

Interim Financial Statement
Three Months Ended 30th June 2018

Ceylon Hotels Corporation PLC
A Member of the Galle Face Hotel Group

Ceylon Hotels Corporation PLC



CORPORATE INFORMATION

Stock Exchange Listing

The Ordinary Shares of the Corporation are listed with the Colombo Stock Exchange of Sri Lanka

Directors

Lakshman Samarasinghe - Chairman
Sanjeev Gardiner
Priyantha Maddumage
Kuvera De Zoysa
Mangala Boyagoda
Kamantha Amarasekera
Wasantha Wimalaweera
Ajith Devasurendra
Ranil Pathirana
Shalike Karunasena

Secretaries

Accounting Systems Secretarial Services (Pvt) Limited
Level 03, No 11, Castle Lane, Colombo 04

Registered Office

Ceylon Hotels Corporation PLC
327 Union Place Colombo 02.
Company Registration No PB 3283
Telephone:- 011 2449168/ 011 2421847 /011 5634573 / 011 5634649
Fax : 011 5345875

Auditors

KPMG
32A, Sir Mohamed Macan Markar Mw.,Colombo 03.

Hotel Reservations

Ceylon Hotels Corporation PLC
Regency Wing - Galle Face Hotel
02, Galle Road, Colombo 3
Tel: 011 5585858 Fax : 011 5345882
Email : sales@ceylonhotels.net
Website : www.chcresorts.lk

Ceylon Hotels Corporation PLC



INCOME STATEMENT

	Group		Company		Variance
	Three months ended 30 th June		Three months ended 30 th June		Group
	2018 (Rs.'000')	2017 (Rs.'000')	2018 (Rs.'000')	2017 (Rs.'000')	%
Revenue	281,616	277,576	1,947	2,097	1
Cost of sales	(97,217)	(87,838)	(1,933)	(2,085)	(11)
Gross profit	184,399	189,738	13	12	(3)
Other income	263	360	-	1,351	(27)
Distribution expenses	(16,861)	(16,795)	-	-	(0)
Administration expenses	(225,714)	(223,389)	(2,518)	(2,747)	(1)
Other operating expenses	(129)	(74)	-	-	(75)
Profit (loss) from operations	(58,042)	(50,161)	(2,505)	(1,384)	(16)
Finance income	9,212	3,196	4,425	-	188
Finance cost	(52,714)	(35,313)	(18,552)	(14,401)	(49)
Net finance cost	(43,503)	(32,116)	(14,127)	(14,401)	(35)
Share of loss of equity accounted investees (net of tax)	(23,540)	(12,697)	-	-	(85)
Profit/(loss) before Taxation	(125,084)	(94,974)	(16,632)	(15,785)	(32)
Income Tax	(6,540)	(2,919)	-	-	(124)
Profit/(loss) for the period	(131,624)	(97,893)	(16,632)	(15,785)	(34)
Profit/(loss) attributable to:					
Equity holders of the parent	(109,363)	(84,683)	(16,632)	(15,785)	(29)
Non controlling interest	(22,261)	(13,210)	-	-	(69)
Profit/(loss) for the period	(131,624)	(97,893)	(16,632)	(15,785)	(34)
Profit/(loss) per share	(0.64)	(0.49)	(0.10)	(0.09)	(29)

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

Ceylon Hotels Corporation PLC

STATEMENT OF COMPREHENSIVE INCOME



	Group		Company	
	Three months ended 30 th June		Three months ended 30 th June	
	2018 (Rs. '000')	2017 (Rs. '000')	2018 (Rs. '000')	2017 (Rs. '000')
Profit/ (loss) for the period	(131,624)	(97,893)	(16,632)	(15,785)
Other comprehensive income				
Other comprehensive income	9,880	7,920	-	-
Other comprehensive income for the period, net of tax	(121,744)	(89,973)	(16,632)	(15,785)
Profit/(loss) attributable to:				
Equity holders of the company	(109,363)	(84,683)	(16,632)	(15,785)
Non controlling interest	(22,261)	(13,210)	-	-
Profit/(loss) for the period	(131,624)	(97,893)	(16,632)	(15,785)
Total comprehensive income attributable to :				
Owners of the company	(99,483)	(76,763)	(16,632)	(15,785)
Non controlling interest	(22,261)	(13,210)	-	-
Total comprehensive income for the period	(121,744)	(89,973)	(16,632)	(15,785)

