989**	**1,928,476**	**6,196,693**	**-**	**280,591,628**
Charge for the year	**-**	**49,267,416**	**52,965,880**	**10,530,159**	**23,041,406**	**1,061,254**	**23,941,643**	**379,989**	**4,268,775**	**3,560,859**	**-**	**169,017,380**
Disposals	**-**	**(92,160)**	**(786)**	**(2,579,627)**	**(2,899,509)**	**(2,277,384)**	**(718,806)**	**-**	**(5,997)**	**(7,970,275)**	**-**	**(16,544,544)**
Depreciation on Revaluation	-	(110,371,065)	(173,566,565)	(25,447,367)	(54,316,464)	(3,548,328)	(55,875,803)	(1,355,978)	(5,656,240)	(1,787,277)	-	(431,925,086)
As at 31 March 2013	**-**	**3,710**	**-**	**-**	**337,370**	**-**	**263,283**	**-**	**535,014**	**-**	**-**	**1,139,378**
Carrying Amount												
As at 31 March 2013	**3,945,791,425**	**2,160,034,391**	**2,119,177,585**	**130,649,669**	**243,542,535**	**3,493,281**	**130,434,037**	**2,304,993**	**23,734,698**	**32,859,633**	**70,982,372**	**8,863,004,619**
As at 31 March 2012	4,015,786,425	2,106,051,400	1,191,695,167	72,804,186	199,126,066	6,270,444	117,451,446	1,668,028	8,900,542	10,225,839	118,334,375	7,848,313,919
As at 31 March 2011	3,768,286,425	2,063,389,506	1,104,579,165	78,057,141	209,267,458	7,435,213	120,200,811	2,077,780	5,916,935	12,313,276	3,066,817	7,374,447,177

14 Property, Plant and Equipment (contd..)

14.2 Company

	Freehold land	Freehold buildings	Buildings on leasehold land	Plant and machinery	Furniture fittings and fixtures	Equipments	Motor vehicles	Computers	Swimming pool	WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation											
As at 31 March 2011	**63,136,425**	**106,395,746**	**897,059,551**	**51,545,451**	**97,896,826**	**66,143,525**	**10,508,604**	**2,883,631**	**15,182,942**	**3,066,817**	**1,313,819,518**
Additions	-	-	9,038,200	432,163	927,840	2,262,046	-	394,700	-	65,532,797	78,587,746
Disposals	-	-	-	-	(505,700)	(46,590)	-	-	-	-	(552,290)
Transfers	-	-	(307,426)	-	(617,534)	(483,221)	-	-	-	-	(1,408,181)
Transfer From Investment Property	247,500,000	85,500,000	-	-	-	-	-	-	-	-	333,000,000
Transfer to Investment Property	(63,136,425)	(108,757,094)	(929,402,726)	-	-	-	-	-	-	-	(1,101,296,245)
Transfers from WIP	-	2,361,348	23,612,401	-	289,919	1,195,037	-	81,800	-	(27,540,505)	-
As at 31 March 2012	**247,500,000**	**85,500,000**	**-**	**51,977,614**	**97,991,351**	**69,070,797**	**10,508,604**	**3,360,131**	**15,182,942**	**41,059,109**	**622,150,548**
Additions	-	42,065,211	560,000	1,511,206	3,280,791	5,977,638	-	-	-	686,606	54,081,452
Revaluations	-	-	-	2,863,555	(106,718)	733,307	-	1,227,116	-	-	4,717,260
Disposals	-	-	-	(4,768,120)	(7,351,642)	(1,166,969)	(4,140,603)	(10,100)	(15,182,942)	(30,765,557)	(63,385,933)
Transfer to Investment Property	-	(42,065,211)	(560,000)	-	-	-	-	-	-	-	(42,625,211)
Adjustment on revaluation		(4,275,000)	-	(16,531,086)	(30,230,712)	(29,072,037)	(3,337,863)	(1,778,265)	-	-	(85,224,963)
As at 31 March 2013	**247,500,000**	**81,225,000**	**-**	**35,053,169**	**63,583,070**	**45,542,736**	**3,030,138**	**2,798,882**	**-**	**10,980,158**	**489,713,153**
Accumilated Depriciation										-	
As at 31 March 2011	**-**	**15,952,397**	**64,008,299**	**9,535,598**	**13,080,724**	**13,145,633**	**3,599,689**	**480,434**	**4,109,257**	**-**	**123,912,031**
Charge for the year	-	5,341,333	29,440,519	4,751,127	10,238,486	7,971,051	1,059,510	631,222	1,930,509	-	61,363,757
Disposals	-	-	-	-	(193,087)	(13,383)	-	-	-	-	(206,470)
Transfers	-	-	(7,699)	-	(76,486)	(58,709)	-	-	-	-	(142,894)
Transfer to Investment Property	-	(21,293,730)	(93,441,119)	-	-	-	-	-	-	-	(114,734,849)
As at 31 March 2012	**-**	**-**	**-**	**14,286,725**	**23,049,637**	**21,044,592**	**4,659,199**	**1,111,656**	**6,039,766**	**-**	**70,191,575**
Charge for the year	-	4,275,000	-	4,823,988	10,070,682	8,729,017	955,995	672,658	1,930,509	-	31,457,849
Disposals	-	-	-	(2,579,627)	(2,889,606)	(701,572)	(2,277,384)	(5,997)	(7,970,275)	-	(16,424,461)
Transfer to Investment Property	-	-	-	-	-	-	-	-	-	-	-
On Revaluation	-	(4,275,000)	-	(16,531,086)	(30,230,713)	(29,072,037)	(3,337,810)	(1,778,317)	-	-	(85,224,963)
As at 31 March 2013	-	-	-	-	-	-	-	-	-	-	-
Carrying Amount											
As at 31 March 2013	**247,500,000**	**81,225,000**	**-**	**35,053,169**	**63,583,070**	**45,542,736**	**3,030,138**	**2,798,882**	**-**	**10,980,158**	**489,713,153**
As at 31 March 2012	247,500,000	85,500,000	-	37,690,889	74,941,714	48,026,205	5,849,405	2,248,475	9,143,176	41,059,109	551,958,973
As at 31 March 2011	63,136,425	90,443,349	833,051,252	42,009,853	84,816,102	52,997,892	6,908,915	2,403,197	11,073,685	3,066,817	1,189,907,487

9.4 The Group uses the revaluation model of measurement of property, plant & equipment. The Company engaged Mr.K.A.Arthur Perera Dip.Agric:A.M.I.V.(Sri Lanka) valuer and consultant in report dated 31st March 2013, to determine the fair value of its property, plant & equipment.

Details of the company's land, building and other properties stated at valuation are indicated below;

Company	Nature of Property	Method of valuation	Effective date of valuation	Property valuer
The Kandy Hotels Company 1938 PLC.	Property plant & equipment	Open market value method	31st March 2013	Mr.K.A.Arthur Perera
Ceylon Hotels Corporation PLC.	Property plant & equipment - Free hold	Contractors method	31st March 2013	Mr.K.A.Arthur Perera
	Property plant & equipment - Lease hold	Investment method	31st March 2013	Mr.K.A.Arthur Perera
United Hotels (Pvt) Ltd.	Property plant & equipment - Lease hold	Investment method	31st March 2013	Mr.K.A.Arthur Perera
Tissa Resort (Pvt) Ltd.	Property plant & equipment - Lease hold	Investment method	31st March 2013	Mr.K.A.Arthur Perera

		Group			Company	
	2013 Rs.	2012 Rs.	1-Apr-11 Rs.	2013 Rs.	2012 Rs.	1-Apr-11 Rs.
15 Intangible assets						
Computer Software						
Cost						
At the beginning of the year	-	-	-	-	-	-
Incurred during the year	9,930,769	-	-	-	-	-
As at 31st March	9,930,769	-	-	-	-	-
Amortization						
At the beginning of the year	-	-	-	-	-	-
Amotization for the year	1,915,384	-	-	-	-	-
At the end of the year	1,915,384	-	-	-	-	-
Net book Value as at 31st March	8,015,385	-	-	-	-	-

		Group			Company	
	2013 Rs.	2012 Rs.	1-Apr-11 Rs.	2013 Rs.	2012 Rs.	1-Apr-11 Rs.
16 Leasehold right over land						
Balance at the beginning of the Period	17,887,096	20,440,718	22,994,403	-	-	22,994,403
Amortization during the period	(2,553,685)	(2,553,622)	(2,553,685)	-	-	(2,553,685)
Balance at the end of the Period	15,333,411	17,887,096	20,440,718	-	-	20,440,718

The Associated Hotel PLC now being merged with the Company obtained leasehold rights to land situated in Bentota for 50 years from Ceylon Tourist Board by the agreement dated 13 July 1969. As part of group restructuring process the Company has transferred the said lease hold right to United Hotels Company (Pvt) Ltd. As at 31 March 2012

17 Investments in subsidiaries

As at 31st March	Group 2013			Company			
	No of Shares	Effective Holding %	Market Value	Effective Holding %	2013	2012	2011
Cost							
Quoted							
Kandy Hotels Co. (1938) PLC.	441,992,250	76.54%	3,049,746,525	76.54%	1,543,857	1,543,857	1,543,857
Unquoted							
United Hotels Co. Ltd	909,578	100%	-	100%	39,112,006	39,112,006	4,547,890
Air Line Services Ltd.	150,003	100%	-	100%	300,000	300,000	300,000
CHC Foods (Pvt) Ltd.	1	100%	-	100%	10	10	10
Tissa Resort (Pvt) Ltd.	1,000,000	100%	-	0%	-	-	1,000,000
CHC Rest Houses (Pvt) Ltd	1,000,000	100%	-	100%	1,000,000	1,000,000	1,000,000
			3,049,746,525		41,955,873	41,955,873	8,391,757

17.1. Investment in joint Venture

Suisse Hotel (Pvt) Limited, which is a subsidiary of Ceylon Hotel Corporation has acquired a 50% stake in Suisse Hotel Kandy (Pvt) Limited to be operated as a joint venture. According to LKAS 31, group elect to account its stake in Joint venture, based on the equity method of accounting. Agregate amount of assets, liabilities at the acquisition date and assets, liabilities and operating results as at the 31 March 2013 are as follows.

