



CEYLON HOTELS CORPORATION PLC

Annual Report 2014/2015

49th Annual General Meeting







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The Lake - Polonnaruwa

Chairman's Review

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

Annual Report
For the year ended 31st March 2015

CHAIRMAN'S REVIEW

On behalf of the Board I am pleased to welcome you to the 49rd Annual General Meeting of Ceylon Hotels Corporation PLC.

Tourism Industry in Sri Lanka

The Sri Lankan Tourism Industry continued to show a growth of about 20% in arrivals amounting to 1,527,153 compared to 1,274,598 in 2013. This resulted in the contribution being increased from Rs. 2.21 Billion in 2013 to Rs. 3.18 Billion in 2014, an increase of 43.29%

(a) Development:

Having refurbished Safari Hotel, Tissa, The Surf- Bentota, Lake Hotel and Lake House in Polonnaruwa during the last 04 years and after spending over Rs. 21 million on capital expenditure during this year, hopefully we now only need to attend to running repairs of the above properties in the future.

(b) CHC Rest Houses:

Our subsidiary CHC Rest Houses (Pvt) Ltd entered into a management agreement with Zinc Hotels and Resorts Lanka (Pvt) Ltd on the 28th of August 2014, to operate and manage our Rest Houses. Zinc Hotels is the hospitality arm of the multinational conglomerate CINNOVATION/CG Group.

Ceylon Hotels Corporation has entered in to a joint venture company called Ceylon Holiday Holdings (Pvt) Ltd with Zinc Hospitality Lanka (Pvt) Ltd who has invested Rs. 250 Million for 50% equity of the said joint venture (Ceylon Holidays Holdings (Pvt) Ltd) which is the holding Company of CHC Rest Houses (Pvt) Ltd. It has been agreed by the joint venture parties to jointly develop the properties under CHC Rest Houses starting with the Sigiriya Rest House and Ella Rest House for which approvals have been obtained from the relevant Government Authorities. Thereafter the other Rest Houses, namely Belihuloya, Dambulla, Habarana, Hanwellla, Kithulgala, Medawachchiya, Mihintale, Pussellawa and Weligama will be developed.

Operations of the above Rest Houses from 1st April 2014 to 31st August 2014 were done by CHC Rest Houses (Pvt) Ltd while operations from 01st September 2014 to 31st March 2015 were handled by Zinc Hotels and Resorts Lanka (Pte) Ltd.

CHC Foods (Pvt) Ltd. under which Ambepussa Rest House and Avanhala is being operated will venture into opening more Food Outlets. Already we have opened Food Outlets at Badagamuwa Dambulla Road, Kurunegala and Orient City Dematagoda in August 2015. Another outlet will be opened soon at Malabe on the new Kandy Road.

Performance:

The Group made a profit of Rs. 86 Million compared to a loss of Rs. 41 Million in 2014. However the Company incurred a loss of Rs. 74.6 Million this year against a loss of Rs. 58.7 Million in 2014.

Corporate Social Responsibilities (CSR)

The Hotel School of The Safari Hotel, has been recognized to issue NVQ 3 Level Certificates (National Vocational Qualification Level 3) and on our recommendations Tertiary and Vocational Education Commission issues the



certificates. Out of 95 students from poor families from the area, 45 have been found employment in our hotels while others have found employment elsewhere. Presently 35 students are following Practical and Theory classes. The Company continues to assist social projects in the areas where the Company has its outlets.

Appreciation:

The Board of Directors and the Board of Management alike would like to place on record their appreciation of the intelligible and inspiring leadership of our Group Chairman Mr. Sanjeev Gardiner. I thank our Board Members and the Audit Committee for their guidance and co-operation extended. I take this opportunity to thank our Group Chief Operating Officer Mr. Tony Fleming and his team members at all levels for their valuable services.

I also thank our valued Clients, Travel Agents, Suppliers, Bankers, Auditors (External and Internal) and our Secretaries for their unstinted support at all times.

The Board of Directors join me in thanking our Shareholders for the continued trust and confidence placed on the Board and for their continued support and co-operation which the Directors value very much.

Lakshman Samarasinghe
CHAIRMAN
21st August 2015



The Lake House - Polonnaruwa

Financial Highlights

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

Annual Report
For the year ended 31st March 2015

FINANCIAL HIGHLIGHTS



	Group		Company	
	2015	2014	2015	2014
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Results for the year				
Gross Revenue	1,307,993	1,327,326	12,893	31,684
Cost of sales	(351,639)	(380,893)	(12,779)	(31,374)
Operation Profit/(Loss) Before Interest & Tax	194,291	149,088	(22,608)	(2,277)
Interest Expense	(104,101)	(156,978)	(36,311)	(53,802)
Profit / (Loss) Before Tax	125,183	(15,262)	(58,891)	(56,006)
Income Tax Reversal	(39,167)	(25,850)	(15,711)	(2,781)
Profit / (Loss) After Tax	86,015	(41,112)	(74,602)	(58,787)
Profit / (Loss) Attributable to Equity holders	49,607	(74,645)	(74,602)	(58,787)
Dividend Paid	N/A	N/A	N/A	N/A
Financial Position at the end of the year				
Equity holders, Funds (Stated Capital & Reserves)	5,851,063	5,803,208	673,293	546,132
Total Assets	9,210,068	9,550,079	1,367,348	1,437,694
Number of Share in Issue	171,825	171,825	171,825	171,825
Information per ordinary shares				
Earning / (Loss) Per Share (Rs.)	0.29	(0.43)	(0.43)	(0.34)
Dividend Per Share (Rs)	N/A	N/A	N/A	N/A
Net Assets Per Share (Rs)	34.05	33.77	3.92	3.18
Ratios				
Return on Equity Holders' Fund	0.85	(1.29)	(11.08)	(10.76)
Return on Total Assets	0.54	(0.78)	(5.46)	(4.09)
Dividend Cover (Times)	N/A	N/A	N/A	N/A
Equity : Assets	63.53	60.77	49.24	37.99
Current Ratio (Times)	0.59	0.64	0.45	0.17
Market Shareholder Information				
Market price of a Share as at 31st March (Rs)	23.60	15.70	23.60	15.70
Market Capitalization (Rs. 000)	4,055,070	2,697,653	4,055,070	2,697,653
Price Earning Ratio	N/A	N/A	N/A	N/A

Profile of Directors

MR SANJEEV GARDINER

Mr Sanjeev Gardiner was Co-opted to the Board of Ceylon Hotels Corporation in 1996 (before the privatization of CHC) and is the longest standing director of the company with 19 years service. With the acquisition of CHC he was Co-opted to the Board Kandy Hotels in Sept 2005 and appointed its Chairman. Mr Gardiner is the Group Chairman and Chief Executive Officer of the Galle Face Hotel Group and counts over 26 years of management experience in a diverse array of business. He is also the Chairman of United Hotels (Pvt) Ltd and Co-Chairman of Suisse Hotels Kandy (Pvt) Ltd. 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. He is the President – elect of the elite Young Presidents Organisation.

MR LAKSHMAN SAMARASINGHE (CHAIRMAN)

Mr Samarasinghe was Co-opted to the Board of Ceylon Hotels Corporation Plc in July 2005 and was appointed its Chairman which position he still holds. He was also Co-opted to the Board of Kandy Hotels in Sept 2005 and has been a Director of Galle Face Hotel Co Ltd for over 37 years. 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 has a Diploma in Commerce and counts over 46 years of Management experience. He is a Group Director being a Board Member of all the Group Companies.

DR DENNIS ALOYSIUS

Dr Dennis Aloysius was Co-opted to the Board of Ceylon Hotels Corporation Plc in July 2005. He has been Director of the Galle Face Hotel group since 1973 and counts over 48 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 Organisation of Professional Association. He is an independent non Executive Director.

MR PRIYANTHA MADDUMAGE

Mr Maddumage who was Co-opted to the Boards of Ceylon Hotels Corporation Plc in July 2005 and Kandy Hotels Co (1938) Ltd in Sept 2005 is the Group Financial Controller of the Galle Face Hotel Group of Companies and counts over 22 years of Finance Management experience. He is also a Director of all subsidiary Companies of CHC. He has a Bachelor of Commerce Special Degree from the University of Sri Jayawardenapura 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, Associate Member

of CPA Australia & Associate Member of the Institute of Certified Management Accountants 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 MBBS 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 MRCP (UK). 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 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. He is an independent non Executive Director.

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 and is in active practice since 1993 in the fields of Commercial and Civil Law. He was appointed a Presidential Counsel in 2013. He holds a Masters Degree (LLM) 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 Peoples' Bank and a 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 Boyagoda is a senior banker, possessing over 32 years' experience holding key position in the field of financial services. He is a specialist in debt markets, Financial Risk Management and in the restructure of companies. A former CEO of Standard Chartered Bank, he is at present Chairman, 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). He is an independent non executive director of the company.

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 Kelaniya.

MR KAMANTHA AMARASEKERA

Mr. Kamantha Amarasekera is an eminent tax consultant and the Senior Tax and Legal Partner of Amarasekera & Company – a leading tax consultancy firm in the country. He is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He graduated in Business Administration from the University of Sri Jayawardenapura.

Mr. Kamantha Amarasekera is also a Director of Associated Ceat (Pvt) Ltd., Lanka Milk Food (CWE) Plc, Madulsima Plantation PLC, Balangoda Plantation Plc, Eden Hotels Plc, Confi Hotels Holdings Plc, Finco Holding Ltd., Browns Investment Plc., Hydropower Freelanka Plc, Freelanka Capital Holdings Plc, Palm Garden Hotels Plc, Environmental Resource Plc, and Suisse Hotel Kandy (Pvt) Ltd. He is an independent non executive director of the company.



The Surf - Bentota



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 2015 on the affairs of the Company and the Group prepared in terms of the provisions of the Companies Act No.7 of 2007.

These were approved by the Directors on 21st August 2015.

Principal Activity the company and its subsidiaries

The principal activity of the Company is to manage subsidiaries which are engaged in the provisioning of living accommodation, refreshment, entertainment and recreation of tourists.

Review of Operations and Financial Highlights

The Financial Statements which include the Statement of Comprehensive Income, balance sheets, statement of changes in equity and the notes to the financial statements of the company & Group for the year ended 31st March 2015 are set out on pages 21 to 64 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 2015 was represented by 171,825,401 ordinary shares and 1,200,000 Preference shares (6%).

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



The total capital and reserves for the company and Group stood at Rs. 673,293,031 and Rs. 5,851,063,372 respectively as at 31st March 2015.

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 40 of the Annual Report.

Dividends

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

Property Plant & Equipment

The Company and Group have spent Rs. 0.7 million and 57.7 million respectively 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 2015 are given in Note 36 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 35 to the financial statements.

Share Information

Information on earnings, dividends, net assets and share trading are disclosed on page 05 and pages 66-70.

Major Shareholdings

The twenty largest shareholders of the company are disclosed on page 69 of this Report.

Contributions to Charity

The sum of contributions made to charities by the Group during the financial year ended 31st March 2015 was Rs. 1,576,269. There was no contribution made by the Company.



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd..)

Directors as at 31 March 2015

The Board of Directors of Ceylon Hotel Corporation PLC comprised 09 Directors as at 31st March 2015, and 05 of them serves as Independent Non- Executive Directors. The qualification and experience of the Directors are given on page 06-07 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
Dr Dennis Aloysius
Mr Priyantha Maddumage
Dr Chrishantha Nonis
Mr Kuvera De Zoysa
Mr Mangala Boyagoda
Mr G Tissakuttiarachchi
Mr Kamantha Amarasekera

Mr Sanjeev Gardiner and Dr. Chrishantha Nonis retire by rotation and being eligible offer themselves for re-election.

Dr DJ Aloysius retires in terms of section 210 of the Companies Act No.07 of 2007. 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. 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.

Directors Dealings with the Shares of the Company:

Directors shareholding in the company as at 31st March 2015 are as follows:

Names of Directors	Shareholding
Mr Lakshman Samarasinghe	3,025
Mr.Sanjeev Gardiner	NIL
Dr Dennis Aloysius	10,069
Mr Priyantha Maddumage	01
Dr Chrishantha Nonis	NIL
Mr Kuvera De Zoysa	NIL
Mr Mangala Boyagoda	NIL
Mr G Tissakuttiarachchi	NIL
Mr D S Kamantha Amarasekera	NIL

As at 31st March 2015, there were 7,218 registered shareholders. The percentage of shares held by the public as per the Colombo Stock Exchange rules as at 31st March 2015 was 23.27% representing 39,988,696 ordinary shares in the company.

The Board of Directors declare as follows:

- (1) the Company has not engaged in any activity which contravenes laws and regulations
- (2) All material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;



- (3) The Company has made all endeavours to ensure the equitable treatment of shareholders;
- (4) the business is a going concern, with supporting assumptions or qualifications as necessary; and they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith and, if it is unable to make any.