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

Ceylon Hotels Corporation PLC
STATEMENT OF FINANCIAL POSITION



As at	Group			Company		
	30.06.2018 (Rs.'000')	30.06.2017 (Rs.'000')	31.03.2018 (Rs.'000')	30.06.2018 (Rs. '000')	30.06.2017 (Rs.'000')	31.03.2018 (Rs.'000')
ASSETS						
Non- current assets						
Property, plant & equipment	8,665,378	8,720,948	8,701,844	8	614	24
Intangible assets	509,283	510,043	510,765	-	-	-
Lease hold right over land	331,421	296,367	324,270	-	-	-
Investments in subsidiary companies	-	-	-	909,348	909,648	909,348
Investments in joint venture	457,187	419,225	480,727	330,569	302,788	330,569
Investment property	-	-	-	156,565	156,565	156,565
Deferred conversion fee	181,717	179,933	177,446	-	-	-
	10,144,986	10,126,517	10,195,053	1,396,490	1,369,615	1,396,506
Current Assets						
Inventories	85,429	84,068	81,890	-	-	-
Trade & other receivables	311,480	246,229	348,031	5,900	6,875	5,154
Amounts due from related companies	275,672	126,969	248,627	353,361	205,661	344,376
Assets held for sale	75,172	75,172	75,172	86,178	86,178	86,178
Investment in REPO	-	19,609	-	-	-	-
Cash & cash equivalents	251,748	418,492	324,508	1,620	4,621	1,621
	999,500	970,539	1,078,228	447,059	303,336	437,328
TOTAL ASSETS	11,144,486	11,097,056	11,273,281	1,843,549	1,672,951	1,833,834
EQUITY AND LIABILITIES						
Capital & Reserves						
Stated capital	362,611	198,501	362,611	362,610	198,501	362,610
Reserves	4,686,256	4,993,577	4,694,254	380,085	380,085	380,085
Accumulated profit /(loss)	1,260,323	1,525,116	1,351,807	136,115	339,275	152,747
	6,309,189	6,717,193	6,408,672	878,810	917,861	895,442
Non controlling interest	2,091,598	2,100,612	2,113,859	-	-	-
	2,091,598	2,100,612	2,113,859	-	-	-
Total Equity	8,400,787	8,817,805	8,522,531	878,810	917,861	895,442
Non Current Liabilities						
Interest bearing borrowings	1,124,796	1,291,109	1,078,960	-	-	-
Employee benefits	18,123	17,389	16,541	6,629	6,337	6,535
Deferred tax liabilities	632,124	258,982	630,156	-	-	-
Lease rent equalisation account	79,187	61,936	69,016	-	-	-
	1,854,231	1,629,416	1,794,672	6,629	6,337	6,535
Current Liabilities						
Trade and other payables	309,855	269,210	273,052	10,580	12,848	9,180
Interest bearing borrowings	167,284	184,008	263,229	-	-	-
Non interest bearing borrowings	1,802	1,802	1,802	1,522	1,522	1,522
Amounts due to related companies	201,878	107,344	168,154	93,629	86,909	89,016
Related party interest bearing borrowings	-	-	-	848,933	647,044	830,526
Income tax payable	7,392	19,726	13,381	1,582	-	1,582
Bank overdrafts	201,254	67,744	236,459	1,865	431	31
	889,466	649,834	956,078	958,111	748,754	931,857
TOTAL EQUITY AND LIABILITIES	11,144,486	11,097,056	11,273,281	1,843,549	1,672,951	1,833,834
Net Assets per Share (Rs.)	36.72	39.09	37.30	5.11	5.34	5.21

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.
Figures in brackets indicate deductions.
All values are in Rupees Thousands unless otherwise stated.