	No of Shares	Share Holding	Group Total 2013 (Rs.)	Total 2012 (Rs.)	1-Apr-11 (Rs.)
Suisse Hotel Kandy (Pvt) Limited	141,030,001	50%	141,030,001	-	-
Post acquisition operating losses			(3,944,171)	-	-
			137,085,831	-	-
Share of Joint Venture's Balance Sheet					
Current Asset			2,480,485	-	-
Non Current Asset			137,609,399	-	-
Current Liabilities			(3,004,053)	-	-
			137,085,831	-	-
Share of Joint Venture's Revenue and Loss					
Revenue			-	-	-
Losses before income tax			(3,944,171)	-	-
Income tax			-	-	-
Losses after income tax			(3,944,171)	-	-

18 Investment Property

			Group		
			2013	2012	2011
	Land	Building		Total	
	Rs.	Rs.		Rs.	Rs.
Opening Balance (2012)	**196,000,000**	**54,000,000**	-	333,000,000	250,000,000
Change in Fair Value (2011)	**51,500,000**	**31,500,000**	-	-	83,000,000
Transfer to PPE (2012)	**(247,500,000)**	**(85,500,000)**	-	(333,000,000)	-
Closing Balance	-	-	-	-	333,000,000

18.1 The Company's Investment Property has been accounted for as Property, Plant and Equipment in the Financial Statements of the Group in view of it being owner occupied property from the Group's point of view, and thereby changes in fair value adjusted respectively.

			Company		
			2013	2012	1-Apr-11
	Land	Building	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01.04.2011	**247,500,000**	**85,500,000**	**986,561,396**	333,000,000	333,000,000
Transfer to investment property	**63,136,425**	**923,424,971**	-	986,561,396	-
Additions	-	-	**42,625,211**	-	-
Disposal	-	-	**(497,197,600)**	-	-
Transfer to PPE	**(247,500,000)**	**(85,500,000)**	-	(333,000,000)	-
Balance as at 31.03.2012	**63,136,425**	**923,424,971**	**531,989,007**	986,561,396	333,000,000
Additions	-	**42,625,211**			
Disposal (Note 9)	-	**(497,197,600)**			
Balance as at 31.03.2013	**63,136,425**	**468,852,582**			

18.2 The Directors have adopted the fair value model to value the Investment Properties. The Property was valued by Mr. K Arthur Perera, AMIV, Incorporated valuer and having recent experience in the location and category of the investment property being valued. He has used investors method and contractors method in valuation to decide the current market value of this property.

18.3 Property Details as follows

18.3.1 Freehold property

Location	Extent	Method of Valuation
Mihinthale Rest House Land situated with 150m from A9 Road	Land - 1 A 0 R 18.93 P Buildings area - 18,350 sq.ft	Contractors method
Madwachchiya Rest House Land is situated on border of A9 Road	Land - 1 A 1 R 25 P Buildings area - 18,350 sq.ft	Contractors method
Weligama - Bay Inn Land is situated on border of Matara - Colombo A2 Road	Land - 2 A 1 R 24.20P Buildings area - 13,922 sq.ft	Contractors method
Galle Road Property Land is situated at Bambalapitiya	Land - 0 A 1 R 01.25P Buildings area - 19,000 sq.ft	Contractors method

18.3.2 Leasehold property

Ella Rest House Land situated at Bandarawela,within a radius of about 12 Km	Buildings area - 15,727.5 sq.ft	Investment method
Sigiriya Rest House Land situated in 9 Km from Inamaluwa Junction	Buildings area- 14,496 sq.ft	Investment method
Polonnaruwa Rest House Land is situated on border of "Parakrama Samudrya"	Buildings area- 15,510 sq.ft	Investment method
Habarana Rest House Land is situated on border of A6 Road	Buildings area- 8,908 sq.ft	Investment method
Dambulla Rest House Land is situated on border of Dambulla - Matale A9 Road	Buildings area- 8,022 sq.ft	Investment method
Pussellawa Rest House Land is situated on Kandy - Nuwara - Eliya A5 & 28.5 Km from Kandy	Buildings area- 6,807 sq.ft	Investment method
Hanwella Rest House Land is situated on border of Badulla - Colombo Low Level Road	Buildings area- 9,531 sq.ft	Investment method
Belihuloya Rest House Land is situated in Belihuloya on border of Badulla - Colombo Main Road	Buildings area- 15,539 sq.ft	Investment method
Kithulgala Rest House Land is situated on 49 M fromKarawanalle - Hatton Road	Buildings area- 14,609 sq.ft	Investment method
Ambepussa Rest House Land is situated on 58 Km from Colombo in Kandy - Colombo A 1 Main Road	Buildings area- 14,609 sq.ft	Investment method
The Surf - Bentota Land is situated on 61 Km from Colombo on Colombo - Matara A2 Main Road	Buildings area- 82,342.0 sq.ft	Investment method
The Lake - Polonnaruwa Land is situated on 235 Km from Colombo	Buildings area- 31,533 sq.ft	Investment method
The Safari - Tissamaharama Land is situated on 256 Km from Colombo on Colombo - Kataragama A2 Main Road	Building area - 49,965 sq.ft	Investment method

	Group 2013 Rs.	Group 2012 Rs.	Group 2011 Rs.	Company 2013 Rs.	Company 2012 Rs.	Company 1-Apr-11 Rs.
19 Inventories						
Food	**9,850,238**	8,000,364	8,219,492	**-**	-	2,960,957
Beverages	**4,852,089**	7,391,021	7,629,342	**-**	-	2,776,214
Packeted snacks	**12,451**	59,801	61,639	**-**	-	61,639
Crockery, linen and glassware	**37,018,419**	33,210,462	29,477,157	**-**	-	14,412,258
Sundry stock	**12,744,212**	10,944,619	6,772,020	**-**	-	95,065
	64,477,409	59,606,267	52,159,650	**-**	-	20,306,133
Provision for slow moving stocks	**(288,714)**	(275,960)	(480,200)		-	(211,342)
	64,188,695	59,330,307	51,679,450	**-**	-	20,094,791

19.1. As part of group restructuring process Company has transferred its inventories to its subsidiary Companies during the financial year 2011/2012.

	Group 2013 Rs.	Group 2012 Rs.	Group 1-Apr-11 Rs.	Company 2013 Rs.	Company 2012 Rs.	Company 1-Apr-11 Rs.
20 Trade & other receivables						
Accounts receivables (20.1)	**175,643,832**	141,788,335	85,947,494	**956,956**	3,325,642	16,599,282
Other receivables (20.2)	**119,795,471**	54,350,309	56,219,972	**17,143,347**	28,104,602	27,379,500
	295,439,303	196,138,644	142,167,466	**18,100,303**	31,430,244	43,978,782
20.1 Accounts receivables						
Trade receivable	**183,581,309**	157,016,756	94,760,978	**956,956**	10,622,408	20,157,317
Less: Provision for bad & doubtful debts	**(7,937,477)**	(15,228,421)	(8,813,484)	**-**	(7,296,764)	(3,558,035)
	175,643,832	141,788,335	85,947,494	**956,956**	3,325,642	16,599,282
20.2 Advances and deposits	**30,538,915**	12,613,453	4,066,171	**4,181,915**	5,196,968	1,180,882
Others	**94,695,744**	47,176,044	57,592,989	**12,961,432**	22,907,634	26,198,618
Less: Provision for bad & doubtful debts	**(5,439,188)**	(5,439,188)	(5,439,188)	**-**	-	-
	119,795,471	54,350,309	56,219,972	**17,143,347**	28,104,602	27,379,500
21 Amounts due from related companies						
United Hotels Co (Pvt) Ltd	**-**	-	-	**181,073,330**	116,597,088	-
Unionco Ltd	**-**	-	-	**-**	-	37,276,168
Tissa Resort (Pvt) Ltd	**-**	-	-	**1,946,379**	19,560,075	251,874,351
CHC Rest Houses (Pvt) Ltd	**-**	-	-	**50,657,337**	20,795,180	-
Airline Services (Pvt) Ltd	**-**	-	-	**-**	-	1,459,140
	-	-	-	**233,677,046**	156,952,343	290,609,659

		Group			Company		
		2013	2012	1-Apr-11	2013	2012	1-Apr-11
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
22	**Income Tax recoverable**						
	Balance at the beginning of the period	**3,085,766**	3,027,799	7,183,780	**117,244**	61,067	4,217,048
	Over Provision for the period	**-**	57,967	-	**-**	56,177	-
	Write offs during the period	**(2,781,063)**	-	(4,217,048)	**(9,498)**	-	(4,217,048)
	Payment made during the period	**236,428**	-	-	**-**	-	
	Transferred from Income tax payable (Note 30)	**-**	-	61,067	**-**	-	61,067
	Balance at the end of the period	**541,131**	3,085,766	3,027,799	**107,746**	117,244	61,067
23	**Cash & cash equivalents**						
	Cash at banks	**33,741,432**	59,297,343	34,675,535	**182,191**	3,965,789	8,523,582
	Fixed deposits	**269,179,179**	3,817,271	3,633,860	**3,700,584**	2,966,039	2,840,983
	Cash in hand	**6,000,496**	3,079,165	5,177,045	**209,253**	512,335	4,865,569
		308,921,107	66,193,779	43,486,440	**4,092,028**	7,444,163	16,230,134
24	**Stated capital**						
	Ordinary shares (171,825,401)	**1,217,775,748**	1,218,025,748	1,218,025,748	**1,218,025,748**	1,218,025,748	1,218,025,748
	6% Preference shares (1,200,000 Shares)	**2,650,000**	2,400,000	2,400,000	**2,400,000**	2,400,000	2,400,000
		1,220,425,748	1,220,425,748	1,220,425,748	**1,220,425,748**	1,220,425,748	1,220,425,748

24.1 All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

24.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, shares that are held by the Group, all rights are suspended until those shares are reissued.

		2013	2012	1-Apr-11	2013	2012	1-Apr-11
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25	**Reserves**						
	Revaluation reserve	**5,161,456,901**	4,702,268,693	4,763,261,141	**346,297,224**	431,665,603	453,045,395
	Capital reserve	**8,128,011**	8,128,011	8,128,011	**8,128,011**	8,128,011	8,128,011
	General reserve	**170,019,004**	170,019,004	170,019,004	**166,718,393**	166,718,393	166,718,393
		5,339,603,916	4,880,415,708	4,941,408,156	**521,143,628**	606,512,007	627,891,799

25.1 Revaluation reserve consists of the net surplus on the revaluation of Property, Plant and equipment.

25.2 The capital reserve reflects the amount the company has had as reserves over the years from its earnings for the future.