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 35 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 30th September 2015 at 11.00 a.m. at the Sri Lanka Foundation Institute, No:100, Independence Square, Colombo 7.

For and on behalf of the Board

Lakshman Samarasinghe
Director

Priyantha Maddumage
Director

By Order of the Board,

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

21st August 2015

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 21 to 64.

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
Level 3, No. 11, Castle Lane,
Colombo 04.

21st August 2015



The Safari - Thissamaharama



The Surf - Bentota

Corporate Governance

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

Annual Report
For the year ended 31st March 2015

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, has 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 Directors of Ceylon Hotels Corporation PLC takes responsibility for good Corporate Governance of the Company. The Board sets out the Company's strategic focus, and oversees 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 2015

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
Kamantha Amrasekara	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 31 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 09 Directors, and 06 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 09 directors and 05 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 two 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 three 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) and Chief Operating Officer have 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, Executive Directors, the Financial Controller and Director Human Resources representing the company 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

21st August 2015



The Lake - Polonnaruwa



The Lake House - Polonnaruwa

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Financial Calendar 2014/2015

49th Annual General Meeting
31st March 2015

Report of the Audit Committee



The Safari - Thissamaharama

The Audit Committee comprising Messrs. Kamantha Amarasekara, Kuvera De Zoysa, and Mangala Boyagoda 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. Directors 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 2016, 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.

Kamantha Amarasekara

Chairman – Audit Committee

21st August 2015

INDEPENDENT AUDITORS' REPORT



KPMG
(Chartered Accountants)
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INDEPENDENT AUDITORS' REPORT

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 ("Group"), which comprise the statement of financial position as at March 31, 2015, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 21 to 64.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company give a true and fair view of its financial position as at March 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS
Colombo, 21st August 2015.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA
R.H. Rajan ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA
R.M.D.B. Rajapakse ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

INCOME STATEMENT

For the Year Ended 31 March,	Notes	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	7	1,307,992,556	1,327,326,111	12,892,753	31,684,375
Cost of sales		(351,638,748)	(380,892,527)	(12,779,084)	(31,373,579)
Gross profit		956,353,808	946,433,584	113,669	310,796
Other income	8	107,487,172	23,198,600	109,558,516	40,445,179
Distribution expenses		(70,826,097)	(56,100,930)	(1,532,380)	(689,384)
Administrative expenses		(714,036,241)	(736,073,120)	(22,711,878)	(41,955,627)
Other operating expenses	9	(84,687,633)	(28,369,769)	(108,035,609)	(388,036)
Profit/(Loss) from operations		194,291,009	149,088,365	(22,607,682)	(2,277,072)
Finance income		2,436,870	8,206,742	28,018	73,101
Finance costs	10	(104,100,975)	(156,978,391)	(36,310,864)	(53,801,814)
Net finance costs		(101,664,105)	(148,771,648)	(36,282,846)	(53,728,713)
Share of gain/(loss) of equity accounted investees (net of tax)	17.3	32,555,729	(15,579,152)	-	-
Profit / (Loss) before income tax	11	125,182,633	(15,262,436)	(58,890,528)	(56,005,785)
Income tax expense	12	(39,167,179)	(25,849,601)	(15,711,324)	(2,780,782)
Profit/(Loss) for the year		86,015,454	(41,112,037)	(74,601,852)	(58,786,567)

Figures in brackets indicate deductions

The Notes on pages 28 to 64 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March,	Notes	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit/(Loss) for the year		86,015,454	(41,112,037)	74,601,852	(58,786,567)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Fair value gain on Financial Assets available for Sale		-	-	205,238,955	-
Net result from equity accounted investee	17.4	(114,834)	-	-	-
Items that are or may be reclassified to profit or loss					
Actuarial Gain/(Loss)	29	(1,888,698)	(962,534)	(3,950,246)	2,608,625
Deferred Tax effect on actuarial gain/loss	12.2	220,109	106,036	474,030	(313,035)
Total comprehensive income for the year, net of tax		<u>84,232,032</u>	<u>(41,968,535)</u>	<u>127,160,887</u>	<u>(56,490,977)</u>
Profit/(Loss) attributable to:					
Equity holders of the company		49,606,948	(74,644,882)	(74,601,852)	(58,786,567)
Non Controlling Interest		36,408,506	33,532,845	-	-
Profit/(Loss) for the year		<u>86,015,454</u>	<u>(41,112,037)</u>	<u>(74,601,852)</u>	<u>(58,786,567)</u>
Total Comprehensive Income attributable to :					
Owners of the Company		47,855,464	(75,371,856)	127,160,887	(56,490,977)
Non Controlling Interest		36,376,568	33,403,321	-	-
Total comprehensive income for the year		<u>84,232,032</u>	<u>(41,968,535)</u>	<u>127,160,887</u>	<u>(56,490,977)</u>
Earnings/(Loss) per share					
Basic earnings/(loss) per share (Rs).	13	0.29	(0.43)	(0.43)	(0.34)
Diluted earnings/(loss) per share (Rs).	13.1	0.29	(0.43)	(0.43)	(0.34)

Figures in brackets indicate deductions


The Notes on pages 28 to 64 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	Group		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	7,905,803,290	8,470,439,040	2,382,164	129,340,041
Intangible assets	15	4,433,676	6,023,077	20,723	-
Lease hold right over land	16	10,226,041	12,779,726	-	-
Investments in subsidiaries	17	-	-	340,955,873	341,955,873
Investment in joint venture	17.4	408,028,228	132,506,678	250,000,000	-
Investment Property	18	329,525,000	329,525,000	503,722,629	861,514,007
Deferred tax assets	31.1	-	-	-	-
Total Non-Current Assets		8,658,016,235	8,951,273,521	1,097,081,389	1,332,809,921
Current Assets					
Inventories	19	56,735,709	75,289,056	-	-
Trade & other receivables	20	194,714,473	246,690,883	7,479,070	13,368,733
Amounts due from related companies	21	43,630,234	-	43,570,234	89,224,765
Income tax recoverable	22	1,181,274	107,746	-	107,746
Asset held for sale	23	200,770,724	-	211,777,088	-
Cash & cash equivalents	24	55,019,096	276,717,842	7,439,821	2,182,763
Total current assets		552,051,510	598,805,527	270,266,213	104,884,007
Total Assets		9,210,067,745	9,550,079,048	1,367,347,602	1,437,693,928
EQUITY AND LIABILITIES					
Equity					
Stated capital	25	1,220,425,748	1,220,425,748	1,220,425,748	1,220,425,748
Reserves	26	5,095,169,560	5,267,377,789	599,335,419	504,898,446
Accumulated losses		(464,531,937)	(684,595,630)	(1,146,468,136)	(1,179,192,051)
Total equity attributable to equity holders of the company		5,851,063,371	5,803,207,907	673,293,031	546,132,143
Non controlling interests		1,441,687,196	1,432,420,477	-	-
Total Equity		7,292,750,567	7,235,628,384	673,293,031	546,132,143
Non-Current Liabilities					
Interest-bearing-borrowings	27	676,939,036	1,063,689,828	87,300,000	289,050,000
Employee benefits	29	13,349,703	11,657,546	6,405,040	2,270,212
Deferred tax liabilities	31	294,374,887	299,610,761	-	-
Total Non-Current Liabilities		984,663,626	1,374,958,135	93,705,040	291,320,212
Current Liabilities					
Trade and other payables	32	198,051,236	244,074,940	23,177,147	32,358,922
Interest-bearing-borrowings due within one year	27	184,773,260	110,321,890	31,800,000	73,800,000
Finance lease obligations due within one year	28	-	25,894	-	25,894
Non interest-bearing-borrowings due within one year	30	1,802,200	1,802,200	1,522,200	1,522,200
Amounts due to related companies	33	157,978,607	516,050,683	168,920,876	460,801,924
Related Party Interest-bearing-borrowings	33.1	318,009,849	-	341,138,881	-
Income tax payable	34	24,144,327	11,033,351	13,048,115	13,304
Bank overdrafts	24	47,894,073	56,183,571	20,742,312	31,719,329
Total current liabilities		932,653,552	939,492,529	600,349,531	600,241,573
Total Equity & Liabilities		9,210,067,745	9,550,079,048	1,367,347,602	1,437,693,928


The Notes on pages 28 to 64 are an integral part of these financial statements.

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

Colombo

21st August 2015


 Mangala Boyagoda
 Director

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Equity Holders of the Company						Total Equity
	Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Accumulated Profit/(Loss)	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2013	1,220,425,748	5,161,456,901	8,128,011	170,019,004	(681,449,900)	5,878,579,763	7,280,282,402
Total comprehensive income	-	-	-	-	(74,044,882)	(74,044,882)	(41,112,037)
Profit for the year	-	-	-	-	(72,226,126)	(72,226,126)	(41,112,037)
Other comprehensive income	-	-	-	-	(2,818,756)	(2,818,756)	(2,818,756)
Actuarial gain	-	-	-	-	(2,818,756)	(2,818,756)	(2,818,756)
Total comprehensive income for the year	-	-	-	-	(75,044,882)	(75,044,882)	(43,930,833)
Transactions with owners of the company	-	(72,226,126)	-	-	72,226,126	-	-
Transfer to retained earnings	-	(72,226,126)	-	-	72,226,126	-	-
Ordinary Share dividend paid to minority	-	-	-	-	-	-	(2,652,060)
Preference share dividend paid to minority	-	-	-	-	-	-	(33,422)
Total transactions with owners of the company	-	(72,226,126)	-	-	72,226,126	-	(2,685,482)
Balance as at 31 March 2014	1,220,425,748	5,089,230,774	8,128,011	170,019,004	(684,595,630)	5,803,207,907	7,235,628,384
Total comprehensive income	-	-	-	-	49,606,948	49,606,948	86,015,454
Profit for the year	-	-	-	-	49,606,948	49,606,948	86,015,454
Other comprehensive income	-	-	-	-	-	-	-
Actuarial gain net of tax	-	-	-	-	(1,636,650)	(1,636,650)	(1,668,589)
Net result from equity accounted investee	-	-	-	-	(114,834)	(114,834)	(114,834)
Total comprehensive income for the year	-	-	-	-	47,885,464	47,885,464	84,232,032
Transactions with owners of the company	-	(169,268,885)	-	(2,939,344)	172,208,229	-	-
Transfer to retained earnings	-	(169,268,885)	-	(2,939,344)	172,208,229	-	-
Ordinary Share dividend paid to minority	-	-	-	-	-	-	(27,101,050)
Preference share dividend paid to minority	-	-	-	-	-	-	(8,799)
Total transactions with owners of the company	-	(169,268,885)	-	(2,939,344)	172,208,229	-	(27,109,849)
Balance as at 31 March 2015	1,220,425,748	4,919,961,889	8,128,011	167,079,660	(464,531,937)	5,851,063,371	7,292,750,567

Figures in brackets indicate deductions

The Notes on pages 28 to 64 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (Contd..)

Company	Stated Capital		Revaluation Reserve		Capital Reserve		AFS Reserve		General Reserve		Accumulated Profit/(Loss)		Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2013	1,220,425,748	346,297,225	8,128,011	-	166,718,393	(1,138,946,256)	602,623,120							
Loss for the year	-	-	-	-	-	(58,786,567)	(58,786,567)							
Other comprehensive income														
Deferred tax on actuarial gain/loss	-	-	-	-	-	(313,035)	(313,035)							
Actuarial gain/(loss)	-	-	-	-	-	2,608,625	2,608,625							
Total comprehensive income for the year	-	-	-	-	-	(56,490,977)	(56,490,977)							
Transactions with owners of the company, recognized directly in equity														
Transfers from reserves	-	(16,245,182)	-	-	-	16,245,182	-							
Total transactions with owners of the company	-	(16,245,182)	-	-	-	16,245,182	-							
Balance as at 31 March 2014	1,220,425,748	330,052,043	8,128,011	-	166,718,393	(1,179,192,051)	546,132,143							
Total comprehensive income														
Loss for the year	-	-	-	-	-	(74,601,852)	(74,601,852)							
Other comprehensive income														
Available for sale gain	-	-	-	205,238,955	-	474,030	205,238,955							
Deferred tax on actuarial gain/loss	-	-	-	-	-	(3,950,246)	(3,950,246)							
Actuarial gain/(loss)	-	-	-	-	-	(78,078,068)	(78,078,068)							
Total comprehensive income for the year	-	-	-	-	-	(78,078,068)	(78,078,068)							
Transactions with owners of the company, recognized directly in equity														
Transfers from reserves	-	(110,801,983)	-	-	-	110,801,983	-							
Total transactions with owners of the company	-	(110,801,983)	-	-	-	110,801,983	-							
Balance as at 31 March 2015	1,220,425,748	219,250,060	8,128,011	205,238,955	166,718,393	(1,146,468,136)	673,293,031							

Figures in brackets indicate deductions

The Notes on pages 28 to 64 are an integral part of these financial statements.

