



HERITANCE
NEGOMBO

Browns Beach Hotels PLC

Interim Financial Statement - 3rd Quarter
(For the nine months ended 31st December 2017)

Consolidated Income Statement

	Quarter ended 31st December		Nine months ended 31st December	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Revenue	228,471	164,135	604,526	380,788
Revenue tax	(5,014)	(4,027)	(13,268)	(8,358)
Net Revenue	223,457	160,108	591,258	372,430
Other income / expenses	2,234	(1,224)	5,937	(568)
Staff cost	(36,851)	(36,506)	(106,931)	(102,248)
Depreciation	(59,988)	(45,362)	(182,943)	(135,724)
Other operating expenses - Direct	(42,156)	(34,687)	(117,452)	(94,238)
Other operating expenses - Indirect	(82,548)	(74,331)	(239,379)	(204,305)
Profit/(Loss) from operations	4,148	(32,002)	(49,510)	(164,653)
Finance income	2,053	245	5,837	361
Finance expenses	(98,283)	(80,893)	(271,913)	(206,675)
Profit/(Loss) before taxation	(92,082)	(112,650)	(315,586)	(370,967)
Income tax expense	(2,694)	-	(4,886)	-
Profit/(Loss) for the period	(94,776)	(112,650)	(320,472)	(370,967)
Attributable to:				
Equity holders of the parent company	(94,776)	(112,650)	(320,472)	(370,967)
Non-controlling interest	-	-	-	-
	(94,776)	(112,650)	(320,472)	(370,967)
Loss per share for the period (Rs.) (Basic/Diluted)	(0.73)	(0.87)	(2.47)	(2.86)

The above figures are provisional and subject to audit.

08th February 2018
Colombo

Company Income Statement

	Quarter ended 31st December		Nine months ended 31st December	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Revenue	-	-	-	-
Other income	1,226	1,226	3,679	3,679
Staff cost	(229)	(225)	(687)	(654)
Depreciation	(4)	(4)	(14)	(458)
Other operating expenses - Direct	-	-	-	-
Other operating expenses - Indirect	(2,713)	(1,142)	(4,500)	(4,424)
Profit/(Loss) before interest	(1,720)	(145)	(1,522)	(1,857)
Finance income	-	-	-	-
Finance expenses	-	-	-	-
Profit/(Loss) before taxation	(1,720)	(145)	(1,522)	(1,857)
Income tax expense	-	-	-	-
Profit/(Loss) for the period	(1,720)	(145)	(1,522)	(1,857)
Loss per share for the period (Rs.) (Basic/Diluted)	(0.01)	(0.00)	(0.01)	(0.01)

The above figures are provisional and subject to audit.

08th February 2018
Colombo

Statement of Comprehensive Income - Group

	Quarter ended 31st December		Nine months ended 31st December	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit/(Loss) for the period	(94,776)	(112,650)	(320,472)	(370,967)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	-	-	-
Total comprehensive income for the period net of tax	(94,776)	(112,650)	(320,472)	(370,967)
Attributable to:				
Equity holders of the parent company	(94,776)	(112,650)	(320,472)	(370,967)
Non-controlling interests	-	-	-	-
	(94,776)	(112,650)	(320,472)	(370,967)

Statement of Comprehensive Income - Company

	Quarter ended 31st December		Nine months ended 31st December	
	2017 Rs. '000	2016 Rs. '000	2017 Rs. '000	2016 Rs. '000
Profit/(Loss) for the period	(1,720)	(145)	(1,522)	(1,857)
Other comprehensive income				
Net change in fair value of available for sale financial assets	-	-	-	-
Total comprehensive income for the period net of tax	(1,720)	(145)	(1,522)	(1,857)

The above figures are provisional and subject to audit.

Consolidated Statement of Financial Position


As at	31.12.2017 Rs. '000	31.12.2016 Rs. '000	31.03.2017 Rs. '000
ASSETS			
Non Current Assets			
Property, plant and equipment	5,817,173	5,863,375	5,906,680
Deferred tax assets	-	-	-
Total Non Current Assets	5,817,173	5,863,375	5,906,680
Current Assets			
Inventories	25,063	22,435	22,429
Trade and other receivables	45,210	44,013	32,042
Deposits & prepayments	21,469	13,480	14,392
Amount due from related parties	8,567	14,689	31,614
Cash & cash equivalents	109,109	97,357	42,124
Total Current Assets	209,418	191,974	142,601
TOTAL ASSETS	6,026,591	6,055,349	6,049,281
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	2,383,449	2,383,449	2,383,449
Revaluation reserve	978,057	840,807	978,057
General Reserve	10,000	10,000	10,000
Retained earnings	(594,443)	(162,156)	(273,971)
	2,777,063	3,072,100	3,097,535
Non controlling interest	-	-	-
Total Equity	2,777,063	3,072,100	3,097,535
Non-Current Liabilities			
Interest bearing borrowings	2,882,040	979,030	968,700
Employee benefits	4,444	4,042	2,260
Total Non Current Liabilities	2,886,484	983,072	970,960
Current Liabilities			
Trade creditors	29,564	54,137	55,755
Other payables	196,364	232,353	228,172
Amount due to related parties	5,052	1,348	1,457
Interest bearing borrowings	60,860	1,570,970	1,598,970
Income tax payable	1,651	17	108
Short-term bank borrowings	69,553	141,352	96,324
Total Current Liabilities	363,044	2,000,177	1,980,786
Total Liabilities	3,249,528	2,983,249	2,951,746
TOTAL EQUITY AND LIABILITIES	6,026,591	6,055,349	6,049,281
Net asset value per share (Rs.)	21.43	23.70	23.90

The above figures are provisional and subject to audit.