		2013	2012	1-Apr-11	2013	2012	1-Apr-11
26	**Interest bearing borrowings**						
	Analysis of interest bearing borrowings						
	Balance at the beginning of the period	**530,802,066**	355,109,832	147,355,832	**314,302,066**	348,859,832	138,105,832
	Obtained during the period	**692,705,000**	216,500,000	250,000,000	**300,000,000**	216,500,000	250,000,000
	Loan Transferred to Subsidiaries	**-**	-	-	**(275,302,066)**	(216,500,000)	-
	Repayments during the year	**(56,726,328)**	(40,807,766)	(42,246,000)	**(20,000,000)**	(34,557,766)	(39,246,000)
	Balance at the end of the period	**1,166,780,738**	530,802,066	355,109,832	**319,000,000**	314,302,066	348,859,832
	Payable after one year	**1,043,204,560**	442,278,242	270,305,554	**262,000,000**	238,278,242	267,055,554
	Payable within one year	**123,576,178**	88,523,824	84,804,278	**57,000,000**	76,023,824	81,804,278

26.1 Interest bearing borrowings (contd..)

Financial institution	Repayment terms	Principal Rs.	Rate	Security	Annual repayment Rs.	Closing balance as at 31 March 2013 Rs.
Commercial Bank of Ceylon PLC (Term Loan)	To be settlted in six months (however this can be convertible to Term Loan Facility).	300,000,000	**1.5%+ AWPLR***	Primary mortgage bond over the property at No.411, Galle Rd, Colombo 4 for 125Mn.& Primary mortgage bond over the property Lot B2 at No.411/25, Galle Rd, Colombo 4 for 40Mn.	-	300,000,000
Department of Treasury Operations (Treasury loan)	3 equal annual installments	19,000,000	12%	Bank guarantee issued from Commercial bank	-	19,000,000
Total company						**319,000,000**
Tissa Resort (Pvt) Ltd						
Commercial Bank of Ceylon PLC (Term Loan)	94 monthly installments together with interest after an initial grace period of one year	216,500,000	**1% +AWPLR***	Leasehold rights over the "The Safari"property.	-	216,500,000
						216,500,000
United Hotel (Pvt) Ltd.						
Hatton National Bank PLC (Term Loan under EIB credit Line)	72 monthly installments together with interest after an initial grace period of one year	50,000,000	**9%**	RPFMB for Rs 50Mn over the lease hold rights of The Surf hotel property located at Bentota, together with buildings constructed and equipment installed therein.	9,246,000	13,867,832
Hatton National Bank PLC (Term Loan)	72 monthly installments together with interest after an initial grace period of one year	250,000,000	**4%+ AWDR****	- do -	13,486,498	224,707,906
Hatton National Bank PLC (Term Loan)	72 monthly installments together with interest after an initial grace period of one year	200,000,000	**2.5%+ AWPLR***	- do -	8,334,000	200,000,000
Hatton National Bank PLC (US$ Term Loan)	72 monthly installments together with interest after an initial grace period of one year	192,705,000	**3M LIBOR + 5%*** **	- do -	8,030,017	192,705,000
						631,280,738
Total Group						**1,166,780,738**

* AWPLR - Average Weighted Primary Lending Rate
** AWDR - Average Weighted Deposit Rate

		Group			Company		
		2013	2012	1-Apr-11	2013	2012	1-Apr-11
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27	**Finance lease obligations**						
	Balance at the beginning of the period	**2,642,310**	4,162,734	4,598,396	**855,394**	1,443,514	762,828
	Obtained during the period	-	-	1,242,912	-	-	1,242,912
	Paid during the period	**(1,674,779)**	(1,520,424)	(1,678,574)	**(492,878)**	(588,120)	(562,226)
	Balance at the end of the period	**967,531**	2,642,310	4,162,734	**362,516**	855,394	1,443,514
	Interest in suspense	**(25,894)**	(670,522)	(1,135,040)	**(25,894)**	(148,614)	(340,834)
	Capital outstanding at end of the year	**941,637**	1,971,788	3,027,694	**336,622**	706,780	1,102,680
	Lease payable after one year						
	Amounts due after one year	-	1,191,234	2,642,310	-	336,622	855,394
	Less: interest in suspense	-	(294,593)	(660,050)	-	(44,985)	(138,144)
		-	896,641	1,982,260	-	291,637	717,250
	Lease payable within one year						
	Amounts due with in one year	**1,217,128**	1,451,076	1,520,424	**362,516**	518,772	588,120
	Less: interest in suspense	**(275,491)**	(375,929)	(474,990)	**(25,894)**	(103,629)	(202,690)
		941,637	1,075,147	1,045,434	**336,622**	415,143	385,430
28	**Amounts due to related companies**						
	Ceylon Hotels Holding (Pvt) Ltd	-	83,719,500	-	-	-	-
	The Kandy Hotel Co (1938) PLC	-	-	-	-	105,493,195	-
	The Galle Face Hotel Co Ltd	-	223,455,671	-	-	222,184,251	-
		-	307,175,171	-	-	327,677,446	-
29	**Employee Benefits**						
	At the beginning of the year	**8,245,556**	**7,965,934**	7,224,341	6,181,464	6,270,457	6,176,108
	Current service cost	**1,762,005**	**1,521,061**	959,904	1,072,517	1,067,437	598,925
	Past service cost	-	-	296,988	-	-	296,988
	Interest cost on benefit obligation	**903,387**	**949,236**	707,350	679,961	780,007	608,638
	Payments made during the year	**(2,637,435)**	**(563,709)**	(1,727,670)	(2,505,260)	(478,759)	(1,663,695)
	Acturial (Gain)/Losses	**955,211**	**(1,626,966)**	505,021	1,527,458	(1,457,678)	253,493
	At the end of the year	**9,228,723**	**8,245,556**	**7,965,934**	**6,956,140**	**6,181,464**	**6,270,457**

(a) The amounts recognised in the Balance Sheet are as follows.

Present value of the unfunded obligations	**9,228,723**	8,245,556	7,965,934	6,956,140	6,181,464	6,270,457
Total present value of obligations	**9,228,723**	8,245,556	7,965,934	6,956,140	6,181,464	6,270,457
Recognised liability for defined benefit obligations	**9,228,723**	8,245,556	7,965,934	6,956,140	6,181,464	6,270,457

(b) This obligation is not externally funded.

(c) Gratuity liability is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, Actuaries, on 31 March 2013. The principal assumptions used in the 2013 actuarial valuation are as follows:

1 Discount rate (the rate of interest used to discount the future cash flows in order to determine the present value) 11%

2 Future Salary increase

- Executives 8%
- staff 5%

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. “A 67/07 mortality table” issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company.

		Group			Company		
		2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	1-Apr-11 Rs.
30	**Non-interest- bearing borrowings**	1,802,200	1,802,200	1,802,200	1,522,200	1,522,200	1,522,200
		1,802,200	1,802,200	1,802,200	1,522,200	1,522,200	1,522,200
	Payable after one year	-	-	1,522,200	-	-	1,522,200
	Payable within one year	1,802,200	1,802,200	280,000	1,522,200	1,522,200	-
31	**Deferred tax liabilities**						
	Balance at the beginning of the period	257,110,924	279,249,285	251,106,805	6,897,975	25,667,600	39,483,296
	Deferred tax impact on revaluation	74,468,076	-	84,292,066	566,071	-	
	Effect on changes in tax rate - Revaluation Reserve	15,819	(2,604,678)	(34,924,770)	-	-	(12,273,571)
	Effect on changes in tax rate - Profit and Loss	-	63,162	21,126,166	-	-	4,376,912
	Origination /(Reversal) of temporary differences	(27,783,039)	(19,596,848)	(42,350,982)	(10,544,559)	(18,769,625)	(5,919,037)
	Transfer to deffered tax assets (31.1)	6,464,946	-	-	3,080,513	-	-
	Balance at the end of the period	310,276,726	257,110,922	279,249,285	-	6,897,975	25,667,600
31.1	**Deferred tax Assets**						
	Transfer from deffered tax liabilities	6,464,946	-	-	3,080,513	-	-
		6,464,946	-	-	3,080,513	-	-
	Temporary Differences						
	On Property Plant and Equipment	2,463,417,735	2,555,573,864	1,952,935,044	329,924,412	396,798,088	501,021,774
	On Retirement Benefit Obligation	(9,228,723)	(8,245,556)	(7,965,934)	(6,956,140)	(6,181,464)	(6,270,457)
	On Provision for Bad Debts		(12,230,194)	(4,932,087)		(7,296,764)	(3,769,377)
	Revaluation	691,572,302		702,432,883			
	On Carried Forward Tax Losses	(613,996,460)	392,507,101)	(315,393,532)	(348,639,208)	(325,836,739)	(277,085,281)
		2,531,764,854	2,142,591,014	2,327,077,375	(25,670,936)	57,483,121	213,896,659
	Tax Effect	303,811,780	257,110,922	279,249,285	(3,080,513)	6,897,975	25,667,600
32	**Deferred income**						
	Balance at the beginning of the period	-	720,451	1,440,901	-	720,451	1,440,901
	Amortization during the period	-	(720,451)	(720,450)	-	(720,451)	(720,450)
	Balance at the end of the period	-	-	720,451	-	-	720,451

	Land Rs.	Buildings Rs.	Total Rs.
Medawachchiya			
Fair value as at 23 of November 1992	1,125,000	2,251,060	3,376,060
Mihintale			
Fair value as at 23 of November 1992	260,895	8,082,025	8,342,920
Weligama			
Fair value as at 23 of November 1992	6,531,400	4,075,920	10,607,320
Total value of the government grant	7,917,295	14,409,005	22,326,300
Accumulated Amortization as at 31 March 2011			21,605,849
Net Book value			720,451
Accumulated Amortization as at 31 March 2012			22,326,300
Net Book value			-
Accumulated Amortization as at 31 March 2013			22,326,300
Net Book value			-

		Group			Company	
	2013	2012	2011	2013	2012	1-Apr-11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
33 Trade & other Payables						
Accounts payable	**73,916,247**	57,737,921	65,483,789	**13,388,380**	14,462,079	41,814,106
Accrued expenses	**29,362,735**	49,946,697	35,589,106	**20,937,182**	16,721,227	13,036,731
Accrued operating lease rent	**29,205,628**	28,133,207	26,618,308			
Other payables	**138,477,537**	86,502,801	113,564,258	**10,771,880**	23,580,236	93,179,075
	270,962,147	222,320,626	241,255,461	**45,097,442**	54,763,542	148,029,912
34 Amounts due to related companies						
The Kandy Hotel Co (1938) PLC	**-**	-	-	**170,287,523**	-	27,644,863
GFH Management Co (Pvt) Ltd	**42,495,069**	26,886,307	4,451,485	**-**	21,333,051	4,451,485
The Galle Face Hotel Co Ltd	**90,834,930**	-	138,875,472	**72,654,427**	-	138,875,472
CHC Food (Pvt) Ltd	**-**	-	-	**11,117,167**	13,289,813	-
Airline Services (Pvt) Ltd	**-**	-	-	**1,021,164**	1,000,463	1,970,079
Ceylon Hotel Holdings (Pvt) Ltd	**391,012,063**	22,678,962	-	**197,727**	19,881,328	-
Tissa Resort (Pvt) Ltd	**-**	-	-	**8,006,301**	-	-
CHC Rest House (Pvt) Ltd	**-**	-	-	**1,487,185**	-	469,566
	524,342,062	49,565,269	143,326,957	**264,771,494**	55,504,655	173,411,465
35 Income tax payable						
Balance as at 01 April	**7,228,467**	6,978,712	4,814,756	**-**	-	142,501
Provision for the year	**24,861,758**	13,649,291	9,583,715	**-**	-	56,177
Over Provision in respect of previous year	**-**	-	253,361	**-**	-	-
WHT & ESC Recoverable	**(1,009)**	-	(140,395)	**-**	-	(140,395)
Payment Made During the year	**(16,562,109)**	(13,399,536)	(7,593,792)	**-**	-	(119,350)
Transferred to Income tax receivable	**-**	-	61,067	**-**	-	61,067
Balance at the end of the period	**15,527,107**	7,228,467	6,978,712	**-**	-	-

36 Related party transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS)24 "Related Party Disclosure", the details of which are reported below.