CASH FLOW STATEMENT

For the Year Ended 31 March	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash flows from operating activities				
Profit/(Loss) before income tax	125,182,633	(15,262,436)	(58,890,528)	(56,005,785)
Adjustment for:				
Depreciation on property, plant and equipment	184,383,662	209,767,250	467,639	19,735,698
Provision for retiring gratuity	3,278,015	3,882,054	939,278	(3,467,197)
Provision/Written off for bad & doubtful debts	(2,986,516)	28,195,192	(689,384)	689,384
Reversal of provision for Inventory Inventory written off	-	223,741	-	-
Income Tax Receivable written off	107,746	-	107,746	-
Profit on disposal of subsidiary	(83,639,665)	-	-	-
Loss on foreign currency transactions	2,863,162	5,532,870	-	-
Dividend Received	-	-	(80,458,605)	(8,528,809)
ESC write off	-	-	-	-
Amortization of lease hold right over land	2,553,685	2,553,685	-	-
Amortization of Intangibl assets	2,028,246	1,992,308	2,737	-
Loss on disposal of property, plant & Equipment & Investment Property	86,425,913	54,093	108,035,609	65,743
Share of result of equity accounted investee	(32,440,896)	15,579,152	-	-
Interest income	(2,436,869)	(8,206,743)	(28,018)	-
Interest expenses	104,100,975	156,978,391	36,310,864	53,801,814
Operating profit before working capital changes	389,420,091	401,289,557	5,797,338	6,290,849
(Increase)/decrease in inventories	(39,057,800)	(11,100,361)	-	-
(Increase)/decrease in trade and other receivables	48,022,453	48,748,422	6,579,047	4,731,570
(Increase)/decrease in amounts due from related companies	(84,911,687)	-	45,654,532	144,452,280
Increase/(decrease) in trade & other payables	17,544,343	(26,887,208)	(9,181,775)	(12,738,520)
Increase/(decrease) in amounts due to related companies	66,252,354	(8,291,380)	49,257,833	196,030,431
Cash generated from operating activities	397,269,755	403,759,030	98,106,975	338,766,610
Interest Paid	(104,100,975)	(156,978,391)	(36,310,864)	(53,801,814)
Taxes paid	(31,469,522)	(34,438,346)	(2,202,483)	-
Retiring gratuity amount paid	(1,263,141)	(1,453,232)	(754,696)	(1,218,732)
Net cash flow generated from operating activities	260,436,117	210,889,062	58,838,932	283,746,064

CASH FLOW STATEMENT (Contd..)

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Cash flows from investing activities				
Interest received	2,436,869	8,206,743	28,018	-
Acquisition of investments	-	(11,000,000)	-	(300,000,000)
Proceeds from sale of PPE & investment property	167,298,182	702,832	165,230,230	13,011,834
Acquisition of investment Property	-	-	-	-
Acquisition of property, plant and equipment	(57,771,477)	(176,405,778)	(761,311)	(45,923)
Investment in joint venture	(243,080,654)	-	(44,761,045)	-
Proceeds from sale of investments	1,000,000	-	1,000,000	-
Proceeds from sale of intangible asset	-	-	-	-
Addition of Intangible assets	(573,460)	-	(23,460)	-
Dividend Income	-	-	80,458,605	8,528,809
Net cash used in investing activities	(130,690,540)	(178,496,203)	201,171,037	(278,505,280)
Cash flows from financing activities				
Loans obtained during the year	-	50,000,000	-	50,000,000
Dividends paid to minority	(27,109,849)	(2,685,482)	-	-
Loans settled during the year	(316,019,082)	(48,301,890)	(243,750,000)	(6,150,000)
Payment of finance lease liabilities	(25,894)	(941,637)	(25,894)	(310,728)
Net cash generated from / (used in) financing activities	(343,154,825)	(1,929,009)	(243,775,894)	43,539,272
Net increase / (decrease) in cash & cash equivalents	(213,409,249)	30,463,850	16,234,075	48,780,056
Cash & cash equivalents at the beginning	220,534,270	190,070,420	(29,536,566)	(78,316,623)
Cash & cash equivalents at the end	7,125,022	220,534,270	(13,302,491)	(29,536,566)
Analysis of cash & cash equivalents				
Cash at banks and in hand	52,624,405	51,354,395	6,185,670	956,629
Short term deposits	2,394,691	225,363,447	1,254,151	1,226,134
Bank overdraft	(47,894,073)	(56,183,571)	(20,742,312)	(31,719,329)
	7,125,023	220,534,271	(13,302,491)	(29,536,566)

The Notes on pages 28 to 64 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, Tissa Resort (Pvt) Ltd, CHC Foods (Pvt) Ltd, Kandy Hotels Co. (1938) PLC, Suisse Hotels (Pvt) Limited 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 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, income statement, statement of profit or loss and 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.

2.3. Approval of Financial Statements

These consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 21 August 2015.

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. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 03 to all periods presented in these consolidated financial statements.

The Group has taken the opportunity for early adoption of the following amendments to a standard with a date of initial application of 1 January 2016.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The group has early adopted the IFRS 10 and IAS 28 amendments on transfer of subsidiaries, which cover the transfer of assets involving an associate or a JV. The amendments require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations.

2.7. 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.

2.8. 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 36	-	Commitments and contingencies
Note 18	-	Classification of Investment Property

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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which the control is transferred to the Group. Control is the power to govern financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, Group takes in to consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred: plus
- The recognized amount of any non controlling interests in the acquire: plus



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire: less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts generally are recognized in profit or loss.

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. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(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) 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.

(f) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

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.

Nonmonetary 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 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.

3.3.2. 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 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.

3.3.3. 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

3.3.3.1. 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.

3.3.4. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

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

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

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 company 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.

3.6 Asset held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.7. 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.

3.7.1. 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.

3.8. 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.

3.9. 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.

3.10. 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

3.11. 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.

3.12. 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% & 9% 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.

3.13. Liabilities and Provisions

3.13.1. 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.

3.13.2. 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.

3.14. 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).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd.)



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 it 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

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.

5.1 Comparative Information

The previous year's figures have been re-arranged wherever necessary to confirm to the current year's presentation and disclosure.

6. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2015 and 2016. Accordingly, these Standards have not been applied in preparing these financial statements.

■ SLFRS 15 – Revenue from contract with customers

SLFRS 15 – Revenue from contract with customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance LKAS 18 – ‘Revenue’, LKAS 11 – ‘Construction contracts’.

SLFRS 15 is effective for annual periods beginning on or after 1st January 2017 with early adoption permitted.

The Group is assessing the potential impact to the financial statements resulting from the application of SLFRS 15.

■ Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments: Classification and Measurement

SLFRS 9 - Financial Instruments: Classification and Measurement replaces the existing guidance in LKAS 39 - ‘Financial Instruments: Recognition and measurement’. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments including a new expected credit loss model for calculating impairment on financial assets.

SLFRS 9 is effective for annual periods beginning on or after 1st January 2018 with early adoption permitted.

A Group shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

■ SLFRS 12 – Disclosure of Interests in Other Entities

SLFRS 12 - An investment entity that prepares financial statements in which all of its subsidiaries are measured at fair value through profit or loss in accordance with paragraph 31 of SLFRS 10 shall present the disclosures relating to investment entities required by this SLFRS.

SLFRS 12 is effective for annual periods beginning on or after 1st January 2016 with early adoption permitted.

■ Amendments to LKAS 27 – Equity method in Separate Financial Statements

Effective for annual periods beginning on or after 1st January 2016.

The following new or amended standards are not expected to have significant impact of the Group's Consolidated Financial Statements which are effective for annual periods beginning on or after 1st January 2016.

■ SLFRS 14 – Regulatory Deferral Accounts

■ Amendments to LKAS 16 and LKAS 38 – Clarification of Acceptable methods of Depreciation and Amortization

■ Amendments to LKAS 16 and LKAS 41 – Agriculture: Bearer Plants

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

For the Year Ended 31 March	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
7. Revenue				
Accommodation income	603,270,309	647,770,133	-	-
Food income	565,213,051	568,091,270	-	-
Beverage income	89,174,325	66,534,802	-	-
Others	50,334,871	44,929,906	12,892,753	31,684,375
	<u>1,307,992,556</u>	<u>1,327,326,111</u>	<u>12,892,753</u>	<u>31,684,375</u>
8. Other income				
Rent Income	6,831,750	6,831,750	15,115,675	18,931,883
Tour income	8,422,335	4,587,156	8,422,335	4,587,156
Income from outside hotel reservation	366,096	2,939,857	366,096	2,939,857
Dividend Income	-	-	80,458,605	8,528,809
Gain on translation of foreign currencies	856,498	1,977,588	-	-
Profit on disposal of Subsidiary (Note 17.1)	83,639,665	-	-	-
Sundry income	7,370,828	6,862,249	5,195,805	5,457,474
	<u>107,487,172</u>	<u>23,198,600</u>	<u>109,558,516</u>	<u>40,445,179</u>
9. Other operating expenses				
Loss on transfer/disposal of Property, plant & equipment	84,687,633	54,093	108,035,609	322,293
Disposal of Share profit/(Loss)	-	65,743	-	65,743
Provision for Bad Debts	-	28,195,192	-	-
Others	-	54,741	-	-
	<u>84,687,633</u>	<u>28,369,769</u>	<u>108,035,609</u>	<u>388,036</u>
10. Finance costs				
Interest on over drafts	3,189,985	9,838,883	2,254,770	8,605,768
Interest on lease	-	34,320	-	-
Loss on translation of foreign currencies	3,359,308	18,570	-	-
Interest on loans	96,025,943	144,806,623	32,531,932	42,916,051
Interest On Treasury Loan	1,524,161	2,279,995	1,524,162	2,279,995
Others	1,578	-	-	-
	<u>104,100,975</u>	<u>156,978,391</u>	<u>36,310,864</u>	<u>53,801,814</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
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	2,331,929	2,448,563	620,000	620,000
Auditors' remuneration - Non audit services	970,519	441,572	-	-
Depreciation on property, plant & equipment	184,383,662	166,186,391	467,639	19,769,133
Amortization of intangible and lease hold right over land	4,581,931	4,545,992	2,737	-
Provision for bad & doubtful debts & write off	(2,986,516)	28,195,192	-	689,384
Donations	1,576,269	2,344,424	-	15,000
Staff costs (Note 11.1)	212,447,058	244,142,719	17,292,112	34,072,880
11.1 Staff costs				
Wages ,salaries and staff expenses	189,291,623	210,180,123	14,430,835	28,872,253
Defined contribution plan cost- EPF & ETF	19,877,420	22,875,685	1,921,999	4,143,992
Defined benefit plan cost- Retiring gratuity	3,278,015	11,086,911	939,278	1,056,635
	<u>212,447,058</u>	<u>244,142,719</u>	<u>17,292,112</u>	<u>34,072,880</u>
12. Income tax expense				
The Company and its Subsidiaries are liable for income tax at the rate of 12% 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;				
Current tax				
Income tax expense for the year (Note 12.1)	46,603,977	(29,944,590)	15,237,294	(13,304)
Over provision in respect of previous year	(2,421,034)	-	-	-
	<u>44,182,943</u>	<u>(29,944,590)</u>	<u>15,237,294</u>	<u>(13,304)</u>
Deferred tax				
Origination & Reversal of temporary differences (Note 12.2)	(5,015,764)	4,094,989	474,030	(2,767,478)
(Charge)/ Reversal for the year	<u>39,167,179</u>	<u>(25,849,601)</u>	<u>15,711,324</u>	<u>(2,780,782)</u>
12.1 Reconciliation between accounting profit and income tax on current year profit				
Profit/(Loss) before income tax	125,182,663	(15,262,436)	(58,890,528)	(56,005,785)
Adjustment on Disallowable Expenses	274,070,894	429,620,828	115,694,418	35,677,075
Adjustment on Allowable Expenses	(299,979,820)	(188,582,195)	(103,741,091)	(43,720,949)
Taxable profit on sale / transfer of PPE	130,658,595	-	130,658,595	-
Tax Profit/(losses) for the period	<u>229,932,302</u>	<u>210,035,162</u>	<u>83,721,394</u>	<u>(64,049,659)</u>
Taxable other income	67,900,360	15,649,786	-	47,515
Tax Losses utilized	(33,562,006)	-	(29,302,488)	(25,585)
Taxable Income	<u>264,270,656</u>	<u>225,684,948</u>	<u>54,418,906</u>	<u>(64,027,729)</u>
Tax Loss brought forward	795,358,680	613,996,458	436,078,977	335,465,495
Adjustments to b/f balance	(21,398,972)	23,690,294	7,345,664	36,589,407
Tax Losses utilized during the year	(33,562,006)	(813,468)	(29,302,488)	(25,585)
Loss incurred during the year	90,711,651	158,485,396	-	64,049,660
Tax Losses carried forward	<u>831,109,353</u>	<u>795,358,680</u>	<u>414,122,151</u>	<u>436,078,977</u>
Statutory tax rate				
Income tax expenses				
Statutory tax rate	12%	12%		
Income tax expenses	27,591,876	25,204,219	-	-
Statutory tax rate	28%	28%	28%	28%
Income tax expenses	19,012,101	4,381,941	15,237,294	13,304
Social responsibility levy at 1.5%				
Income tax on current year profits	<u>46,603,977</u>	<u>29,944,590</u>	<u>15,237,294</u>	<u>13,304</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