I certify that the Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

Sgd.
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P Sivatheesh
Financial Controller

Sgd.
.....
Lakshman Samarasinghe
Chairman

Sgd.
.....
Shalike Karunasena
Director

Colombo, 14th August 2018

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital (Rs.'000')	Capital Reserves (Rs.'000')	Revaluation Reserves (Rs.'000')	Fair Reserve (Rs.'000')	General Reserves (Rs.'000')	Accumulated Losses (Rs.'000')	Total Equity (Rs.'000')
Balance as at 01 st April 2017	198,499	8,128	-	205,239	166,718	355,060	933,646
Loss for the period	-	-	-	-	-	(30,340)	(30,340)
Net actuarial gain	-	-	-	-	-	(148)	(148)
Total Comprehensive Income	-	-	-	-	-	(30,488)	(30,488)
Transaction with owners of the company, recognized directly in equity							
Script dividend paid	164,111	-	-	-	-	(171,825)	(7,715)
Total Transaction with owners of the company	164,111	-	-	-	-	(171,825)	(7,715)
Balance as at 31st March 2018	362,610	8,128	-	205,239	166,718	152,747	895,442
Profit / (loss) for the period	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(16,632)	(16,632)
Balance as at 30th June 2018	362,610	8,128	-	205,239	166,718	136,115	878,810

	Stated Capital (Rs.'000')	Capital Reserves (Rs.'000')	Revaluation Reserves (Rs.'000')	Fair Reserve (Rs.'000')	General Reserves (Rs.'000')	Accumulated Losses (Rs.'000')	Total Equity (Rs.'000')
Balance as at 01 st April 2016	1,220,425	8,128	107,758	205,239	166,718	(1,021,957)	686,312
Profit / (loss) for the period	-	-	-	-	-	247,606	247,606
Net actuarial gain	-	-	-	-	-	(273)	(273)
Other comprehensive income							
Actuarial gain / (loss)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	247,334	247,334
Transaction with owners of the company, recognized directly in equity							
Transfer to retained earnings	-	-	(107,758)	-	-	107,758	-
Reduction in stated capital	(1,021,926)	-	-	-	-	1,021,926	-
Total transaction with owners of the company	(1,021,926)	-	(107,758)	-	-	1,129,683	-
Balance as at 31st March 2017	198,499	8,128	-	205,239	166,718	355,060	933,646
Net profit / (loss) for the period	-	-	-	-	-	(15,785)	(15,785)
Total comprehensive income	-	-	-	-	-	(15,785)	(15,785)
Balance as at 30th June 2017	198,499	8,128	-	205,239	166,718	339,275	917,861

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital (Rs.'000')	Capital Reserves (Rs.'000')	Revaluation Reserves (Rs.'000')	Translation Reserve (Rs.'000')	General Reserves (Rs.'000')	Accumulated Losses (Rs.'000')	Total (Rs.'000')	Minority Interest (Rs.'000')	Total Equity (Rs.'000')
Balance as at 01st April 2017	198,500	8,128	4,836,583	8,084	167,080	1,630,980	6,849,355	2,058,422	8,907,776
Profit / (loss) for the period	-	-	-	-	-	(54,896)	(54,896)	45,343	(9,552)
Other comprehensive income	-	-	(247,255)	3,141	-	829	(243,285)	(107,091)	(350,376)
Total comprehensive income	-	-	(247,255)	3,141	-	(54,067)	(298,181)	(61,748)	(359,928)
Transaction with owners of the company, recognized directly in equity									
Transfer to retained earnings	-	-	(71,514)	-	-	71,514	-	-	-
Effect of changes in holding percentage without change in control	-	-	(9,545)	(448)	-	(124,795)	(134,787)	134,787	-
Script dividend paid	164,111	-	-	-	-	(171,825)	(7,715)	-	(7,715)
Dividends-(15% Cumulative preference shares)	-	-	-	-	-	-	-	(11)	(11)
Ordinary share dividend paid to minority	-	-	-	-	-	-	-	(17,591)	(17,591)
Total Transaction with owners of the company	164,111	-	(81,059)	(448)	-	(225,106)	(142,502)	117,185	(25,317)
Balance as at 31st March 2018	362,611	8,128	4,508,270	10,776	167,080	1,351,807	6,408,672	2,113,859	8,522,531
Profit / (loss) for the period	-	-	-	-	-	(109,363)	(109,363)	(22,261)	(131,624)
Other Comprehensive Income	-	-	-	9,880	-	-	9,880	-	9,880
Total comprehensive income	-	-	-	9,880	-	(109,363)	(99,483)	(22,261)	(121,744)
Transaction with owners of the company, recognized directly in equity									
Transfer to retained earnings	-	-	(17,879)	-	-	17,879	-	-	-
Total transaction with owners of the company	-	-	(17,879)	-	-	17,879	-	-	-
Balance as at 30th June 2018	362,611	8,128	4,490,392	20,656	167,080	1,260,323	6,309,189	2,091,598	8,400,787