Company Name	Nature of Relation-ship	Name of the Director	Nature of Transaction	Year ended 31.03.2013 Rs.	Year ended 31.03.2012 Rs.
G F H Management Co Ltd	Affiliate	Mr. Sanjeev Gardiner (Chairman) Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Expenses paid by GFHM on behalf of CHC	**21,333,051**	(16,881,566)
The Galle Face Hotel Company	Ultimate parent	Mr. Sanjeev Gardiner (Chairman) Mr. Lakshman Samarasinghe Dr. Dennis. J. Aloysius	Expenses incurred by CHC to on behalf of GFH	**2,912,374**	2,682,971
			Expenses reimbursed by GFH on behalf of CHC	**(22,522,550)**	(27,953,491)
			Hotel Reservation over booking transfer by GFH to CHC	**-**	(580,709)
			Funds Transfer to CHC	**(56,860,000)**	-
			Funds Transfer from CHC	**226,000,000**	(57,457,550)
					-
Kandy Hotels Company (1938) PLC	Subsidiary	Mr. Sanjeev Gardiner (Chairman) Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of KHCL	**13,221,360**	4,800,907
			Funds transfer to KHCL from CHC	**30,500,000**	-
			Funds Transferred from KHCL to CHC	**(108,182,774)**	(77,400,000)
			Project Expenses paid by KHCL on behalf of CHC	**-**	(444,834)
			Debtors Collection Bank on CHC Bank Accounts behalf of KHCL	**-**	(1,549,020)
			Advance against Reservation Banked on CHC behalf of KHCL	**(332,913)**	(3,255,384)
United Hotels Company Ltd	Subsidiary	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Dr. Dennis. J. Aloysius Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of UHCL	**46,218,001**	16,502,702
			Funds transferred to UHCL	**22,472,311**	28,960,000
			Transfer of Lease Hold Right	**-**	17,887,096
			Assets Transferred to UHCL	**274,357,520**	1,784,339
			Expenses incured by UHCL on behalf of CHC	**(6,101,791)**	-
			Project Expenses paid by CHC on behalf of UHCL	**-**	106,369,631
			Inventory transfer to UHCL	**-**	1,169,203
			Loan transferd to UHCL	**(242,534,823)**	-
			Investment in Tissa Resort (Pvt) Ltd shares transfer to UHCL	**-**	1,000,000
			UHCL credit card collection & debtors collection banked on CHC A/C	**(1,984,973)**	(1,052,696)
			Inventory Transfer from UHCL	**-**	(544,281)
			Funds Transferred from UHCL	**(27,950,000)**	(5,890,000)
			Right Issue shares Transfer from UHCL	**-**	(34,563,964)
			Liabilities Transfer to UHCL	**-**	(52,301,110)
CHC Foods (Pvt) Ltd	Subsidiary	Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Expenses paid by CHC Foods on behalf of CHC PLC	**(299,138)**	(334,860)
			Funds transferred from CHC Foods (Pvt) Ltd	**-**	(39,895,500)
			Debtors Collection & Advance Reservation Banked on CHC A/C	**(702,732)**	(424,875)
			Sale of items to CHC Foods (Pvt) Ltd	**-**	4,836,243
			Expenses incurred by CHC to CHC Foods (Pvt) Ltd	**-**	16,785,760
			Funds transferred to CHC Foods (Pvt) Ltd	**(14,026,200)**	755,000
			Inventory Transfer to CHC Foods (Pvt) Ltd.	**-**	3,529,279
			Assets Transfer	**657,088**	-
Tissa Resort (Pvt) Ltd	Subsidiary	Mr. Lakshman Samarasinghe Dr. Dennis. J. Aloysius Mr. Priyantha Maddumage	Funds transferred to Tissa Resort (Pvt) Ltd.	**10,800,000**	2,400,000
			Project Expenses paid by CHC on behalf of Tissa Resort (Pvt) Ltd.	**-**	4,900,631
			Expenses paid by CHC to Tissa Resort (Pvt) Ltd.	**-**	8,196,326
			Expenses incurred by CHC on behalf of Tissa Resort	**4,307,913**	-
			Assets & Inventory Transfer from CHC to Tissa Resort (Pvt) Ltd.	**-**	175,735
			Tissa Resort (Pvt) Ltd. credit card & debtors collection banked on CHC A/C	**(3,606,527)**	(1,490,014)
			Assets Transferred from Tissa Resort (Pvt) Ltd	**2,318,614**	(1,479,803)
			Funds transfer from Tissa Resort to CHC	**(39,440,000)**	(24,000,000)
			Loan transferred to Tissa Resort (Pvt) Ltd	**-**	(216,500,000)
			Advance against Reservation Banked on CHC	**-**	(4,517,153)

CHC Rest Houses (Pvt) Ltd	Subsidiary	Mr. Priyantha Maddumage Mr. Lakshman Samarasinghe	Expenses paid by CHC to CHC Rest Houses (Pvt) Ltd. Inventory transfer from CHC to CHC Rest Houses (Pvt) Ltd. Fund Transferred to CHC Rest Houses (Pvt) Ltd. Credit Card Collection & Debtors collection banked on CHC A/C Expenses reimbursed by CHC Rest Houses (Pvt) Ltd. on behalf of CHC Assets Transfer from CHC Assets transfer to CHC Funds transferred from CHC Rest Houses (Pvt) Ltd Advance Received against reservation bank on CHC A/C	**24,202,255** - **20,640,000** **(1,335,267)** - **952,666** **(34,680)** - **(16,050,000)**	27,606,219 9,464,995 16,140,000 (13,187,242) (1,282,504) - - (16,100,000) (1,376,723)
Ceylon Hotels Holdings (Pvt) Ltd.	Parent Company	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Fund Transfer from CHH Funds Transfer to Ceylon Hotels Holdings	**(51,076,400)** **70,760,000**	(19,881,327) -
Air Line Services (Pvt) Ltd	Subsidiary	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Dr. Dennis. J. Aloysius Mr. Priyantha Maddumage	Admin expenses incurred by CHC to Air line services (Pvt) Ltd Air Line Services collection money banked to CHC Bank A/C Expenses paid by Air Line Service on behalf of CHC PLC.	 - - **(20,701)**	 1,309,135 (339,519) -

This note should be read in conjunction with the note 21, 28 and 34, Related party receivable and Related party payable respectively.

Ceylon Hotels Corporation PLC	CHC
The Galle Face Hotel Co. Ltd	GFH
United Hotels Co. Ltd	UHCL
Ceylon Hotels Holdings (Pvt) Ltd	CHH
Kandy Hotels Co. (1938) PLC	KHP
GFH Management Company (Pvt) Ltd	GFHM
CHC Rest Houses (Pvt) Ltd.	CHC RH

36.1 Compensation paid to Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors and their close family members) have been classified as Key Management Personnel of the Company. Emoluments paid to key management personnel have been disclosed in note 11.

37 Contingent liabilities

37.1 Company

The Company does not have any significant Contingent Liabilities outstanding as at the Balance Sheet date other than those disclosed below.

Name	Nature
Mr.Susil Rathnasiri	Labour
Mr. D.M. Jagath Kumara	Labour
Mr. Premalal De Silva	Labour
Mrs. Kumudu Perera	Labour
Mr. Eranga Ranasinghe	Labour
Mr. Aloysius	Labour

37.2 Group

There were no any material contingent liabilities for the group other than those disclosed below, as at the balance sheet date. The Kandy Hotel Co. (1938) PLC is pursuing or is being pursued with legal action on the following legal cases. As per the representation given by the management these cases are still outstanding as at 31st March 2013.

Name	Designation /	Case No.
Ms. H.M Dingiri Menike	Tenant	RE 2645
Men's Tailor	Tenant	Rent board case

37.2 Group (contd..)

Although , there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse affect on the results of operations, financial position or liquidity of the Company. Accordingly no provision for any liability has been made in the financial statements, nor has any liability been determined by the ongoing legal cases, as at 31st March 2013.

38 Capital Commitments

There are no Capital expenditure approved by the Board of Directors for which provision has not been made in the Financial Statements other than disclosed below.

39 Events occurring 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.

40 Number of employees

The total number of employees of the Group as at 31.03.2013 was 909. (31.03.2012 - 828.)

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments held by the Group principally comprise of cash, trade and other receivables, trade and other payables, loans and borrowings/Leases. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

Financial risk management of the Group is carried out based on guidelines established by its parent Group's finance department which comes under the preview of the Board of Directors.

Parent company Finance department evaluates financial risk in close co - operation with the hotel operational units. The parent company provides guidelines for overall risk management as well, covering specific areas such as credit Risk ,Liquidity Risk ,Interest rate risk and foreign currency risk.

The Group has established guidelines for risk controlling procedures and for the use of financial instruments, including a clear segregation of duties with regard to financial activities , settlements, accounting and related controlling . The guide lines and systems are regularly reviewed and adjusted accordingly to changes in markets and products. The company's Executive Directors monitor these risks primarily through its operating and financing activities.

41.1 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

41.1.1 Credit risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available).Following table shows the maximum risk positions.