12. Income tax expense (Contd..)

12.2 Deferred Tax Charged / (Reversal) to

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Profit or loss	(5,015,764)	4,094,989	474,030	(2,767,478)
Other Comprehensive income	(220,109)	106,036	(474,030)	(313,035)
	<u>(5,235,874)</u>	<u>4,201,025</u>	<u>-</u>	<u>(3,080,513)</u>

13. Earnings/(Loss) per share

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

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Loss attributable to equity holders of the company (Rs.)	49,606,948	(74,644,882)	(74,601,852)	(58,786,567)
Weighted average number of ordinary shares in issue	171,825,401	171,825,401	171,825,401	171,825,401
Loss per share (Rs.)	<u>0.29</u>	<u>(0.43)</u>	<u>(0.43)</u>	<u>(0.34)</u>

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 2015 & as at 31st March 2014 there were no dilutive potential ordinary shares. Hence diluted earnings per share is same as basic earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

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	Computers	Swimming pool	WIP	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation											
As at 31 March 2014	3,698,291,425	2,088,523,617	2,194,310,259	147,936,493	266,690,590	3,218,281	150,545,840	26,445,296	33,127,311	71,671,069	8,680,760,181
Additions	-	1,911,390	15,519,440	12,302,532	6,539,908	-	35,444,775	2,941,520	2,718,850	13,609,310	90,987,725
Disposals	-	(87,519)	(226,079,959)	(5,052,185)	(25,354,695)	(1,100,000)	(35,677,163)	(3,875,592)	-	(1,415,170)	(298,642,283)
Asset classified as held for sale	(63,136,425)	(130,088,756)	(18,552,087)	-	-	-	-	-	-	-	(211,777,088)
Transfers from WIP	-	812,469	-	-	-	-	32,403,778	-	-	(33,216,247)	-
As at 31 March 2015	3,635,155,000	1,961,071,381	1,965,197,653	155,186,840	247,875,803	2,118,281	182,717,230	25,511,224	35,846,161	50,648,961	8,261,328,535
Accumulated depreciation											
As at 31 March 2014	-	76,520,357	56,393,019	13,731,828	23,220,593	373,785	22,640,210	6,257,245	11,184,105	-	210,321,142
Charge for the year	-	42,521,984	73,321,385	14,365,858	22,517,006	347,475	21,593,636	6,113,757	3,602,562	-	184,383,662
Disposals	-	(9,854)	(20,288,770)	(760,962)	(1,701,861)	(210,657)	(3,869,093)	(1,331,999)	-	-	(28,173,195)
Asset classified as held for sale	-	(9,213,122)	(1,793,241)	-	-	-	-	-	-	-	(11,006,364)
As at 31 March 2015	-	109,819,364	107,632,393	27,336,724	44,035,738	510,603	40,364,753	11,039,003	14,786,667	-	355,525,245
As at 31 March 2015	3,635,155,000	1,851,252,017	1,857,565,260	127,850,116	203,840,065	1,607,678	142,352,477	14,472,211	21,059,494	50,648,961	7,905,803,290
As at 31 March 2014	3,698,291,425	2,012,003,260	2,137,917,240	134,204,665	243,469,997	2,844,496	127,905,630	20,188,051	21,943,206	71,671,069	8,470,439,040

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd.)

14.1.1 Based on the assessment carried out internally, by the Board Of Directors no provision was required for the potential impairment of fixed assets as at 31 March 2015.

14.1.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2013/2014 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2015.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2015 other than disclosed in Note 27.

14.1.5 The Group uses the revaluation model of measurement of property, plant & equipment. The Company engaged Mr.K.A.Arthur Perera 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.

The Market value has been used as the fair value of the property. In determining the revaluation, the current condition of the properties and future usability have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size, usage and location. Accordingly, the land and building were valued on an open market value on an existing use basis.

Fair value measurement disclosure for revalued Property, Plant and Equipment are provided in Note 41.

14.1.6 Details of Group's Property, Plant and Equipment stated at valuation are indicated below:

Company	Method of Valuation	Effective date of valuation	Property valuer	Significant unobservable inputs	Sensitivity of fair value to unobservable inputs
Ceylon Hotels Corporation PLC	Open market value method	31st March 2013	Mr. K. A. Arthur Perera	Estimated price per perch Rs. 25,000 - 113,500 Estimated price per square feet Rs. 2,250 - 10,000	Positively correlated sensitivity
The Kandy Hotels Company 1938 PLC	Open market value method	31st March 2013	Mr. K. A. Arthur Perera	Estimated price per perch Rs. 3,500,000 - 10,000,000 Estimated price per square feet Rs. 10,621 - 11,587	Positively correlated sensitivity
United Hotels (Pvt) Ltd.	Open market value method	31st March 2013	Mr. K. A. Arthur Perera	Estimated price per perch Rs. 650,000 Estimated price per square feet Rs. 5,500 - 14,000	Positively correlated sensitivity
Tissa Resort (Pvt) Ltd.	Open market value method	31st March 2013	Mr. K. A. Arthur Perera	Estimated price per square feet Rs. 5,204	Positively correlated sensitivity

14.1.7 During the year company has transferred Land and Building value of Rs. 200,770,724 to asset held for sale category. (see note 23.1)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

14. Property, plant and equipment (Contd..)

14.2 Company

	Freehold land		Freehold buildings		Plant and machinery		Furniture fittings and		Equipment		Motor vehicles		Computers		Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cost/ Valuation																	
As at 31 March 2014	-	-	35,053,169	63,234,407	45,256,533	2,755,138	2,776,492	149,075,739									
Additions	-	-	652,171	-	109,140	-	-	761,311									
Disposals	-	-	-	-	-	(1,100,000)	-	(1,100,000)									
Transfer to Investment Property	-	-	(35,053,169)	(63,234,407)	(44,666,909)	-	(2,744,482)	(145,698,967)									
As at 31 March 2015	-	-	652,171	-	698,764	1,655,138	32,010	3,038,083									
Accumulated Depreciation																	
As at 31 March 2014	-	-	3,505,317	6,339,971	9,051,125	281,164	558,122	19,735,698									
Charge for the year	-	-	-	74,244	132,148	254,842	6,405	467,639									
Disposals	-	-	-	-	-	(210,657)	-	(210,657)									
Transfer to Investment Property	-	-	(3,505,317)	(6,339,971)	(8,938,628)	-	(552,845)	(19,336,761)									
As at 31 March 2015	-	-	-	74,243	244,645	325,349	11,682	655,919									
Carrying Amount																	
As at 31 March 2015	-	-	652,171	(74,243)	454,119	1,329,789	20,328	2,382,164									
As at 31 March 2014	-	-	31,547,852	56,894,436	36,205,408	2,473,974	2,218,370	129,340,041									

14.2.1 Based on the assessment carried out internally, by the Board Of Directors no provision was required for the potential impairment of fixed assets as at 31 March 2015.

14.2.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2013/2014 - nil).

14.2.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2015.

14.2.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2015 other than disclosed in Note 27.

14.2.5 During 2014/15, land and building value of Rs. 126,362,206 was transferred from property plant and equipment to investment property (see note 18) due to the change in use.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

	Group		Company	
	2015 Rs.	2014 Rs	2015 Rs.	2014 Rs
15. Intangible assets				
Computer Software				
Cost				
At the beginning of the year	9,930,769	9,930,769	-	-
Acquired/ incurred during the year	573,460	-	23,460	-
Disposed During the year	(230,769)	-	-	-
As at 31st March	<u>10,273,460</u>	<u>9,930,769</u>	<u>23,460</u>	<u>-</u>
Amortization				
At the beginning of the year	3,907,692	1,915,384	-	-
Amortization for the year	2,028,246	1,992,308	2,737	-
Disposed During the year	(96,154)	-	-	-
At the end of the year	<u>5,839,784</u>	<u>3,907,692</u>	<u>2,737</u>	<u>-</u>
Net book Value as at 31st March	<u>4,433,676</u>	<u>6,023,077</u>	<u>20,723</u>	<u>-</u>

	Group		Company	
	2015 Rs.	2014 Rs	2015 Rs.	2014 Rs
16. Leasehold right over land				
Balance at the beginning of the Period	12,779,726	15,333,411	-	-
Amortization during the period	(2,553,685)	(2,553,685)	-	-
Balance at the end of the Period	<u>10,226,041</u>	<u>12,779,726</u>	<u>-</u>	<u>-</u>

	Market Value		No. of shares Company		Effective Holding %		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
17. Investments in subsidiaries								
Direct - Subsidiaries								
Kandy Hotels Co. (1938) PLC.	4,331,250,000		441,992,250	441,992,250	76.54%	76.54%	1,543,857	1,543,857
United Hotels Co. Ltd.					100%	100%	339,112,006	339,112,006
Air Line Services Ltd.					100%	100%	300,000	300,000
CHC Foods (Pvt) Ltd.					100%	100%	10	10
CHC Rest Houses (Pvt) Ltd. (Note 17.1)					50%	100%	-	1,000,000
							<u>340,955,873</u>	<u>341,955,873</u>
Sub - Subsidiaries								
Tissa Resort (Pvt) Ltd.					100%	100%	-	-
Suisse Hotel (Pvt) Ltd.					76.54%	76.54%	-	-

17.1 During the year Company has disposed its 100% stake in CHC Rest Houses (Pvt) Limited to Ceylon Hotels Holdings (Pvt) Limited which is a jointly controlled entity by the Company with Zinc Hospitality Lanka (Pvt) Ltd. (see Note 17.6)

17.2 Non Controlling Interests

The following table summarises the information relating to the Group's subsidiaries that have material NCI, before any intra-group eliminations.

As at 31st March 2015	Kandy Hotels Co. (1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	23.46%	23.46%
Total Assets	6,537,294,695	350,762,445
Total Liabilities	345,025,237	7,747,399
Net Assets	<u>6,192,269,458</u>	<u>343,015,046</u>
Net Assets attributable to NCI	<u>1,452,961,075</u>	<u>80,485,436</u>
Revenue	598,443,491	-
Profit/(Loss)	177,702,747	(103,612)
OCI	(136,117)	-
Total Comprehensive Income	<u>177,566,630</u>	<u>(103,612)</u>
Profit attributable to NCI	41,696,373	(24,312)
OCI attributable to NCI	(31,939)	-
Cash flows from operating activities	491,695,478	(144,768,997)
Cash flows from investment activities	(367,805,099)	(198,319,615)
Cash flows from financing activities	<u>(115,537,500)</u>	<u>343,500,000</u>
Net increase (decrease) in cash and cash equivalents	<u>8,352,879</u>	<u>411,388</u>
Dividends paid to NCI during the year	27,109,849	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

17.3 Non Controlling Interest (Contd..) As at 31st March 2014

	Kandy Hotels Co. (1938) PLC	Suisse Hotel (Pvt) Ltd
	Rs.	Rs.
NCI percentage	23.46%	23.46%
Total Assets	6,461,354,672	152,031,442
Total Liabilities	331,114,344	152,412,784
Net Assets	<u>6,130,240,328</u>	<u>(381,342)</u>
Net Assets attributable to NCI	<u>1,438,406,490</u>	<u>(89,479)</u>
Revenue	557,888,862	-
Profit/(Loss)	160,968,845	(121,970)
OCI	(552,008)	-
Total Comprehensive Income	<u>160,416,837</u>	<u>(121,970)</u>
Profit attributable to NCI	37,769,911	(28,619)
OCI attributable to NCI	(129,524)	-
Cash flows from operating activities	21,083,095	10,951,441
Cash flows from investment activities	(39,430,050)	(11,000,000)
Cash flows from financing activities	(12,192,515)	-
Net increase (decrease) in cash and cash equivalents	<u>(30,539,470)</u>	<u>(48,559)</u>
Dividends paid to NCI during the year	<u>2,685,482</u>	<u>-</u>