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital (Rs.'000')	Capital Reserves (Rs.'000')	Revaluation Reserves (Rs.'000')	Translation Reserve (Rs.'000')	General Reserves (Rs.'000')	Accumulated Losses (Rs.'000')	Total Equity (Rs.'000')	Minority Interest (Rs.'000')	Total Equity (Rs.'000')
Balance as at 01st April 2016	1,220,425	8,128	4,759,319	(263)	167,080	(3,876)	6,150,814	1,640,083	7,790,897
Profit / (Loss) for the period	-	-	-	-	-	(110,840)	(110,840)	52,294	(58,546)
Other comprehensive income	-	-	628,500	8,346	-	1,788	638,634	244,641	883,275
Total comprehensive income	-	-	628,500	8,346	-	(109,052)	527,794	296,935	824,728
Transaction with owners of the company, recognized directly in equity									
Effect of acquisition of subsidiaries with NCI	-	-	(173,189)	-	-	173,189	-	-	-
Transfer to retained earnings	-	-	(378,047)	-	-	548,794	170,748	166,743	337,490
Effect of changes in holding percentage without change in control	-	-	-	-	-	-	-	(45,301)	(45,301)
Ordinary share dividend paid to minority	(1,021,925)	-	-	-	-	1,021,925	-	-	-
Reduction in stated capital	-	-	-	-	-	-	-	(38)	(38)
Preference share dividend paid to minority	(1,021,925)	-	(551,236)	-	-	1,743,908	170,748	121,404	292,151
Total transaction with owners of the company	(1,021,925)	-	(551,236)	-	-	1,743,908	170,748	121,404	292,151
Balance as at 31st March 2017	198,500	8,128	4,836,583	8,084	167,080	1,630,980	6,849,355	2,058,422	8,907,776
Profit / (loss) for the period	-	-	-	-	-	(84,683)	(84,683)	(13,210)	(97,891)
Other comprehensive income	-	-	-	-	-	7,920	7,920	-	7,920
Total comprehensive income	-	-	-	-	-	(76,763)	(76,763)	(13,210)	(89,971)
Transaction with owners of the company, recognized directly in equity									
Transfer to/(from) reserves	-	-	(16,295)	-	-	16,295	-	-	-
Effect of changes in holding percentage without change in control	-	-	(10,003)	-	-	(95,339)	(105,342)	105,342	-
Total transaction with owners of the company	-	-	(26,298)	-	-	(79,044)	(105,342)	105,342	-
Balance as at 30th June 2017	198,500	8,128	4,810,285	8,084	167,080	1,475,173	6,667,249	2,150,554	8,817,805