	2013				2012			
	Cash in hand and at bank Rs.	**Trade and other receivables Rs.**	**Total Rs.**	**% of allocation**	**Cash in hand and at bank Rs.**	**Trade and other receivables Rs.**	**Total Rs.**	**% of allocation**
Deposits with bank	269,179,179	-	269,179,179	45%	3,817,271	-	3,817,271	1%
Trade and other receivables	-	295,439,303	295,439,303	49%	-	196,138,644	196,138,644	75%
Cash in hand and at bank	39,741,928	-	39,741,928	6%	62,376,508	-	62,376,508	24%
Total credit risk exposure	**308,921,107**	**295,439,303**	**604,360,410**	**100%**	**66,193,779**	**196,138,645**	**262,332,424**	**100%**

41.1.2 Trade receivables

		Group	
		2013 Rs.	**2012 Rs.**
Neither past due nor impaired			
Past due but not impaired	01–29 days	**58,767,627**	74,435,845
	30–60 days	62,460,383	36,204,117
	61–90 days	23,934,301	14,046,626
	91–120 days	15,797,650	8,939,946
	121–180 days	(1,415,719)	18,073,946
	> 356 days	24,037,066	5,316,276
	Gross carrying value	**183,581,309**	157,016,756
Less: impairment provision			
Individually assessed impairment provision		**(7,937,477)**	(15,228,421)
Net Amount		**175,643,832**	141,788,343

41.1.3 Credit risk relating to cash and cash equivalents

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the company limits the maximum cash amount that can be deposited with a single counter party. In addition, the company maintains an authorised list of acceptable cash counter parties based on current ratings and economic outlook, taking into account analysis of fundamentals and market indicators. The company held short term deposits, cash and cash equivalents of Rs. 309 million at 31 March 2013 (2012 - Rs. 66 million).

41.2 Liquidity Risk

The Group policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

41.2.1 Net (debt)/cash

	Group	
	2013	**2012**
	Rs.	**Rs.**
Short term investments	**269,179,179**	3,817,821
Cash in hand and at bank	**39,741,928**	62,376,508
Total liquid assets	**308,921,107**	66,193,779
Interest bearing loans and borrowings	**1,166,780,738**	530,802,066
Bank overdrafts	**118,850,686**	105,925,808
Total liabilities	**1,285,631,424**	636,727,874
Net (debt)/cash	**(976,710,317)**	(570,534,095)

41.2.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing.

Maturity analysis

The table below summarises the maturity profile of the Group financial liabilities at 31 March 2013 based on contractual un-discounted payments.

Company	**Within 1 year Rs.**	**Between 2-3 years Rs.**	**Between 2-3 years Rs.**	**More than 3 years Rs.**	**Total Rs.**
Financial instruments in non-current liabilities	-	186,236,292	201,986,460	654,981,808	**1,043,204,560**
Trade and other payables	270,962,147	-	-	-	**270,962,147**
		-	-	-	
Borrowings-Financial instruments in current liabilities	123,576,178	-	-	-	**123,576,178**
Amounts due to related parties	-	-	-	524,342,062	**524,342,062**
Bank overdrafts	118,850,686	-	-	-	**118,850,686**

41.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market prices comprise four types of risk:
* Interest rate risk
* Currency risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31 March in 2013 .

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2013 and 2012.

41.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of the deposits , with all other variables held constant, of the Group profit before tax (through the impact on floating rate of deposits).

The Group exposure to deposits rates in USD is not material

Group		
Year	Increase/ (decrease) in basis points	Effect on profit before tax
2013	**+ 100-150 basis points**	**2,076,976**
	- 100-150 basis points	(1,384,651)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as LIBOR, SLBOR, AWPLR.

41.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in overseas operations and foreign currency transactions which are affected by foreign exchange movements.

41.3.2.1 Effects of currency translation.

The Group is maintaining USD fixed deposits of USD 2,129,962.00 AS AT 31.03.2013 with a fixed interest rates and exchange rate used for the conversion of the Deposit is I USD = 125.31 LKR. The change and effect of the translation as follows

The Group exposure to foreign currency changes of deposit translation to USD is not material

	Currency	Increase/(decrease) in exchange rate	Effect on profit before tax LKR Mn	Effect on equity LKR Mn
Company				
2013	**USD**	**3%**	**6,389,886**	**6,389,886**
		-3%	(6,389,886)	(6,389,886)

Assumptions
The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

42 Capital management

The primary objective of the Group capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, have a rights issue or buy back of shares.

43 Explanation of transition to the New Sri Lanka Accounting Standards

As stated in Note 2.2 to the financial statements, these are the company's first financial statements prepared in accordance with new Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (ICASL).

The accounting policies set out in Note 03 to 06 have been applied in preparing the financial statements for the year ended 31 March 2013, and the comparative information presented in these financial statements for the year ended 31 March 2012 and in the preparation of an opening statement of Financial Position as at 1 April 2011 (The Group date of transition).

An explanation of how the transition from previous accounting standards has affected the Company's/Group's financial position and financial performance is set out in the following tables and notes that accompany the tables.

43.1. RECONCILIATION - STATEMENT OF FINANCIAL POSITION

	Note	Group			Company		
		SLAS	Effect of Transition	SLFRS	SLAS	Effect of Transition	SLFRS
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
		2011		2011	2011		2011
ASSETS							
Non-Current Assets							
Property, plant and equipment		**7,374,447,177**	-	7,374,447,177	**1,189,907,487**	-	189,907,487
Intangible assets	A	**518,383,484**	(518,383,484)	-	**518,383,484**	(518,383,484)	-
Lease hold right over land		**20,440,718**	-	20,440,718	**20,440,718**	-	20,440,718
Investments in subsidiaries		**-**	-	-	**8,391,757**	-	8,391,757
Investment Property		**333,000,000**	-	333,000,000	**333,000,000**	-	333,000,000
Total Non-Current Assets		**8,246,271,379**	**(518,383,484)**	**7,727,887,895**	**2,070,123,446**	**(518,383,484)**	**1,551,739,962**
Current Assets							
Inventories		**51,679,450**	-	51,679,450	**20,094,791**	-	20,094,791
Trade & other receivables		**142,167,466**	-	142,167,466	**43,978,782**	-	43,978,782
Amounts due from related companies		**-**	-	-	**290,609,659**	-	290,609,659
Income Tax recoverable		**3,027,799**	-	**3,027,799**	**61,067**	-	61,067
Cash & cash equivalents		**43,486,440**	-	**43,486,440**	**16,230,134**	-	16,230,134
Total current assets		**240,361,155**	**-**	**240,361,155**	**370,974,433**	**-**	**370,974,433**
Total Assets		**8,486,632,534**	**(518,383,484)**	**7,968,249,050**	**2,441,097,879**	**(518,383,484)**	**1,922,714,395**
EQUITY AND LIABILITIES							
Equity							
Stated capital		**1,220,425,748**	-	1,220,425,748	**1,220,425,748**	-	1,220,425,748
Reserves		**4,941,408,156**	-	4,941,408,156	**627,891,799**	-	627,891,799
Accumulated losses	A/B	**(283,136,291)**	(545,001,792)	(828,138,083)	**(366,141,923)**	(518,383,484)	(884,525,407)
Total equity attributable to equity holders of the company		**5,878,697,613**	**(545,001,792)**	**5,333,695,822**	**1,482,175,624**	**(518,383,484)**	**963,792,140**
Minority interest		**1,317,287,715**	**-**	**1,317,287,715**	**-**	**-**	**-**
Total Equity		**7,195,985,328**	**(545,001,792)**	**6,650,983,536**	**1,482,175,624**	**(518,383,484)**	**963,792,140**
Non-Current Liabilities							
Interest-bearing-borrowings		**270,305,554**	-	270,305,554	**267,055,554**	-	267,055,554
Finance lease obligations		**1,982,260**	-	1,982,260	**717,250**	-	717,250
Amounts due to related companies		**-**	-	-	**-**	-	-
Employee benefits		**7,965,934**	-	7,965,934	**6,270,457**	-	6,270,457
Non interest-bearing borrowings		**1,522,200**	-	1,522,200	**1,522,200**	-	1,522,200
Deferred tax liabilities		**279,249,285**	-	279,249,285	**25,667,600**	-	25,667,600
Deferred income		**720,451**	-	720,451	**720,451**	-	720,451
Total Non-Current Liabilities		**561,745,684**	**-**	**561,745,684**	**301,953,512**	**-**	**301,953,512**
Current Liabilities							
Trade and other payables	B	**214,637,153**	26,618,308	241,255,461	**148,029,912**	-	148,029,912
Interest-bearing-borrowings due within one year		**84,804,278**	-	84,804,278	**81,804,278**	-	81,804,278
Finance lease obligations due within one year		**1,045,434**	-	1,045,434	**385,430**	-	385,430
Non interest-bearing-borrowings due within one year		**280,000**	-	280,000	**-**	-	-
Amounts due to related companies		**143,326,957**	-	143,326,957	**173,411,465**	-	173,411,465
Income tax payable		**6,978,712**	-	6,978,712	**-**	-	-
Bank overdrafts		**277,828,988**	-	277,828,988	**253,337,658**	-	253,337,658
Total current liabilities		**728,901,522**	**26,618,308**	**755,519,830**	**656,968,743**	**-**	**656,968,743**
Total Equity & Liabilities		**8,486,632,534**	**(518,383,484)**	**7,968,249,050**	**2,441,097,879**	**(518,383,484)**	**1,922,714,395**