17.4. Investment in joint Venture Group

	Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2015 (Rs.)	2014 (Rs.)	2015 (Rs.)	2014 (Rs.)	2015 (Rs.)	2014 (Rs.)
No of Shares	142,130,001	142,130,001	198,800,129	-	-	-
Share Holding	50%	50%	50%	-	-	-
Opening Balance	132,506,678	137,085,830	-	-	132,506,678	137,085,831
During the year investment	198,319,609	11,000,000	44,761,045	-	243,080,654	11,000,000
operating Profit/losses for the year	<u>(22,432,362)</u>	<u>(15,579,153)</u>	<u>54,873,258</u>	-	<u>32,440,896</u>	<u>(15,579,153)</u>
	<u>308,393,925</u>	<u>132,506,678</u>	<u>99,634,303</u>	-	<u>408,028,228</u>	<u>132,506,678</u>
Share of Joint Venture's Balance Sheet						
Current Asset	1,094,995	31,331,000	63,969,211	-	65,064,206	31,331,000
Non Current Asset	893,580,368	384,348,445	89,013,856	-	982,594,224	384,348,445
Current Liabilities	(48,821,864)	(78,704,851)	(52,192,783)	-	(101,014,647)	(78,704,851)
Non Current Liabilities	<u>(537,459,574)</u>	<u>(204,467,916)</u>	<u>(1,155,981)</u>	-	<u>(538,615,555)</u>	<u>(204,467,916)</u>
	<u>308,393,925</u>	<u>132,506,678</u>	<u>99,634,303</u>	-	<u>408,028,228</u>	<u>132,506,678</u>
Share of Joint Venture's Revenue and Loss						
Revenue	-	-	42,833,464	-	42,833,464	-
Losses before income tax	<u>(22,432,362)</u>	<u>(15,193,352)</u>	<u>(7,574,993)</u>	-	<u>(30,007,355)</u>	<u>(15,193,352)</u>
Income tax	-	(385,800)	(17,527)	-	(17,527)	(385,800)
Loss after tax	<u>(22,432,362)</u>	<u>(15,579,152)</u>	<u>(7,592,520)</u>	-	<u>(30,024,882)</u>	<u>(15,579,152)</u>
Gain on bargaining purchase	-	-	62,580,611	-	62,580,611	-
Profit for the year net of tax	<u>(22,432,362)</u>	<u>(15,579,152)</u>	<u>32,555,729</u>	-	<u>32,555,729</u>	<u>(15,579,152)</u>
Other comprehensive income net of tax	-	-	(114,834)	-	(114,834)	-
Total comprehensive income for the year	<u>(22,432,362)</u>	<u>(15,579,152)</u>	<u>54,873,258</u>	-	<u>32,440,896</u>	<u>(15,579,152)</u>
Retained Earnings at the beginning	<u>(19,523,323)</u>	<u>(3,944,171)</u>	-	-	<u>(19,523,323)</u>	<u>(3,944,171)</u>
Retained Earnings at the end	<u>(41,955,685)</u>	<u>(19,523,323)</u>	<u>54,873,258</u>	-	<u>12,917,573</u>	<u>(19,523,323)</u>

Company

17.5 Investments in Joint Venture

Ceylon Holiday Holdings (Pvt) Limited

	2015	2014
Invest during the year	44,761,045	-
During the year fair value increase	205,238,955	-
	<u>250,000,000</u>	<u>-</u>

17.6 During the year Company and Zinc Hospitality Lanka (Pvt) Ltd have invested 50% each stake of the Ceylon Holidays Holdings (Pvt) Ltd which is the parent Company of CHC Rest Houses (Pvt) Ltd. It has been agreed by the joint venture parties to jointly develop the properties under CHC Rest Houses (Pvt) Ltd. Interests in Joint venture are accounted for using the equity method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

18. Investment Property

	Land Rs.	Group	
		2015 Rs.	2014 Rs
Opening Balance	329,525,000	329,525,000	329,525,000
Closing Balance	<u>329,525,000</u>	<u>329,525,000</u>	<u>329,525,000</u>

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.

18.1.1 Rental Income earned from Investment Property by the group amounted to Rs. 6,831,750/- (2013/2014 Rs. 6,831,750) and Direct Operating Expenses incurred in relation to the Investment Property amounted to Rs 504,929/-.

18.1.2 Fair value of the Investment Property is ascertained by annual independent valuation carried out by K. A. Arthur Perera A.M.I.V. (Sri Lanka) as at 31 March 2015.

The Market value has been used in determining the fair value. The current condition of the properties and future usability have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size, usage an location.

Significant unobservable valuation input:	Range
Price per square ft.	Rs. 4,500 - 5,500
Price per Perch.	Rs. 6,500,000

18.2 Investment Property

	Land Rs.	Building Rs.	Other Assets Rs.	Company	
				2015 Rs.	2014 Rs
Opening Balance	310,636,425	550,877,582	-	861,514,007	531,989,007
Transfer from property plant and equipment	-	-	126,362,206	126,362,206	329,525,000
Disposal	-	(223,297,190)	(49,079,306)	(272,376,496)	-
Transfer to Asset held for sale	(63,136,425)	(148,640,663)	-	(211,777,088)	-
Closing Balance	<u>247,500,000</u>	<u>178,939,729</u>	<u>77,282,900</u>	<u>503,722,629</u>	<u>861,514,007</u>

18.2.1 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.

18.2.2 Rental Income earned from Investment Property by the group amounted to Rs. 15,115,675/- (2013/2014 Rs. 18,931,883) and Direct Operating Expenses incurred in relation to the Investment Property amounted to Rs. 4,896,209/-.

18.2.3 Fair value of the Investment Property is ascertained by annual independent valuation carried out by K. A. Arthur Perera A.M.I.V. (Sri Lanka) as at 31 March 2015.

The Market value has been used in determining the fair value. The current condition of the properties and future usability have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size, usage an location.

Significant unobservable valuation input:	Range
Price per square ft.	Rs. 2,250 - 10,000
Price per Perch.	Rs. 25,000 - 6,500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

18.3 Investment Property Details as follows

18.3.1 Freehold property

Location	Extent	Classification Company	Classification Group
Mihinthale Rest House Land situated with 150m from A9 Road	Land - 1 A 0 R 18.93 P Buildings area - 18,350 sq.ft	Investment Property	Property, Plant and Equipment
Madwachchiya Rest House Land is situated on border of A9 Road	Land - 1 A 1 R 25 P Buildings area - 18,350 sq.ft	Investment Property	Property, Plant and Equipment
Weligama Rest House Land is situated on border of Matara -Colombo A2 Road	Land - 2 A 1 R 24.20P Buildings area - 13,922 sq.ft	Investment Property	Property, Plant and Equipment
Land and building at no.411 & 411/25, Galle road, Colombo 04	Land - 0 A 1 R 01.25P Buildings area - 19,000 sq.ft	Investment Property	Investment Property

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 Property	Property, Plant and Equipment
Sigiriya Rest House Land situated in 9 Km from Inamaluwa	Buildings area- 14,496 sq.ft	Investment Property	Property, Plant and Equipment
Polonnaruwa Rest House Land is situated on border of "Parakrama Samudrya"	Buildings area- 15,510 sq.ft	Investment Property	Property, Plant and Equipment
Habarana Rest House Land is situated on border of A6 Road	Buildings area- 8,908 sq.ft	Investment Property	Property, Plant and Equipment
Dambulla Rest House Land is situated on border of Dambulla - Matale A9 Road	Buildings area- 8,022sq.ft	Investment Property	Property, Plant and Equipment
Pussellawa Rest House Land is situated on Kandy - Nuwara - Eliya A 5 & 28.5 Km from Kandy	Buildings area- 6,807 sq.ft	Investment Property	Property, Plant and Equipment
Hanwella Rest House Land is situated on border of Badulla - Colombo Low Level Road	Buildings area- 9,531 sq.ft	Investment Property	Property, Plant and Equipment
Belihuloya Rest House Land is situated in Belihuloya on border of Badulla - Colombo Main Road	Buildings area- 15,539 sq.ft	Investment Property	Property, Plant and Equipment
Kithulgala Rest House Land is situated on 49 M from Karawanalle - Hatton Road	Buildings area- 14,609 sq.ft	Investment Property	Property, Plant and Equipment
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 Property	Property, Plant and Equipment
The Surf - Benthot Land is situated on 61 Km from Colombo on Colombo - Matara A 2 Main Road	Buildings area- 82,342.0 sq.ft	Investment Property	Property, Plant and Equipment

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs	Rs.	Rs
19. Inventories				
Food	8,807,165	9,860,800	-	-
Beverages	4,013,754	5,231,255	-	-
Crockery, linen and glassware	29,469,413	38,909,621	-	-
Sundry stock	14,510,350	21,352,353	-	-
	<u>56,800,682</u>	<u>75,354,029</u>	<u>-</u>	<u>-</u>
Provision for slow moving stocks	(64,973)	(64,973)	-	-
	<u>56,735,709</u>	<u>75,289,056</u>	<u>-</u>	<u>-</u>
	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs	Rs.	Rs
20. Trade & other receivables				
Accounts receivables (20.1)	160,153,205	150,873,697	450,992	18,207
Other receivables (20.2)	34,561,268	95,817,186	7,028,078	13,350,526
	<u>194,714,473</u>	<u>246,690,883</u>	<u>7,479,070</u>	<u>13,368,733</u>
20.1 Accounts receivables				
Trade receivable	192,893,325	186,709,119	450,992	707,591
Less: Provision for bad & doubtful debts	(32,740,120)	(35,835,422)	-	(689,384)
	<u>160,153,205</u>	<u>150,873,697</u>	<u>450,992</u>	<u>18,207</u>
20.2 Other receivables				
Advances and deposits	24,909,440	29,996,494	-	-
Others	13,373,255	69,433,333	7,028,078	13,350,526
Less: Provision for bad & doubtful debts	(3,721,427)	(135,586)	-	-
	<u>34,561,268</u>	<u>95,817,186</u>	<u>7,028,078</u>	<u>13,350,526</u>
21. Amounts due from related companies				
The Galle Face Hotel Co Ltd	-	-	-	12,960,809
CHC Rest Houses (Pvt) Ltd	42,120,184	-	42,120,184	75,987,896
Suisse Hotel Kandy (Pvt) Ltd	-	-	-	276,060
Ceylon Holiday Holdings	1,450,050	-	1,450,050	-
Ceylon Hotel Holdings (Pvt) Ltd	60,000	-	-	-
	<u>43,630,234</u>	<u>-</u>	<u>43,570,234</u>	<u>89,224,765</u>
22. Income Tax recoverable				
Balance at the beginning of the period	107,746	541,131	107,746	107,746
Over Provision for the period	885,336	-	-	-
Write offs during the period	(107,746)	(433,385)	(107,746)	-
Payment made during the period	295,938	-	-	-
Balance at the end of the period	<u>1,181,274</u>	<u>107,746</u>	<u>-</u>	<u>107,746</u>
23. Assets held for sale				
Lands	63,136,425	-	63,136,425	-
Buildings	137,634,299	-	148,640,663	-
	<u>200,770,724</u>	<u>-</u>	<u>211,777,088</u>	<u>-</u>
23.1 Company has classified land and buildings located in Dambulla, Waligama, Madawachchiya & Mihintala as assets held for sale since the carrying amount of the assets will be recovered principally through a sale transaction rather than through continuing use. Buyer has paid the full amount to acquire the said property on 28th August 2014 and transfer of ownership to be completed in agreed future date.				
24. Cash & cash equivalents				
Cash at banks	49,863,540	47,246,972	6,160,670	747,975
Fixed deposits	2,394,691	225,363,447	1,254,151	1,226,134
Cash in hand	2,760,865	4,107,423	25,000	208,654
	<u>55,019,096</u>	<u>276,717,842</u>	<u>7,439,821</u>	<u>2,182,763</u>
Bank Overdrafts	(47,894,073)	(56,183,571)	(20,742,312)	(31,719,329)
Cash & cash equivalents for cash flow purpose	<u>7,125,023</u>	<u>220,534,271</u>	<u>(13,302,491)</u>	<u>(29,536,566)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

25. Stated capital

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs	Rs.	Rs
Ordinary shares (171,825,401)	1,218,025,748	1,218,025,748	1,218,025,748	1,218,025,748
6% Preference shares (1,200,000 Shares)	2,400,000	2,400,000	2,400,000	2,400,000
	<u>1,220,425,748</u>	<u>1,220,425,748</u>	<u>1,220,425,748</u>	<u>1,220,425,748</u>

25.1 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.

25.2 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, all rights are suspended until those shares are reissued.