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

Ceylon Hotels Corporation PLC

STATEMENT OF CASH FLOWS



	Group		Company	
	2018 (Rs.'000')	2017 (Rs.'000')	2018 (Rs.'000')	2017 (Rs.'000')
For the Three months ended 30th June				
Net profit /(loss) before taxation	(125,084)	(94,974)	(16,632)	(15,785)
Adjustments for:				
Depreciation	47,182	48,609	16	53
Provision for gratuity	1,583	1,730	94	94
Finance cost	52,714	35,313	18,552	14,401
Share of results of equity accounted investee	23,540	12,697	-	-
Interest income	(9,212)	(3,196)	(4,425)	-
Amortization of lease hold right over land	4,163	3,768	-	-
Amotization of intangible assets	1,483	319	-	-
Loss on disposal of property plant & equipment	129	74	-	-
Other operating income	(263)	(360)	-	(1,351)
Operating profit before working capital changes	(3,765)	3,980	(2,395)	(2,588)
(Increase) / decrease in inventories	(3,538)	124	-	-
(Increase) / decrease in trade debtors & other receivables	32,280	86,511	(746)	373
(Increase)/decrease in amounts due from related companies	(27,046)	(86,610)	(8,986)	(68,965)
Increase / (decrease) in trade creditors & other payables	56,853	(94,403)	1,398	2,681
Increase/(decrease) in amounts due to related companies	33,723	(54,277)	4,613	80,785
Cash generated from operations	88,507	(144,675)	(6,115)	12,286
Income tax paid	(10,560)	(8,693)	-	(122)
Finance expenses paid	(52,714)	(35,313)	(18,552)	(14,401)
Other operating income	263	360	-	1,351
Gratuity paid	-	(45)	-	-
Net cash inflow from operating activities	25,496	(188,366)	(24,667)	(885)
Cash flow from/(used in) investing activities				
Acquisition of property, plant & equipment	(10,842)	(47,094)	-	0
Exchange equalation	(11,314)	1,189	-	-
Interest received	9,212	3,196	4,425	-
Addition of intangible assets	0	(857)	-	-
Proceeds from sales of PPE & investment properties		25	-	-
Net cash flow from/(used in) investing activities	(12,945)	(43,541)	4,425	0
Net cash inflow/(outflow) before financing activities	12,552	(231,907)	(20,242)	(885)
Cash flow from/(used in) financing activities				
Repayment / increase in interest bearing borrowings	(50,108)	599,941	18,407	-
Net cash flow from (used in) financing activities	(50,108)	599,941	18,407	-
Net increase/(decrease) in cash & cash equivalents	(37,555)	368,035	(1,834)	(885)
Net cash & cash equivalents at the beginning of the period	88,050	2,322	1,590	5,077
Net cash & cash equivalents as at 30th June	50,494	370,357	(245)	4,191
Analysis of Net Cash & Cash Equivalents as at 30th June				
Cash & Cash Equivalents	251,748	438,101	1,620	4,621
Bank Overdraft	(201,254)	(67,744)	(1,865)	(431)
Net Cash & Cash Equivalents as at 30th June	50,494	370,357	(245)	4,191

Note : The above figures for the three months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

Ceylon Hotels Corporation PLC

NOTES TO INTERIM FINANCIAL STATEMENTS



1) Basis of preparation

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard (SLAS) LKAS 34-Interim Financial Reporting. These interim statements should be read in conjunction with the Annual financial statements for the year ended 31st March 2017.

2) Investment in Subsidiaries and Joint ventures

The Kandy Hotels Company (1938) PLC, United Hotels Company Ltd, Tissa Resort (Pvt) Ltd, CHC Foods (Pvt) Ltd, Suisse Hotel (Pvt) Ltd, Ceylon Hotel Maldives (Pvt) Ltd are subsidiaries of the company and CHC Rest Houses (Pvt) Ltd and Suisse Hotel Kandy (Pvt) Ltd are joint ventures for the CHC Group.

3) Stated Capital

The number of shares representing the stated capital is 180,030,942 ordinary shares and 1,200,000 of 6% non cumulative preference shares as at 30th June 2018.

4) Operating Segment

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.