43.1 RECONCILIATION - STATEMENT OF FINANCIAL POSITION (Contd..)

		Group			Company		
	Note	SLAS	Effect of Transition	SLFRS	SLAS	Effect of Transition	SLFRS
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
		2012		2012	2012		2012
ASSETS							
Non-Current Assets							
Property, plant and equipment		7,848,313,919	-	7,848,313,919	551,958,973	-	551,958,973
Intangible assets	A	518,383,484	(518,383,484)	-	518,383,484	(518,383,484)	-
Lease hold right over land		17,887,096	-	17,887,096	-	-	-
Investments in subsidiaries		-	-	-	41,955,873	-	41,955,873
Investment Property		-	-	-	986,561,396	-	986,561,396
Total Non-Current Assets		**8,384,584,499**	**(518,383,484)**	**7,866,201,015**	**2,098,859,726**	**518,383,484)**	**1,580,476,242**
Current Assets							
Inventories		59,330,307	-	59,330,307	-	-	-
Trade & other receivables		196,138,644	-	196,138,644	31,430,244	-	31,430,244
Amounts due from related companies		-	-	-	156,952,343	-	156,952,343
Income Tax recoverable		3,085,766	-	3,085,766	117,244	-	117,244
Cash & cash equivalents		66,193,779	-	66,193,779	7,444,163	-	7,444,163
Total current assets		**324,748,496**	**-**	**324,748,496**	**195,943,994**	**-**	**195,943,994**
Total Assets		**8,709,332,995**	**(518,383,484)**	**8,190,949,511**	**2,294,803,720**	**518,383,484)**	**1,776,420,236**
EQUITY AND LIABILITIES							
Equity							
Stated capital		1,220,425,748	-	1,220,425,748	1,220,425,748	-	1,220,425,748
Reserves		4,880,415,708	-	4,880,415,708	606,512,007	-	606,512,007
Accumulated losses	A/B	(191,765,257)	(546,516,691)	(738,281,948)	(390,758,296)	(518,383,484)	(909,141,780)
Total equity attributable to equity holders of the company		**5,909,076,199**	**(546,516,691)**	**5,362,559,508**	**1,436,179,459**	**(518,383,484)**	**917,795,975**
Minority interest		**1,336,242,130**	**-**	**1,336,242,130**	**-**	**-**	**-**
Total Equity		**7,245,318,329**	**(546,516,691)**	**6,698,801,638**	**1,436,179,459**	**(518,383,484)**	**917,795,975**
Non-Current Liabilities							
Interest-bearing-borrowings		442,278,242	-	442,278,242	238,278,242	-	238,278,242
Finance lease obligations		896,641	-	896,641	291,637	-	291,637
Amounts due to related companies		307,175,171	-	307,175,171	327,677,446	-	327,677,446
Employee benefits		8,245,556	-	8,245,556	6,181,464	-	6,181,464
Non interest-bearing borrowings		-	-	-	-	-	-
Deferred tax liabilities		257,110,922	-	257,110,922	6,897,975	-	6,897,975
Deferred income		-	-	-	-	-	-
Total Non-Current Liabilities		**1,015,706,532**	**-**	**1,015,706,532**	**579,326,764**	**-**	**579,326,764**
Current Liabilities							
Trade and other payables	B	194,187,419	28,133,207	222,320,626	54,763,542	-	54,763,542
Interest-bearing-borrowings due within one year		88,523,824	-	88,523,824	76,023,824	-	76,023,824
Finance lease obligations due within one year		1,075,147	-	1,075,147	415,143	-	415,143
Non interest-bearing-borrowings due within one year		1,802,200	-	1,802,200	1,522,200	-	1,522,200
Amounts due to related companies		49,565,269	-	49,565,269	55,504,655	-	55,504,655
Income tax payable		7,228,467	-	7,228,467	-	-	-
Bank overdrafts		105,925,808	-	105,925,808	91,068,133	-	91,068,133
Total current liabilities		**448,308,134**	**28,133,207**	**476,441,341**	**279,297,496**	**-**	**279,297,496**
Total Equity & Liabilities		**8,709,332,995**	**(518,383,484)**	**8,190,949,511**	**2,294,803,720**	**(518,383,484)**	**1,776,420,236**

43.2. RECONCILIATION - STATEMENT OF COMPREHENSIVE INCOME

	Note	Group			Company		
		SLAS 2012	Effect of Transition	SLFRS 2012	SLAS 2012	Effect of Transition	SLFRS 2012
Revenue		**924,298,950**	**-**	**924,298,950**	**227,423,602**	**-**	**227,423,602**
Cost of sales		(299,129,917)	-	(299,129,917)	(79,254,946)	-	(79,254,946)
Gross profit		**625,169,033**	**-**	**625,169,033**	**148,168,656**	**-**	**148,168,656**
Other income	C	14,942,469	(1,004,900)	13,937,569	23,190,721	(193,283)	22,997,438
Distribution expenses		(33,860,074)	-	(33,860,074)	(7,809,169)	-	(7,809,169)
Administrative expenses	B	(501,589,732)	(1,514,899)	(503,104,631)	(177,300,207)	-	(177,300,207)
Other operating expenses		(15,632,411)	-	(15,632,411)	(6,775,983)	-	(6,775,983)
Profit from operations		89,029,286	(2,519,799)	86,509,487	(20,525,982)	(193,283)	(20,719,265)
Finance Income	C	-	1,004,903	1,004,903	-	193,283	193,283
Finance cost		(47,590,441)	-	(47,590,441)	(44,295,985)	-	(44,295,985)
Net finance cost		(47,590,441)	1,004,903	(46,585,538)	(44,295,985)	193,283	(44,102,702)
Profit /(Loss) before income tax		**41,438,845**	**(1,514,896)**	**39,923,949**	**(64,821,967)**	**-**	**(64,821,967)**
Income tax expense		5,942,361	-	5,942,361	18,825,802	-	18,825,802
Profit/(Loss) for the year		**47,381,206**	**(1,514,896)**	**45,866,310**	**(45,996,165)**	**-**	**(45,996,165)**
Other comprehensive income							
Revaluation of property, plant & equipment		-	-	-	-	-	-
Total comprehensive income for the year, net of tax		**47,381,209**	**(1,514,899)**	**45,866,310**	**(45,996,165)**	**-**	**(45,996,165)**
Profit/(Loss) attributable to:							
Equity holders of the company		27,773,908	(1,514,899)	26,259,009	(45,996,165)	-	(45,996,165
Non Controlling Interest		19,607,301	-	19,607,301	-	-	-
Profit for the year		**47,381,209**	**(1,514,899)**	**45,866,310**	**(45,996,165)**	**-**	**(45,996,165)**
Total Comprehensive Income attributable to :							
Owners of the Company		27,789,705	(1,514,899)	26,274,806	(45,996,165)	-	(45,996,165)
Non Controlling Interest		19,591,504	-	19,591,504	-	-	-
Total comprehensive income for the year		**47,381,209**	**(1,514,899)**	**45,866,310**	**(45,996,165)**	**-**	**(45,996,165)**

43.3. EXPLANATIONS TO THE FIRST TIME ADOPTION OF SLFRS/LKAS

A Recognition of Common control transactions.

Associated Hotels PLC and Peregrine (Pvt) Ltd were subsidiaries of Ceylon Hotels Corporation PLC and in financial year 2008, these two subsidiaries were amalgamated (merged) with Ceylon Hotels Corporation PLC. The merger was effected by way of share swap. The merger was accounted applying previously existed accounting standards (SLAS) and a goodwill of Rs. 518 Mn was recognised as a result of business combination.

With the adoption of SLFRS the previously effected business combination before 1st April 2011 was restated in accordance with SLFRS 1 - "First Time Adoption of Sri Lanka Accounting Standards".

The merger of Ceylon Hotels Corporation , Associated Hotels PLC & Peregrine (Pvt) Ltd is viewed as a common control transaction and book value accounting is applied in the newly formed Ceylon Hotel Corporation accounts. Accordingly, book value accounting previously recognised goodwill was derecognised and has been accounted within equity.

The impact arising from the change is summarised as follows:

Statement of Financial position	**Group/Company** As at 31 March 2012 Rs.	As at 01 April 2011 Rs.
Goodwill	(518,383,484)	(518,383,484)
Adjustment to retained earnings	(518,383,484)	(518,383,484)

B Recognition of Operating Lease expenses

In the course of the Group's operations it has entered in to contractual lease agreements with Tourist Development Authority, in the form of operating leases. Such lease agreements are embedded with progressive rate escalation clauses, resulting in increased rental yields across the term of the lease.

Under SLAS, the income arising from such contracts were recognized based on the contractual terms prevailing at the date of recognition.

However, as per LKAS/SLFRS, lease income from operating leases required to be recognized on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the use benefit derived from the leased asset is diminished. It further elaborates that the benefits offered in terms of incentive provided in negotiating / renewing an operating lease, including rent-free fit out periods and concessionary rental during the set up periods be amortized over the term of the lease.

The impact arising from the change is summarised as follows:

Statement of Comprehensive income	**Group For the year ended 31 March 2012 Rs.**
Administrative expenses	(1,514,899)
Adjustment before income tax	(1,514,899)

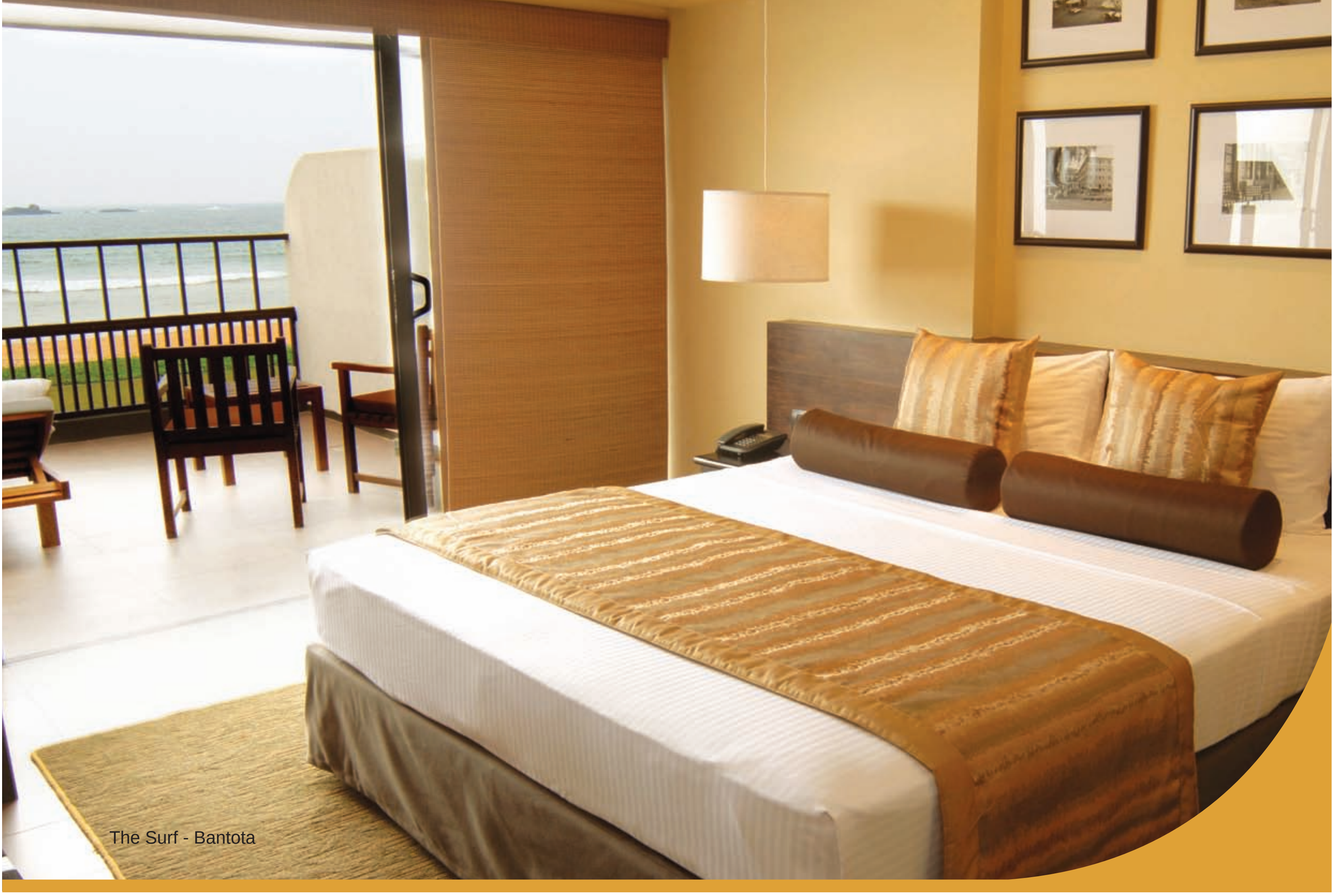
Statement of Financial position	**Group** As at 31 March 2012 Rs.	As at 01 April 2011 Rs.
Trade and other payables	1,514,899	26,618,308
Adjustment to retained earnings	(1,514,899)	(26,618,308)

C Finance Income

As per previous SLAS interest income has been classified under other operating income. Under SLFRS/LKAS interest income has been classified in finance income.