26. Reserves

	Group		Company	
	2015	2014	2015	2014
	Rs.	Rs	Rs.	Rs
Revaluation reserve	4,919,691,889	5,089,230,777	219,250,060	330,052,043
Capital reserve	8,128,011	8,128,011	8,128,011	8,128,011
Available for sale Reserve	-	-	205,238,955	-
General reserve	167,079,660	170,019,004	166,718,393	166,718,392
	<u>5,095,169,560</u>	<u>5,267,377,789</u>	<u>599,335,419</u>	<u>504,898,446</u>

27. Interest bearing borrowings

Analysis of interest bearing borrowings

Balance at the beginning of the year	1,174,011,718	1,166,780,738	362,850,000	319,000,000
Obtained during the year	-	50,000,000	-	50,000,000
Exchange loss	3,719,660	5,532,870	-	-
Repayments during the year	(316,019,082)	(48,301,890)	(243,750,000)	(6,150,000)
Balance at the end of the period	<u>861,712,296</u>	<u>1,174,011,718</u>	<u>119,100,000</u>	<u>362,850,000</u>
Payable after one year	<u>676,939,036</u>	<u>1,063,689,828</u>	<u>87,300,000</u>	<u>289,050,000</u>
Payable within one year	<u>184,773,260</u>	<u>110,321,890</u>	<u>31,800,000</u>	<u>73,800,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

27. Interest bearing borrowings (contd..)	Financial institution	Repayment terms	Principal (Rs)	Rate	Security	Annual repayment	Closing balance as at 31 March 2015
			Rs.			Rs.	Rs.
	Commercial Bank of Ceylon PLC (Term Loan 1)	Repayment to commence from March 2015. 58 monthly installments of Rs 3.5 Mn each and final payment.	215,000,000	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	211,500,000	-
	Commercial Bank of Ceylon PLC (Term Loan 2)	Repayment to commence from November 2014. 59 equal monthly installments of Rs 1.4 Mn each and final installment of Rs 1.0 Mn together with interest.	85,000,000	0.5%+ AWPLR*	- Do -	7,000,000	76,600,000
	Commercial Bank of Ceylon PLC (Term Loan 3)	Repayment to commence from November 2014. 39 equal monthly installments of Rs 1.25 Mn together with interest.	50,000,000	0.5%+ AWPLR*	- Do -	6,250,000	42,500,000
	Department of Treasury Operations (Treasury loan)	3 equal annual installments commencing from 17th of February 2005	19,000,000	12%	Bank guarantee issued from Commercial bank.	19,000,000	-
	Total company						<u>119,100,000</u>
	Tissa Resort (Pvt) Ltd						
	Commercial Bank of Ceylon PLC (Term Loan)	87 monthly installments based on the following repayment plan. First 6 months- @ Rs 0.5 Mn Next 6 months- @ Rs 1.0 Mn Next 6 months- @ Rs 2.2 Mn Next 69 months- @ Rs 2.55 Mn plus final month.	216,500,000	1% +AWPLR*	Leasehold rights over the "The Safari" property.	18,000,000	180,470,000
	Total company						<u>180,470,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

27. Interest bearing borrowings (contd..)

Financial institution	Repayment terms	Principal (Rs)	Rate	Security	Annual repayment Rs.	Closing balance as at 31 March 2015 Rs.
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.	4,621,500	-
Hatton National Bank PLC (Term Loan)	43 monthly installments based on the following repayment plan. (Starting from March 2015) First month- @ Rs 2,500,000 Next 41 months- @ Rs 4,352,000 Final month- @ Rs 5,276,243	250,000,000	1%+ 6 M AWDR*	- Do -	31,852,000	179,356,238
Hatton National Bank PLC (Term Loan)	72 monthly installments together with interest based on the following repayment plan. (Starting from February 2014) Rs 300,000 per month for 6 months Rs 500,000 per month for 6 months Rs 2,000,000 per month for 6 months Rs 3,400,000 per month for 3 months Rs 3,000,000 per month for 1 month	200,000,000	0.5%+ 3 M AWPLR*	Existing Registered Primary Floating Mortgage Bond for Rs 462 Mn over the leasehold rights of "The Surf" hotel property together with buildings constructed and the immovable project assets installed at Bentota.	8,200,000	191,200,000
Hatton National Bank PLC (US\$ Term Loan)	72 monthly installments together with interest based on the following repayment plan. (Starting from February 2014) USD 3,000 per month for 6 months USD 5,000 per month for 6 months USD 15,000 per month for 6 months USD 25,250 per month for 53 month USD 23,750 per month for 1 month	192,705,000	3M LIBOR + 5%***	Existing Registered Primary Concurrent Mortgage Bond for USD 1.5 Mn over the leasehold rights of "The Surf" hotel property together with buildings constructed and the immovable project assets installed at Bentota and Corporate guarantee of Ceylon Hotels Corporation PLC for USD 1.5 Mn.	9,595,582	191,586,058
Total Group						<u><u>562,142,296</u></u> <u><u>861,712,296</u></u>

* AWPLR - Average Weighted Primary Lending Rate

** AWDR - Average Weighted Deposit Rate

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
28. Finance lease obligations				
Balance at the beginning of the period	25,894	967,531	25,894	362,516
Obtained during the period				-
Paid during the period	(25,894)	(941,637)	(25,894)	(336,622)
Balance at the end of the period	-	25,894	-	25,894
Interest in suspense	-	-	-	-
Capital outstanding at end of the year	-	25,894	-	25,894
Lease payable after one year				
Amounts due after one year	-	-	-	-
Less: interest in suspense	-	-	-	-
Lease payable within one year				
Amounts due with in one year	-	25,894	-	25,894
Less: interest in suspense	-	-	-	-
	-	25,894	-	25,894
29. Employee Benefits				
At the beginning of the year	11,657,546	9,228,723	2,270,212	6,956,140
Current service cost	2,310,129	2,458,863	712,257	1,056,636
Transfer	-	-	-	(1,915,207)
Disposal of subsidiary	(2,211,415)	-	-	-
Interest cost on benefit obligation	967,886	460,656	227,021	-
Payments made during the year	(1,263,141)	(1,453,232)	(754,696)	(1,218,732)
Actuarial (Gain)/Losses	1,888,698	962,534	3,950,246	(2,608,625)
At the end of the year	13,349,703	11,657,546	6,405,040	2,270,212
(a) The amounts recognised in the Balance Sheet are as follows.				
Present value of the unfunded obligations	13,349,703	11,657,546	6,405,040	2,270,212
Recognised liability for defined benefit obligations	13,349,703	11,657,546	6,405,040	2,270,212

(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 2015. The principal assumptions used in the 2015 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)	9.5%	10%
2. Future Salary increase		
- Executives	8%	8%
- staff	8%	8%

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.

29.1 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Discount Rate - (1% increase)	12,956,998	11,364,741	6,220,646	2,210,849
- (1% decrease)	13,708,371	11,968,510	6,553,347	2,333,079
Salary Increment Rate - (1% increase)	13,746,132	12,001,399	6,574,343	2,337,943
- (1% decrease)	12,915,095	11,328,862	6,198,027	2,205,322

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
30. Non-interest-bearing borrowings	1,802,200	1,802,200	1,522,200	1,522,200
Payable within one year	1,802,200	1,802,200	1,522,200	1,522,200
31. Deferred tax liabilities				
Balance at the beginning of the period	299,610,760	310,276,726	-	-
Origination / (Reversal) of temporary differences	(5,235,873)	(10,665,965)	-	-
Transfer to deferred tax assets (31.1)	-	-	-	-
Balance at the end of the period	294,374,887	299,610,761	-	-
31.1 Deferred tax Assets				
Transfer from deferred tax liabilities	-	6,464,944	-	3,080,513
Charge for the year	-	(6,464,944)	-	(3,080,513)
	-	-	-	-
31.2 Temporary Differences				
On Property Plant and Equipment	3,176,877,716	3,128,259,042	296,974,596	320,543,826
On Retirement Benefit Obligation	(13,349,703)	(8,370,691)	(6,405,040)	(2,270,212)
On Carried Forward Tax Losses	(710,403,961)	(623,306,177)	(290,569,556)	(318,273,614)
	2,453,124,052	2,496,582,174	-	-
Tax effect	294,374,887	299,610,760	-	-
32. Trade & other Payables				
Accounts payable	68,043,876	77,059,076	9,706,047	13,982,533
Accrued expenses	30,231,601	12,184,705	6,263,828	7,897,573
Accrued rent	8,429,378	32,438,713	-	-
Other payables	91,346,381	122,392,446	7,207,272	10,478,816
	198,051,236	244,074,940	23,177,147	32,358,922
33. Amounts due to related companies				
The Kandy Hotel Co (1938) PLC	-	-	-	347,977,271
GFH Management Co (Pvt) Ltd	42,407,617	62,393,002	-	-
Galleface Hotel 1994 (pvt) ltd	21,155,647	-	-	-
The Galle Face Hotel Co Ltd	8,237,241	32,243,119	-	-
CHC Food (Pvt) Ltd	-	-	8,045,989	18,137,227
Airline Services (Pvt) Ltd	-	-	1,001,941	1,021,164
Ceylon Hotel Holdings (Pvt) Ltd	-	421,414,562	-	197,727
Tissa Resort (Pvt) Ltd	-	-	40,824,993	20,442,473
United Hotels Co (Pvt) Ltd	-	-	32,869,851	73,026,062
CHC Rest House (Pvt) Ltd	86,178,102	-	86,178,102	-
	157,978,607	516,050,683	168,920,876	460,801,924
33.1 Related Party Interest-bearing-borrowings				
Kandy Hotels Co. (1938) PLC Loan	-	-	233,129,705	-
Galle Face Hotel Co. (Pvt) Ltd	318,009,849	-	108,009,176	-
	318,009,849	-	341,138,881	-

33.2 Related party Interest bearing borrowings are at pre-determined interest rates and terms.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
34. Income tax payable				
Balance as at 01 April	11,033,351	15,527,107	13,304	-
Provision for the year	46,603,978	29,944,590	15,237,294	13,304
Over Provision in respect of previous year	(1,535,698)	-	-	-
WHT & ESC Recoverable	(2,202,483)	-	(2,202,483)	-
Payment Made During the year	(29,754,821)	(34,438,346)	-	-
Balance at the end of the period	<u>24,144,327</u>	<u>11,033,351</u>	<u>13,048,115</u>	<u>13,304</u>

35. Related Party transactions

The Company Carries out transactions in the ordinary course of the 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 Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2015 Rs.	Year ended 31.03.2014 Rs.
G F H Management Co Ltd	Affiliate	Mr. Sanjeev Gardiner (Chairman) Mr. Lakshman Samarasinghe Mr. Dinesh Weerakkodi Mr. S. H. Amarasekera Mr. Priyantha Maddumage	Services provide Expenses paid by GFH Management on behalf of CHC Payments made	15,557,845 (232,587) (12,086,920)	- (3,238,338) -
The Galle Face Hotel Company	Ultimate parent	Mr. Sanjeev Gardiner (Chairman) Mrs. Mavis Gardiner Dr. Dennis Aloysius Mr. Lalith Rodrigo Mr. Lakshman Samarasinghe	Expenses paid by CHC on behalf of GFH Expenses paid by GFH on behalf of CHC Rent Income Interest expenses on loan given from GFH Funds Transfer (from) / to GFH	221,547 - - (6,113,727) (119,351,688)	819,810 (784,887) 6,831,750 - 81,986,901
Kandy Hotels Company (1938) PLC	Subsidiary	Mr. Sanjeev Gardiner (Chairman) Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of KHCL Reimbursement of expenses paid by CHC Funds transfers to / (from) CHC Settlement of Advance and debtors collection banked in CHC Account Interest expenses on loan given from KHCL	6,320,519 (744,475) 122,119,615 347,913 (13,196,021)	2,718,100 - (180,407,849) - -
United Hotels Company Ltd	Subsidiary	Mr. Sanjeev Gardiner Dr. Dennis J. Aloysius Mr. Priyantha Maddumage Mr. Lakshman Samarasinghe	Expenses paid by CHC on behalf of UHCL Rent Income Funds transferred to UHCL Reimbursement of Expenses paid by CHC on behalf of UHCL Expenses paid by UHCL on behalf of CHC Assets transferred to UHCL Funds transferred from UHCL Reimbursement of UHCL debtors collection banked on CHC A/C	12,373,256 3,417,712 35,763,056 (10,739,001) (1,387,793) - - 698,979	9,508,831 3,417,712 - - (720,283) 894,348 32,800,000 (300,000,000)
CHC Foods (Pvt) Ltd	Subsidiary	Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage	Reimbursement of expenses paid by CHC on behalf of CHC Foods Funds Transfer from CHC Foods to CHC Expenses paid by CHC on behalf of CHC Foods Rent Income Gratuity Liability Transfer Funds Transfer to CHC Foods Assets Transfer	(1,608,261) - 3,624,238 2,527,332 - 5,526,985 20,944	- (21,100,000) 11,125,630 3,069,120 (316,440) - 201,630
Tissa Resort (Pvt) Ltd	Subsidiary	Mr. Priyantha Maddumage Mr. Lakshman Samarasinghe Dr. Dennis Aloysius	Funds transferred to Tissa Resort (Pvt) Ltd. Expenses paid by CHC on behalf of Tissa Resort Reimbursement of Expenses paid by CHC on behalf of Tissa Resort Funds Transfer from Tissa Resort (Pvt) Ltd	- 3,995,407 (3,018,551) (21,359,376)	- 909,950 - (15,292,500)
CHC Rest Houses (Pvt) Ltd	Joint Venture	Mr. Priyantha Maddumage Mr. Lakshman Samarasinghe Mr. Rahul Chaudhary Mr. Binod Kumar Chaudhary	Expenses paid by CHC Rest Houses (Pvt) Ltd on behalf of CHC Credit Card Collection & Debtors collection banked on CHC A/C Gratuity Liability Transfer Expenses paid by CHC on behalf of CHC Rest Houses (Pvt) Ltd Rent Income Assets Disposal Receivable from CHC Rest Subsequent settlement for Assets Disposal Assets Transfer from CHC Settlement of Related Party Balance Funds transferred from CHC Rest Houses to CHC Sales Proceeds of disposal of Fixed Assets	(815,280) - - 8,954,613 2,338,876 10,796,037 (6,739,606) - (43,391,202) (255,011,350) 163,821,898	(1,667,794) (285,250) (1,598,767) 24,640,726 5,613,303 - - 9,088,524 - (8,973,000) -
Ceylon Holidays Holdings (Pvt) Ltd.	Joint Venture	Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage Mr. Rahul Chaudhary Mr. Binod Kumar Chaudhary Mr. Tilak de Zoysa	Expenses paid by CHC on behalf of Ceylon Holiday holdings	1,450,050	-
Ceylon Hotels Holdings (Pvt) Ltd.	Affiliate	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Mr. S. H. Amarasekera Mr. Priyantha Maddumage Mr. Ajith Lasantha Devasurendra	Funds Transferred to Ceylon Hotels Holdings	197,727	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