5) Contingent Liabilities

a) There have not been any significant changes in the nature of contingent liabilities which were disclosed in the annual report for the year ended 31st March 2017.

b) The Company has issued following Corporate Guarantees on behalf of its subsidiaries:

<u>Subsidiary</u>	<u>In favour of</u>	<u>Amount - Rs'000</u>
Kandy Hotels Co (1938)	Sampath Bank PLC	600,000
United Hotels Co Ltd	Commercial Bank PLC	75,000
United Hotels Co Ltd	Cargills Bank Ltd	350,000

- 6) On 06th February 2018, Its Group Company Ceylon Hotels Maldives (Pvt) Ltd (CHML) entered into a Joint venture agreement with Zhen Hua Engineering Company Limited (ZHEC), a Group company of the China Harbour Engineering Co Ltd. In terms of aforesaid joint venture CHML & ZHEC have agreed to develop a 85 to 100 room resort on Ambara Island in the Maldives. The approximate investment in this regard will be USD 50 Million. Market announcement in this regard was made on 06th February 2018.

Currently, the company is in the process of fulfilling the conditions precedents set out in the Joint Venture Agreement which includes certain regulatory approvals in the Maldives.

Ceylon Hotels Corporation PLC

SHARE INFORMATION



1. The Public Share Holding as at 30th June 2018- 28.62%
2. Number of public share holders as at 30th June 2018 - 6,972
3. Directors Share Holding as at 30th June 2018

Name of Director	Ledger	CDS	Total
Lakshman Samarasinghe - Chairman	137	5,453	5,590
Sanjeev Gardiner	Nil	Nil	Nil
Priyantha Maddumage	Nil	1	1
Kuvera De Zoysa	Nil	Nil	Nil
Mangala Boyagoda	Nil	Nil	Nil
Kamantha Amarasekera	Nil	Nil	Nil
Wasantha Wimalaweera	Nil	Nil	Nil
Ajith Devasurendra	Nil	Nil	Nil
Ranil Pathirana	Nil	Nil	Nil
Shalike Karunasena	Nil	Nil	Nil

4. Top 20 Ordinary Shareholders as at 30th June 2018

Name	Position	No of Shares	%
National Development Bank PLC/ Ceylon Hotels Holdings	1	60,245,919	33.46
Ceylon Hotels Holdings (Pvt) Ltd	2	37,994,096	21.10
Employees Provident Fund	3	21,519,334	11.95
Rosewood (Pvt) Limited- Account No. 1	4	18,763,003	10.42
Seylan Bank PLC/Arrc Capital (Pvt) Ltd (Collateral)	5	10,791,878	5.99
Seylan Bank Ltd/The Galle Face Hotel Co .Ltd	6	10,365,500	5.76
Bank of Ceylon - No 2 A/C	7	5,008,269	2.78
National Savings Bank	8	3,975,017	2.21
Associated Electrical Corporation Limited	9	1,053,883	0.59
Hotel International (Pvt) Ltd	10	1,048,230	0.58
Mrs C A D S Woodward	11	723,173	0.40
Sithlanka (Pvt) Ltd	12	447,706	0.25
Mr Kanishka Nuwan Karunaratne	13	439,386	0.24
Seylan Bank PLC/Arrc Capital (Pvt) Ltd	14	267,178	0.15
Sunshine Holdings PLC	15	234,662	0.13
Phoenix Ventures (Pvt) Limited	16	209,551	0.12
Rockport Limited	17	192,855	0.11
Union Bank of Colombo PLC/ Mr.Sithampalam Abishek	18	148,572	0.08
Mr Sheik Mohamed Hassan Mohamed	19	139,146	0.08
Cocoshell Activated Carbon Co Ltd	20	133,589	0.07
Sub total		173,700,947	96.48
Balance held by others		6,329,995	3.52
Total number of shares		180,030,942	100.00

5. Market Price per Share for the quarter ended 30th June 2018

	2018 (Rs.)	2017 (Rs.)
Highest Market Price	16.50	22.00
Lowest Market Price	12.50	18.20
Last Traded Price	13.20	19.10