The impact arising from the change is summarised as follows:

		Group For the year ended 31 March 2012	Company For the year ended 31 March 2012
Reclassification from	**Reclassification to**	**Rs.**	**Rs.**
Other operating Income	Finance Income	1,004,900	193,283



Investor Information

Ceylon Hotels Corporation PLC
No. 327, Union Place, Colombo 2

Annual Report
For the year ended 31st March 2013

ANALYSIS OF SHAREHOLDING AS AT 31.03.2013

Company Code : CHOT
Company Name : Ceylon Hotels Corporation PLC
Share Type : Ordinary

No of Shares Held	No of shareholders	Total Holding	Holding %
1 - 1,000	6735	1,243,489	0.71
1,001 - 5,000	624	1,610,821	0.94
5,001 -10,000	146	1,086,554	0.63
10,001 - 50,000	115	2,537,082	1.48
50,001 -100,000	17	1,144,988	0.67
100,001 -500,000	15	2,822,898	1.64
500,001 -1,000,000	1	723,173	0.42
Over 1,000,000	5	160,656,396	93.51
	7658	171,825,401	100

ANALYSIS OF SHAREHOLDING OF JOINT & INDIVIDUAL SHAREHOLDERS AS AT 31.03.2013

Company Code : CHOT
Company Name : Ceylon Hotels Corporation PLC
Share Type : Ordinary

No of Shares Held	No of shareholders	Total Holding	Holding %
1 - 1,000	6702	1,234,926	0.71
1,001 - 5,000	594	1,530,264	0.89
5,001 -10,000	133	974,348	0.57
10,001 - 50,000	98	2,074,568	1.21
50,001 -100,000	9	556,146	0.32
100,001 -500,000	7	1,065,704	0.62
500,001 -1,000,000	1	723,173	0.42
Over 1,000,000	0	-	0
	7544	8,159,129	4.74

ANALYSIS OF SHAREHOLDING OF NON RESIDENT SHAREHOLDERS AS AT 31.03.2013

Company Code : CHOT
Company Name : Ceylon Hotels Corporation PLC
Share Type : Ordinary

No of Shares Held		No of shareholders	Total Holding	Holding %
1	- 1,000	12	4,972	0
1,001	- 5,000	6	17,700	0.01
5,001	-10,000	0	0	0
10,001	- 50,000	3	72,700	0.04
50,001	-100,000	0	0	0
100,001	-500,000	0	0	0
500,001	-1,000,000	0	0	0
Over 1,000,000		0	0	0
		21	95,372	0.05

ANALYSIS OF SHAREHOLDING OF ALL RESIDENT SHAREHOLDERS AS AT 31.03.2013

Company Code : CHOT
Company Name : Ceylon Hotels Corporation PLC
Share Type : Ordinary

No of Shares Held		No of shareholders	Total Holding	Holding %
1	- 1,000	6706	1,243,461	0.72
1,001	- 5,000	617	1,588,177	0.92
5,001	-10,000	146	1,086,554	0.63
10,001	- 50,000	112	2,464,382	1.43
50,001	-100,000	17	1,144,988	0.67
100,001	-500,000	15	2,822,898	1.64
500,001	-1,000,000	1	723,173	0.42
Over 1,000,000		5	160,656,396	93.52
		7619	171,730,029	99.95

Number of Non-Resident Shareholders - 21 - (0.05%)
Number of Resident Shareholders - 7,619 - (99.95%)

ANALYSIS OF SHAREHOLDING OF COMPANY SHAREHOLDERS AS AT 31.03.2013

Company Code : CHOT
Company Name : Ceylon Hotels Corporation PLC
Share Type : Ordinary

No of Shares Held		No of shareholders	Total Holding	Holding %
1	- 1,000	33	8,563	0.01
1,001	- 5,000	30	80,557	0.05
5,001	-10,000	13	112,206	0.07
10,001	- 50,000	17	462,514	0.27
50,001	-100,000	8	588,842	0.34
100,001	-500,000	8	1,757,194	1.03
500,001	-1,000,000	0	0	0
Over 1,000,000		5	160,656,396	93.49
		114	163,666,272	95.26

DIRECTORS SHAREHOLDING AS AT 31.03. 2013

No	NAME OF DIRECTOR	Ledger	CDS	Total
1	SANJEEV GARDINER	NIL	NIL	NIL
2	LAKSHMAN SAMARASINGHE	131	2,894	3,025
3	PRIYANTHA MADDUMAGE	NIL	1	1
4	DR. DENNIS ALOYSIUS	10,069	NIL	10,069
5	DR. CHRISANTHA NONIS	NIL	NIL	NIL
6	KUVERA DE. ZOYSA	NIL	NIL	NIL
7	MANGALA BOYAGODA	NIL	NIL	NIL
8	GUNAPALA TISSAKUTTIARACHCHI	NIL	NIL	NIL

TOP 20 SHAREHOLDERS (ORDINARY) AS AT 31.03.2013
Company Code : CHOT

Position	Name of Shareholder	No of Shares	%
1	CEYLON HOTEL HOLDINGS (PVT) LTD	120,944,925	70.40
2	EMPLOYEES' PROVIDENT FUND	20,538,515	11.95
3	SEYLAN BANK LTD/THE GALLE FACE HOTEL COMPANY LTD	9,893,056	5.76
4	BANK OF CEYLON -NO2 A/C	5,975,000	3.48
5	NATIONAL SAVINGS BANK	3,304,900	1.92
6	MR HAMISH WINSTON MCDONALD WOODWARD	723,173	0.42
7	SAMPATH BANK PLC/CAPITAL TRUST HOLDINGS PRIVATE LTD	360,955	0.21
8	SEYLAN BANK PLC/ARUNASALAM SITHAMPALAM	320,800	0.19
9	ASSOCIATED ELECTRICAL CORPORATION LTD	310,000	0.18
10	MR KANISHKA NUWAN KARUNARATNE	284,600	0.17
11	SITHLANKA (PRIVATE) LTD	199,500	0.12
12	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS (PVT) LTD	197,139	0.11
13	MR VIVENDRA LINTOTAWELA	150,300	0.09
14	MR JOSEPH ROMESH DE SILVA	135,400	0.08
15	MR SHEIK MOHAMED HASSAN MOHAMED	132,804	0.08
16	COCOSHELL ACTIVATED CARBON COMPANY LIMITED	127,500	0.07
17	WALDOCK MACKENZIE LTD/MR M S F HAQQUE	126,300	0.07
18	MR PIYADASA GURUGE	125,000	0.07
19	MR PREMAPALA PITIPANA ARACHCHI	125,000	0.07
20	MCLARENS HOLDINGS LTD	115,000	0.07
	Total	164,089,867	95.51

Public Sharehodings	-		20,362,110
Public Shareholdings percentage	-		11.85%
Highest Price	-	Rs.	22.90
Lowest	-	Rs.	16.80
Market Price	-	Rs.	16.80

TOP 20 SHAREHOLDERS (ORDINARY) AS AT 31.03.2012

Company Code : CHOT

Position	Name of Shareholder	No of Shares	%
1	CEYLON HOTEL HOLDINGS (PVT) LTD	120,944,925	70.40
2	EMPLOYEES' PROVIDENT FUND	19,901,191	11.58
3	SEYLAN BANK LTD/THE GALLE FACE HOTEL COMPANY LTD	9,893,056	5.76
4	BANK OF CEYLON -NO2 A/C	5,975,000	3.48
5	NATIONAL SAVINGS BANK	3,304,900	1.92
6	MR HAMISH WINSTON MCDONALD WOODWARD	723,173	0.42
7	REDWIN HOLDINGS LIMITED	582,800	0.34
8	SEYLAN BANK PLC/ARUNASALAM SITHAMPALAM	320,800	0.19
9	MR KANISHKA NUWAN KARUNARATNE	302,552	0.18
10	SAMPATH BANK PLC/CAPITAL TRUST HOLDINGS PRIVATE LTD	224,368	0.13
11	SITHLANKA (PRIVATE) LTD	199,500	0.12
12	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS (PVT) LTD	165,050	0.10
13	MR VIVENDRA LINTOTAWELA	150,300	0.09
14	MR SHEIK MOHAMED HASSAN MOHAMED	132,804	0.08
15	ASSOCIATED ELECTRICAL CORPORATION LTD	128,300	0.07
16	COCOSHELL ACTIVATED CARBON COMPANY LIMITED	127,500	0.07
17	WALDOCK MACKENZIE LTD/MR M S F HAQQUE	126,300	0.07
18	MR PIYADASA GURUGE	125,000	0.07
19	MR PREMAPALA PITIPANA ARACHCHI	125,000	0.07
20	MCLARENS HOLDINGS LTD	115,000	0.07
	Total	163,567,519	95.19