35. Related Party transactions (Contd..)

Air Line Services (Pvt) Ltd	Subsidiary	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Dr. Dennis J. Aloysius Mr. Priyantha Maddumage	Funds Transferred to Air Line Services	1,054,768	
Suisse Hotel (Pvt) Ltd	Subsidiary	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe Mr. Priyantha Maddumage Mr. Lalith Rodrigo	Reimbursement of expenses paid by CHC on behalf of Suisse Hotel	(276,061)	276,061
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	Mr. Sanjeev Gardiner Mrs. Mavis Gardiner Dr. Dennis J. Aloysius Mr. Lalith Rodrigo Mr. Lakshman Samarasinghe	Expenses paid by CHC on behalf of GHF 1994 (Pvt) Ltd. Rent Income Expenses paid by GHF 1994 (Pvt) Ltd on behalf of CHC Reimbursement of expenses paid by CHC on behalf of GHF 1994 (Pvt) Ltd. Reimbursement of expenses paid by GHF 1994 (Pvt) Ltd on behalf of CHC	582,421 6,831,750 (53,415) (7,684,171) 53,415	

This note should be read in conjunction with the note 21 and 33 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
Suisse Hotel (Pvt) Ltd	SHL

35.1 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

35.2 Compensation paid to Key Management Personnel

According to Sri Lanka Accounting Standard 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 (KMPs) of the Company. The Group has paid Rs. 400,000 (2014: Rs. 400,000) to the Directors as emoluments, total amount was paid as short-term employment benefits during the year. Other than that there are no transactions, arrangements and agreements involving KMPs and other related parties.

36. Contingent liabilities

36.1 Company

There were no any material contingent liabilities for the group other than those disclosed below, as at the balance sheet date.

Name	Nature	Case No.
Mr. E. Ranasinghe	Labour	6R/7197/12- Rathnapura
Mr. Susil Rathnasiri	Labour	03/32/2011/Kandy
Mr. T. Wickramasinghe	Labour	27/ANU/2230/2013
K.A.D.S. Fernando	Labour	LT case No 13/94/2013

36.2 Group

There were no material contingent liabilities for the Group other than those disclosed below, as at the balance sheet date.

The Company 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 2015.

36.2.1 Pending litigations- Kandy Hotels Co. (1938) PLC

Name	Designation	Case No.
Mr. C.M.B Amunupura	Labour	LT Case No 03/70/2012
Ms. H.M. Dingiri Menike	Tenant	RE 2645
Men's Tailors	Tenant	Rent Board Case (Since settled)

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 effect 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 2015.

37. Events Occurring After the reporting date.

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

38. Number of employees

The total number of employees of the company as at 31.03.2015 was 104. (31.03.2014 - 102).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

39. 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/(lease payable). 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's 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 controls. The guide lines and systems are regularly reviewed and adjusted accordingly to changes in markets and products. The Group's Executive Directors monitor these risks primarily through its operating and financing activities.

39.1 Credit risk

Credit risk is the risk that a counterparty 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.

39.1.1 Credit risk exposure

The carrying amount of the financial assets represent the maximum credit exposure. The maximum credit exposure to credit risk at the end of the reporting period was as follows.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Trade and other receivable	194,714,473	246,690,883	7,479,070	13,368,733
Amount due from related parties	43,630,234	-	43,570,234	89,224,766
Cash and cash equivalents	55,019,096	276,717,842	7,439,821	2,182,763
	<u>293,363,803</u>	<u>523,408,725</u>	<u>58,489,125</u>	<u>104,776,261</u>

39.1.2 Trade and other receivables

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Neither past due nor impaired				
01–29 days	76,128,307	85,752,325	-	-
30–60 days	53,030,841	55,004,963	-	-
61–90 days	18,205,438	34,108,913	-	-
91–120 days	5,726,074	2,135,772	-	-
121–180 days	39,802,666	9,707,146	-	-
Gross carrying value	192,893,326	186,709,119	-	-
Less: impairment provision				
Individually assessed impairment provision	(32,740,120)	(35,835,423)	-	-
Total	<u>160,153,206</u>	<u>150,873,696</u>	<u>-</u>	<u>-</u>

39.1.3 Credit risk relating to cash and cash equivalents

In order to mitigate concentration, settlement and operational risks related to cash and cash equivalents, the Group limits the maximum cash amount that can be deposited with a single counter party. In addition, the Group 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 Group held cash and cash equivalents of Rs. 7 million at 31 March 2015 (2014 - Rs. 220 million).

39.2 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's financial investments and financial assets (e.g. accounts receivable, other financial assets such as fixed deposits) and projected cash flows from operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

39. Financial Risk Management Objectives and Policies (Contd..)

39.2.1 Net (debt)/cash

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Short term investments (Fixed deposits)	2,394,691	225,363,447	1,254,151	1,226,134
Cash in hand and at bank	52,624,405	51,354,395	6,185,670	956,629
Total liquid assets	55,019,096	276,717,842	7,439,821	2,182,763
Interest bearing loans and borrowings	861,712,296	1,174,011,718	119,100,000	362,850,000
Bank overdrafts	47,894,073	56,183,571	20,742,312	31,719,329
Total liabilities	909,606,369	1,230,195,289	139,842,312	394,569,329
Net (debt)/cash	(854,587,274)	(953,477,447)	(132,402,491)	(392,386,566)

39.2.2 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's financial liabilities at 31 March 2015 based on contractual un-discounted payments.

	Within 1 year	Between 1-2 years	Between 2-3 years	More than 3 year	Total
	Rs	Rs	Rs	Rs	Rs
Trade and other payables	198,051,236	-	-	-	198,051,236
Borrowings-Financial instruments	184,773,260	196,247,190	193,747,190	286,944,656	861,712,296
Amounts due to related parties	475,988,470	-	-	-	475,988,470
Bank overdrafts	47,894,073	-	-	-	47,894,073

39.3 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 three types of risk:

- * Interest rate risk
- * Currency risk
- * Price 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 2015.

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 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd.)



39.3.1 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 Company's 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 company profit before tax (through the impact on floating rate of deposits).

The company's exposure to deposits rates in USD is not material

Group		
	Increase/ (decrease) in basis points	Effect on profit before tax
2015	+ 100-150 basis points	17,960
	- 100-150 basis points	(11,973)

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.

39.3.2 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.

39.4 Capital management

The primary objective of the Company's 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 Company 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 Company may issue new shares, have a rights issue or buy back of shares.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

40. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Loans and receivables	Available-for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
2015								
Financial assets not measured at fair value								
Trade and other receivables	194,714,473	-	-	194,714,473	-	-	-	-
Amounts due from related companies	43,630,234	-	-	43,630,234	-	-	-	-
Cash and cash equivalents	55,019,096	-	-	55,019,096	-	-	-	-
	<u>293,363,803</u>	<u>-</u>	<u>-</u>	<u>293,363,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	47,894,073	47,894,073	-	-	-	-
Trade payables	-	-	68,043,876	68,043,876	-	-	-	-
Interest bearing borrowings	-	-	861,712,296	861,712,296	-	-	-	-
Related party interest bearing borrowings	-	-	318,009,849	318,009,849	-	-	-	-
Non interest bearing borrowings	-	-	1,802,200	1,802,200	-	-	-	-
Amounts due to related companies	-	-	157,978,608	157,978,608	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,455,440,902</u>	<u>1,455,440,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2014								
Financial assets not measured at fair value								
Trade and other receivables	246,690,883	-	-	246,690,883	-	-	-	-
Cash and cash equivalents	276,717,842	-	-	276,717,842	-	-	-	-
	<u>523,408,725</u>	<u>-</u>	<u>-</u>	<u>523,408,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value								
Bank overdrafts	-	-	56,183,571	56,183,571	-	-	-	-
Trade payables	-	-	77,059,076	77,059,076	-	-	-	-
Interest bearing borrowings	-	-	1,174,011,718	1,174,011,718	-	-	-	-
Non interest bearing borrowings	-	-	1,802,200	1,802,200	-	-	-	-
Amounts due to related companies	-	-	516,050,682	516,050,682	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,825,107,247</u>	<u>1,825,107,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)**

40. Accounting classification and fair value (Cont....)

Company	2015	2015	Loans and receivables	Available-for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investment in joint venture	-	250,000,000	-	-	-	250,000,000	-	-	250,000,000	250,000,000
Trade and other receivables	7,479,070	-	-	-	-	7,479,070	-	-	-	-
Amounts due from related companies	43,570,234	-	-	-	-	43,570,234	-	-	-	-
Cash and cash equivalents	7,439,821	-	-	-	-	7,439,821	-	-	-	-
	<u>58,489,125</u>	<u>250,000,000</u>				<u>308,489,125</u>	<u>250,000,000</u>			<u>250,000,000</u>
Financial liabilities not measured at fair value										
Bank overdrafts	-	-	20,742,312	-	-	20,742,312	-	-	-	-
Trade payables	-	-	9,706,047	-	-	9,706,047	-	-	-	-
Interest bearing borrowings	-	-	119,100,000	-	-	119,100,000	-	-	-	-
Related party interest bearing borrowings	-	-	341,138,881	-	-	341,138,881	-	-	-	-
Non interest bearing borrowings	-	-	1,522,200	-	-	1,522,200	-	-	-	-
Amounts due to related companies	-	-	168,920,877	-	-	168,920,877	-	-	-	-
	<u>-</u>	<u>-</u>	<u>661,130,317</u>			<u>661,130,317</u>				<u>-</u>
2014										
Financial assets not measured at fair value										
Trade and other receivables	13,368,733	-	-	-	-	13,368,733	-	-	-	-
Amounts due from related companies	89,224,766	-	-	-	-	89,224,766	-	-	-	-
Cash and cash equivalents	2,182,763	-	-	-	-	2,182,763	-	-	-	-
	<u>104,776,261</u>	<u>-</u>				<u>104,776,261</u>				<u>-</u>
Financial liabilities not measured at fair value										
Bank overdrafts	-	-	31,719,329	-	-	31,719,329	-	-	-	-
Trade payables	-	-	13,982,533	-	-	13,982,533	-	-	-	-
Interest bearing borrowings	-	-	362,850,000	-	-	362,850,000	-	-	-	-
Related party interest bearing borrowings	-	-	-	-	-	-	-	-	-	-
Non interest bearing borrowings	-	-	1,522,200	-	-	1,522,200	-	-	-	-
Amounts due to related companies	-	-	460,801,925	-	-	460,801,925	-	-	-	-
	<u>-</u>	<u>-</u>	<u>870,875,986</u>			<u>870,875,986</u>				<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Contd..)

41 Fair Value Hierarchy

41.1 Financial and Non financial assets - Group

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1 - Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Asset measured at Fair value						
Property, Plant & Equipment	-	-	-	-	7,905,803,290	8,470,439,040
Investment property	-	-	-	-	329,525,000	329,525,000

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

41.2 Non financial assets - Company

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique

Level 1 - Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Asset measured at Fair value						
Property, Plant & Equipment	-	-	-	-	2,382,164	129,340,041
Investment property	-	-	-	-	503,722,629	861,514,007

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.



The Safari - Thissamaharama

Investor Information

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

Annual Report
For the year ended 31st March 2015

ANALYSIS OF SHARE HOLDING OF SHAREHOLDERS AS AT 31ST MARCH 2015

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	6,495	1,110,294	0.65
1,001	-	5,000	474	1,242,034	0.72
5,001	-	10,000	115	838,401	0.49
10,001	-	50,000	100	2,260,119	1.32
50,001	-	100,000	14	962,183	0.56
100,001	-	500,000	11	1,956,204	1.14
500,001	-	1000,000	3	2,310,828	1.34
Over 1000,000			6	161,145,338	93.78
			7,218	171,825,401	100.00

ANALYSIS OF SHARE HOLDING OF JOINT AND INDIVIDUAL SHAREHOLDERS AS AT 31.03.2015

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	6,504	1,064,273	0.62
1,001	-	5,000	423	1,098,145	0.64
5,001	-	10,000	97	694,136	0.4
10,001	-	50,000	78	1,661,655	0.97
50,001	-	100,000	7	438,238	0.26
100,001	-	500,000	6	910,404	0.53
500,001	-	1000,000	1	723,173	0.42
Over 1000,000			0	0	0
			7,116	6,590,024	3.84

ANALYSIS OF SHAREHOLDING OF NON RESIDENT SHAREHOLDERS AS AT 31.03.2015

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	20	6,043	0
1,001 - 5,000	5	15,118	0.01
5,001 - 10,000	2	14,335	0.01
10,001 - 50,000	4	84,440	0.05
50,001 - 100,000	2	152,589	0.09
100,001 - 500,000	0	0	0
500,001 - 1,000,000	1	723,173	0.42
Over 1,000,000	0	0	0
	34	995,698	0.58

ANALYSIS OF SHAREHOLDING OF RESIDENT SHAREHOLDERS AS AT 31.03.2015

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	6,458	1,100,975	0.64
1,001 - 5,000	468	1,221,972	0.71
5,001 - 10,000	113	824,066	0.48
10,001 - 50,000	96	2,175,679	1.27
50,001 - 100,000	12	809,594	0.47
100,001 - 500,000	11	1,956,204	1.14
500,001 - 1,000,000	2	1,587,655	0.92
Over 1,000,000	6	161,145,338	93.79
	7,166	170,821,483	99.42

ANALYSIS OF SHARE HOLDING OF COMPANY SHAREHOLDERS AS AT 31.03.2015
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	10,969	0.01
1,001	-	5,000	23	70,207	0.04
5,001	-	10,000	10	88,237	0.05
10,001	-	50,000	16	475,036	0.28
50,001	-	100,000	7	523,945	0.3
100,001	-	500,000	5	1,045,800	0.61
500,001	-	1,000,000	2	1,587,655	0.92
Over 1,000,000			6	161,145,338	93.78
			102	164,947,187	95.99

DIRECTORS SHAREHOLDING AS AT 31.03. 2015

No	NAME OF DIRECTOR	Ledger	CDS	Total
1	LAKSHMAN SAMARASINGHE	131	2,894	3,025
2	SANJEEV GARDINER	NIL	NIL	NIL
3	DR. DENNIS ALOYSIUS	NIL	10,069	10,069
4	PRIYANTHA MADDUMAGE	NIL	01	01
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
9	KAMANTHA AMARASEKARA	NIL	NIL	NIL

TOP 20 SHAREHOLDERS (ORDINARY) AS AT 31.03.2015

Company Code : CHOT

Position	Shareholder Name	No of Ord. Vot. Shares	%
1	CEYLON HOTEL HOLDINGS (PVT) LTD	63,444,925	36.92%
2	NATIONAL DEVELOPMENT BANK PLC/CEYLON HOTEL HOLDINGS (PVT) LTD	57,500,000	33.46%
3	EMPLOYEES PROVIDENT FUND	20,538,515	11.95%
4	SEYLAN BANK LTD/ THE GALLE FACE HOTEL COMPANY LIMITED	9,893,056	5.76%
5	BANK OF CEYLON-NO2 A/C	5,975,000	3.48%
6	NATIONAL SAVINGS BANK	3,793,842	2.21%
7	CEYLON HOTELS INVESTMENT (PVT) LTD	911,929	0.53%
8	MR. HAMISH WINSTON MCDONALD WOODWARD	723,173	0.42%
9	ASSOCIATED ELECTRICAL CORPORATION LTD	675,726	0.39%
10	SITHLANKA (PRIVATE) LIMITED	427,300	0.25%
11	MR. KANISHKA NUWAN KARUNARATNE	293,200	0.17%
12	PHOENIX VENTURES LIMITED	200,000	0.12%
13	SUNSHINE HOLDINGS PLC	176,000	0.10%
14	MR. SITHAMPALAM ABISHEK	141,800	0.08%
15	MR. SHEIK MOHAMED HASSAN MOHAMED	132,804	0.08%
16	COCOSHELL ACTIVATED CARBON COMPANY LIMITED	127,500	0.07%
17	MRS. BANURI KUMARI VANYA WICKRAMASINGHE	115,000	0.07%
18	MCLARENS HOLDINGS LTD	115,000	0.07%
19	MR. PREMAPALA PITIPANA ARACHCHI	115,000	0.07%
20	MR. DEREK JOSEPH DE SILVA WIJEYERATNE	112,600	0.07%
		165,412,370	96.27%

Public Share holdings	-	39,988,696
Public Share holdings percentage	-	23.27%
Highest Price	-	Rs. 27.50
Lowest Price	-	Rs. 15.20
Market Price	-	Rs. 23.60

TOP 20 SHAREHOLDERS (ORDINARY) AS AT 31.03.2014
Company Code : CHOT

Position	Shareholder Name	No of Ord. Vot. 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 LIMITED	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	SITHLANKA (PRIVATE) LIMITED	427,300	0.25 %
8	ASSOCIATED ELECTRICAL CORPORATION LTD	410,946	0.24 %
9	SAMPATH BANK PLC/CAPITAL TRUST HOLDINGS PRIVATE LIMITED	395,452	0.23 %
10	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS (PVT) LTD	390,493	0.23 %
11	MR.KANISHKA NUWAN KARUNARATNE	321,600	0.19 %
12	MR.SITHAMPALAM ABISHEK	141,800	0.08 %
13	MR.JOSEPH ROMESH DE SILVA	135,398	0.08 %
14	MR.SHEIK MOHAMED HASSAN MOHAMED	132,804	0.08 %
15	COCOSHELL ACTIVATED CARBON COMPANY LIMITED	127,500	0.07 %
16	MR.MOHAMED SUBAIR FOUZAL HAQQE	126,300	0.07 %
17	MR.PIYADASA GURUGE	125,000	0.07 %
18	MCLARENS HOLDINGS LTD	115,000	0.07 %
19	MR.PREMAPALA PITIPANA ARACHCHI	115,000	0.07 %
20	MR.DEREK JOSEPH DE SILVA WIJEYERATNE	112,600	0.07 %
		164,456,762	95.72 %

FIVE YEAR SUMMARY

Year ended 31st March	2015		2014		2013		2012		2011	
	Group Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000	Group Rs. '000	Company Rs. '000
Trading Results										
Turnover Net of Tax	1,307,993	12,893	1,327,326	31,684	1,087,011	-	924,299	227,424	640,536	278,919
Operating profit/(Loss) before Interest Expenses and other income	86,804	(132,166)	125,890	(42,722)	47,780	(382,909)	72,572	(43,717)	(20,169)	113,893
Profit/(Loss) before Taxation	125,183	(58,891)	(15,262)	(56,006)	(30,341)	(328,341)	39,924	(64,822)	40,481	(61,150)
Taxation Provision	39,167	15,711	25,850	2,781	(2,740)	(10,361)	5,942	18,826	11,062	1,486
Profit after Taxation on Ordinary Activities	86,015	(74,602)	(41,112)	(58,787)	(27,601)	(317,980)	45,866	(45,996)	(31,457)	(59,664)
Share Capital & Reserve										
Issued Share Capital	1,220,426	1,220,426	1,220,426	1,220,426	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425	1,220,425
Capital & Revaluation Reserves	4,928,090	432,617	5,097,359	338,180	5,169,585	354,425	4,710,397	439,794	4,771,389	461,173
General Reserves	167,080	166,718	170,019	166,718	170,019	166,718	170,019	166,718	170,019	166,718
Accumulated Losses	(464,532)	1,146,468	(684,596)	(1,179,192)	(681,450)	(1,138,946)	(738,282)	(909,142)	(283,136)	(366,142)
Total Equity	5,851,063	673,293	5,803,208	546,132	5,878,580	602,623	5,362,559	917,795	5,878,697	1,482,174
Assets Employed										
Current Assets	552,052	270,266	598,806	104,884	669,090	255,977	324,748	195,944	240,361	370,974
Current Liabilities	(932,654)	(600,350)	(939,493)	(600,242)	(1,056,002)	(451,136)	(476,441)	(279,297)	(728,901)	(656,969)
Working Capital	(380,602)	(330,083)	(340,687)	(495,358)	(386,912)	(195,159)	(151,693)	(83,354)	(488,540)	(285,995)
Property, Plant and Equipments	7,905,803	2,382	8,470,439	129,340	8,863,005	489,713	7,848,314	551,959	7,374,447	1,189,907
Non-Current Liabilities	984,664	93,705	1,374,958	291,320	1,362,710	268,956	1,015,707	579,327	561,746	301,953
Ratio & Statistics										
Gearing Ratio (Times)	0.12	0.12	0.16	0.35	0.16	0.31	0.09	0.22	0.06	0.24
Current Ratio (Times)	0.59	0.45	0.64	0.17	0.63	0.57	0.72	0.70	0.33	0.56
Market Price per share	23.60	23.60	15.70	15.70	16.80	16.80	22.90	22.90	31.40	31.40
Earning/(Loss) per Share	0.29	(0.43)	(0.43)	(0.34)	(0.35)	(1.85)	0.15	(0.27)	0.24	(0.35)
Net Assets Per Share	34.05	3.92	33.77	3.18	34.21	3.51	31.21	5.34	34.21	8.63
Return on Shareholder's Funds (%)	0.85	(11.08)	(1.29)	(10.76)	(1.03)	(52.77)	0.49	(5.01)	0.69	(4.03)
Return on Total Assets (%)	0.54	(5.46)	(0.78)	(4.09)	(0.62)	(24.04)	1.06	(1.17)	0.48	(2.44)

NOTICE OF ANNUAL GENERAL MEETING

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 49th Annual General Meeting of Ceylon Hotels Corporation PLC will be held on 30th September 2015 at 11.00 a.m. at the Sri Lanka Foundation Institute, No:100, Independence Square, Colombo 7 for the purpose of conducting the following business:

- =====
1. To receive and consider the Report of the Directors, the Audited Accounts for the year ended 31st March 2015 and the Report of the Auditors, thereon
 2. To re-elect Mr Sanjeev Gardiner who retires by rotation in terms of Articles of Association.
 3. To re-elect Dr Chrisantha Nicholas Anthony Nonis 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 84 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 72 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., 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 2015/2016 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 21st day of August 2015

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 member/members of Ceylon Hotels Corporation PLC, hereby

appoint:..... of

..... (or failing him)

Mr Lakshman Samarasinghe	of Colombo	(or failing him)
Mr.Sanjeev Gardiner	of Colombo	(or failing him)
Dr Dennis Aloysius	of Colombo	(or failing him)
Mr Priyantha Maddumage	of Colombo	(or failing him)
Dr Chrisantha Nonis	of Colombo	(or failing him)
Mr Kuvera Isuru De Zoysa	of Colombo	(or failing him)
Mr Mangala Boyagoda	of Colombo	(or failing him)
Mr G Tissakuttiarachchi	of Colombo	(or failing him)
Mr Kamantha Amarasekara	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 onand 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 Directors, the Audited Accounts for the year ended 31 st March 2015 and Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr Sanjeev Gardiner who retires by rotation and is eligible for re-election	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Dr Chrisantha Nicholas Anthony Nonis who retires by rotation and is eligible for re-election	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Dr Dennis J Aloysius, who retires in terms of section 210 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr Lakshman Samarasinghe, who retires in terms of section 210 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>



FORM OF PROXY

6. To re-appoint Messrs, KPMG the retiring Auditors for the ensuring financial year and to authorize the Directors to fix their remuneration.
7. To authorize the Directors to determine donations for the year 2015/2016 and up to the date of the next Annual General Meeting.

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

.....
Date

.....
Signature

Notes:* Instructions as to completion appear below.
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 and signature.
2. The completed Form of Proxy should be deposited at the Registrars to shares, Esjay Corporate Services (Private) Limited, Level 03, No.11, 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/ Statute.



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. Chrisantha Nonis Kuvera De Zoysa Mangala Boyagoda Gunapala Tissakultiarachchi Kamantha Amarasekara
REGISTERED OFFICE	- 327, Union Place, Colombo 2.
SECRETARIES	- Accounting Systems Secretarial Services (Pvt) Ltd. Level 03, No. 11, Castle Lane, Colombo 4
REGISTRARS	- Esjay Corporate Services (Pvt) Ltd. Level 03, No. 11, 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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www.ceylonhotels.lk