Year ended 31st March	2013		2012		2011		2010		2009	
	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000	Group Rs. Rs.'000	Company Rs. Rs.'000
Trading Results										
Turnover Net of Tax	1,087,011	-	924,299	227,424	640,536	278,919	535,875	325,814	485,959	318,088
Operating profit/(Loss) before Interest Expenses and other income	46,253	-	72,572	(43,717)	(20,169)	(113,893)	(13,925)	1,167	(72,173)	(64,978)
Profit/(Loss) before Taxation	(31,868)	(287,524)	39,924	(64,822)	40,481	(61,150)	(41,855)	(43,616)	(101,622)	(94,849)
Taxation (Provision)/Reversal	2,921	10,545	5,942	18,826	11,062	1,486	2,467	4,424	3,219	(6,555)
Profit/(Loss) after Taxation on Ordinary Activities	(28,947)	(20,685)	45,866	(45,996)	(31,457)	(59,664)	(39,117)	(39,191)	(98,443)	(101,404)
Share Capital & Reserve										
Issued Share Capital	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425
Capital Reserves	5,169,582	354,425	4,710,397	439,794	4,771,389	461,173	3,760,737	470,280	3,832,876	526,604
Revenue Reserves	170,019	166,718	170,019	166,718	170,019	166,718	170,019	166,718	170,119	166,718
Accumulated Losses	(681,450)	(1,138,946)	(738,282)	(909,142)	(283,136)	(366,142)	(362,695)	(330,207)	(458,003)	(410,900)
Total Equity	5,878,576	602,622	5,362,559	917,795	5,878,697	1,482,174	4,788,486	1,527,216	4,765,417	1,502,847
Assets Employed										
Current Assets	669,090	225,977	324,748	195,944	240,361	370,974	405,213	415,111	376,834	425,748
Current Liabilities	(1,056,002)	(451,136)	(476,441)	(279,297)	(728,901)	(656,969)	(333,946)	(288,289)	(357,581)	(303,166)
Working Capital	(386,912)	(195,159)	(151,693)	(83,354)	(488,540)	(285,995)	71,267	126,822	19,253	122,582
Property, Plant and Equipment	8,863,005	489,713	7,848,314	551,959	7,374,447	1,189,907	5,542,921	1,009,502	5,625,960	1,042,538
Non-Current Liabilities	1,362,710	268,956	1,015,707	579,327	561,746	301,953	377,724	156,877	437,784	212,596
Ratio & Statistics										
Gearing Ratio (Times)	0.16	0.53	0.09	0.22	0.06	0.24	0.03	0.09	0.04	0.11
Current Ratio (Times)	0.63	0.57	0.72	0.70	0.33	0.56	1.21	1.44	1.05	1.40
Market Price per share	16.80	16.80	22.90	22.90	31.40	31.40	25.25	25.25	13.00	13.00
Earning/(Loss) per Share	(0.36)	(1.86)	0.15	(0.27)	0.24	(0.35)	(0.23)	(0.23)	(0.59)	(0.60)
Net Assets Per Share	34.22	3.51	31.21	5.34	34.21	8.63	27.87	8.89	28.25	8.91
Return on Equity holder's Funds (%)	(1.05)	(52.99)	0.49	(5.01)	0.69	(4.03)	(0.83)	(2.57)	(2.09)	(6.75)
Return on Total Assets (%)	(0.60)	(21.74)	1.06	(1.17)	0.48	(2.44)	(0.62)	(1.99)	(1.52)	(5.02)

CEYLON HOTELS CORPORATION PLC

(Company Registration No PB 3283)

No.327, Union Place, Colombo 2

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Ceylon Hotels Corporation PLC will be held on Monday, 30th September 2013 at 9.00 a.m. at the Sri Lanka Foundation Institute, No 100, Independence Square, Colombo 7 am for the purpose of conducting the following business:

1. To receive and consider the Report of the Board of Directors, the Audited Accounts for the year ended 31st March 2013 and the Report of the Auditors thereon.
2. To re-elect Mr Priyantha Maddumage who retires by rotation in terms of Articles of Association.
3. To re-elect Mr Kuvera De Zoysa who retires by rotation in terms of Articles of Association.
4. To re-elect Dr Dennis J Aloysius as a Director of the Company. Special Notice has been received from a shareholder pursuant to Section 211 of the Companies Act No.07 of 2007 of the intention to propose the following resolution as an ordinary resolution.

   "**RESOLVED** that Dr Dennis J Aloysius who has reached the age of 82 be and is hereby re-elected as a Director of the Company and is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director in accordance with section 211 of the Companies Act No. 07 of 2007.
5. To re-elect Mr Lakshman Samarasinghe as a Director of the Company. Special Notice has been received from a shareholder pursuant to Section 211 of the Companies Act No.07 of 2007 of the intention to propose the following resolution as an ordinary resolution.

   "**RESOLVED** that Mr Lakshman Samarasinghe who has reached the age of 70 be and is hereby re-elected as a Director of the Company and is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Director in accordance with section 211 of the Companies Act No. 07 of 2007.
6. To re-appoint Messrs KPMG., Charted Accountants the retiring Auditors for the ensuing financial year and to authorize the Directors to fix their remuneration.
7. To authorize the Directors to determine donations for the year 2012/2013 and up to the date of the next Annual General Meeting.
8. To transact any other business that may properly be brought before the meeting.

By order of the Board of
CEYLON HOTELS CORPORATION PLC

Accounting Systems Secretarial Services (Private) Limited
Company Secretaries

Colombo, this 28th August 2013

Note: A shareholder who is unable to attend the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

CEYLON HOTELS CORPORATION PLC

(Company Registration No PB 3283)

No.327, Union Place, Colombo 2

FORM OF PROXY

I/We ....

(NIC No.) .... of ....

.... being a shareholder /shareholders of Ceylon Hotels Corporation PLC, hereby appoint: .... of

.... (or failing him)

Mr.Sanjeev Gardiner	of Colombo	(or failing him)
Mr Lakshman Samarasinghe	of Colombo	(or failing him)
Mr Priyantha Maddumage	of Colombo	(or failing him)
Dr Dennis Aloysius	of Colombo	(or failing him)
Dr Chrisantha Nonis	of Colombo	(or failing him)
Mr Kuvera De Zoysa	of Colombo	(or failing him)
Mr Mangala Boyagoda	of Colombo	(or failing him)
Mr Gunapala Tissakuttiarachchi	of Colombo	

as my/our Proxy to represent and speak and vote for me/us* and on my/our behalf at the Annual General Meeting of the Company to be held on 30th September 2013.and at any adjournment thereof and at every poll which may be taken in consequence thereon.

I/We* the undersigned, hereby direct my/our* proxy to speak and vote for me/us and on my/our behalf on the resolution set out in the Notice convening the meeting , as follows:

		For	**Against**
1.	To receive and consider the Report of the Board of Directors, the Audited Accounts for the year ended 31st March 2013 and Report of the Auditors thereon.		
2.	To re-elect Mr. Priyantha Maddumage who retires by rotation and is eligible for re-election		
3.	To re-elect Mr. Kuvera De Zoysa who retires by rotation and is eligible for re-election		
4.	To re-elect Dr Dennis J Aloysius, who retires in terms of section 210 of the Companies Act No.07 of 2007.		
5.	To re-elect Mr. Lakshman Samarasinghe, who retires in terms of section 210 of the Companies Act No.07 of 2007.		
6.	To re-appoint Messrs, KPMG Charted Accountants the retiring Auditors for the ensuing financial year and to authorize the Directors to fix their remuneration.		
7.	To authorize the Directors to determine donations for the year 2012/2013 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this.....................day of..................Two Thousand and Thirteen..

....

Signature

Notes:* Instructions as to completion appear overleaf.
Please indicate with and "x" in the space provided how your Proxy is to vote on the Resolutions.
If no indication is given, the Proxy in his discretion will votes as he thinks fit.

INSTRUCTIONS FOR COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and by signing in the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the Registrars to shares, Esjay Corporate Services (Private) Limited, Level 05, No.02, Castle Lane, Colombo 4 not later than 48 hours prior to the date of the meeting.

3. If you wish to appoint a person other than the Chairman or a Director of the Company, please insert the relevant details at the space provided (above the names of the Board of Directors) on the Proxy Form.

4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.

5. If the appointor is a company/ Incorporated body this Form must be executed in accordance with the Articles of Association/ Stature.

NOTES

NOTES

NAME OF THE COMPANY	-	Ceylon Hotels Corporation PLC
REGISTRATION NO	-	P.B. 3283
LEGAL FORM	-	A public quoted Company with Limited Liability and Listed with the Colombo Stock Exchange.
DIRECTORS	-	Lakshman Samarasinghe - Chairman Sanjeev Gardiner Dr. Dennis Aloysius Priyantha Maddumage Dr. Chrishantha Nonis Kuvera De Zoysa Mangala Boyagoda G. Tissakuttiarachchi
REGISTERED OFFICE	-	327, Union Place, Colombo 2.
SECRETARIES	-	Accounting Systems Secretarial Services (Pvt) Ltd. No. 02, Castle Lane, Colombo 04.
REGISTRARS	-	Esjay Corporate Services (Pvt) Ltd. No. 02, Castle Lane, Colombo 4.
AUDITORS		KPMG No. 32A, Sir Mohamed Macan Markar Mw., Colombo 03.
INTERNAL AUDITORS	-	Ernst & Young Advisory Services (Pvt) Ltd. 201, De Saram Place, Colombo 10.
LAWYERS	-	F.J. & G. De Saram 216, De Saram Place, Colombo 10.
BANKERS	-	Bank of Ceylon People's Bank Commercial Bank of Ceylon PLC Hatton National Bank PLC
E'MAIL	-	corporateoffice@ceylonhotels.net
WEBSITE	-	www.ceylonhotels.lk

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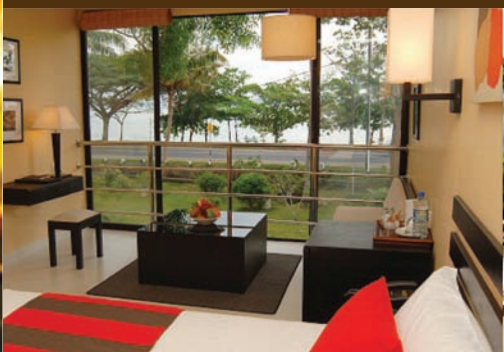
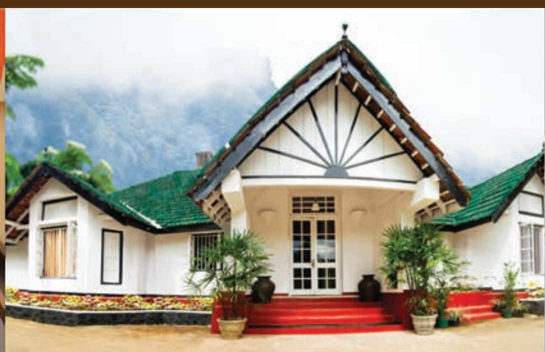
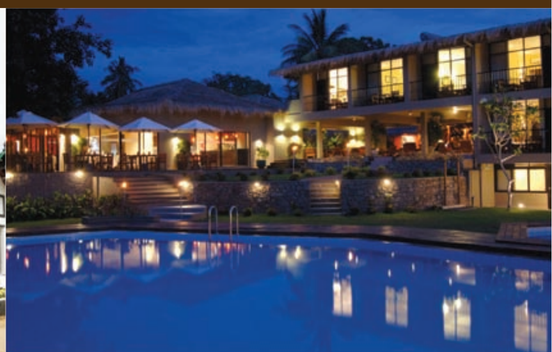

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