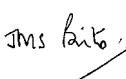
The Chief Financial Officer certifies that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.



D. G. P. Ekanayake
Assistant Vice President Finance



D. H. S. Jayawardena
Chairman



J. M. S. Brito
Director

08th February 2018
Colombo

Company Statement of Financial Position

As at	31.12.2017 Rs. '000	31.12.2016 Rs. '000	31.03.2017 Rs. '000
ASSETS			
Non Current Assets			
Property, plant and equipment	993,754	856,522	993,767
Investment in subsidiaries	2,700,000	2,700,000	2,700,000
Deferred tax assets	-	-	-
Total Non Current Assets	3,693,754	3,556,522	3,693,767
Current Assets			
Inventories	-	-	-
Other receivables	-	-	-
Deposits & prepayments	452	478	2,145
Amount due from related parties	33,054	33,698	33,550
Cash & cash equivalents	1,518	2,525	392
Total Current Assets	35,024	36,701	36,087
TOTAL ASSETS	3,728,778	3,593,223	3,729,854
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent			
Stated capital	2,383,449	2,383,449	2,383,449
Revaluation reserve	978,057	840,807	978,057
General Reserve	10,000	10,000	10,000
Retained earnings	354,428	356,080	355,950
Total Equity	3,725,934	3,590,336	3,727,456
Non-Current Liabilities			
Employee benefits	351	351	351
Total Non Current Liabilities	351	351	351
Current Liabilities			
Other payables	1,749	1,583	1,514
Amount due to related parties	727	936	516
Income tax payable	17	17	17
Total Current Liabilities	2,493	2,536	2,047
Total Liabilities	2,844	2,887	2,398
TOTAL EQUITY AND LIABILITIES	3,728,778	3,593,223	3,729,854
Net asset value per share (Rs.)	28.75	27.70	28.76

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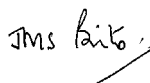
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D. G. P. Ekanayake
Assistant Vice President Finance



D. H. S. Jayawardena
Chairman



J. M. S. Brito
Director

08th February 2018
Colombo

Statement of Changes in Equity

For the Nine months ended 31st December 2017

GroupAttributable to the Equity Holders of the parent.....					Non Controlling Interests Rs.'000	Total Equity Rs.'000
	Stated Capital	Revaluation Reserve	General Reserve	Retained Earnings	Total		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Balance as at 1st April 2016	2,383,449	840,807	10,000	208,811	3,443,067	-	3,443,067
Net Profit/(Loss) for the period	-	-	-	(370,967)	(370,967)	-	(370,967)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(370,967)	(370,967)	-	(370,967)
Balance as at 31st December 2016	2,383,449	840,807	10,000	(162,156)	3,072,100	-	3,072,100
Balance as at 1st April 2017	2,383,449	978,057	10,000	(273,971)	3,097,535	-	3,097,535
Net Profit/(Loss) for the period	-	-	-	(320,472)	(320,472)	-	(320,472)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(320,472)	(320,472)	-	(320,472)
Balance as at 31st December 2017	2,383,449	978,057	10,000	(594,443)	2,777,063	-	2,777,063

Company

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	General Reserve Rs.'000	Retained Earnings Rs.'000	Total Equity Rs.'000
Balance as at 1st April 2016	2,383,449	840,807	10,000	357,937	3,592,193
Net Profit/(Loss) for the period	-	-	-	(1,857)	(1,857)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,857)	(1,857)
Balance as at 31st December 2016	2,383,449	840,807	10,000	356,080	3,590,336
Balance as at 1st April 2017	2,383,449	978,057	10,000	355,950	3,727,456
Net Profit/(Loss) for the period	-	-	-	(1,522)	(1,522)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(1,522)	(1,522)
Balance as at 31st December 2017	2,383,449	978,057	10,000	354,428	3,725,934

Statement of Cash Flows

For the nine months ended

	Group		Company	
	31.12.2017 Rs. '000	31.12.2016 Rs. '000	31.12.2017 Rs. '000	31.12.2016 Rs. '000
Profit/(Loss) before income tax expense	(315,586)	(370,967)	(1,522)	(1,857)
<i>Adjustments for</i>				
Depreciation on property, plant & equipment	182,943	135,724	14	458
Interest expense	271,913	206,675	-	-
Interest income	(5,837)	(361)	-	-
Provision for retiring benefit obligations	2,184	2,761	-	-
Operating Profit/(Loss) before working capital changes	135,617	(26,168)	(1,508)	(1,399)
(Increase)/Decrease in inventories	(2,634)	(19,931)	-	-
(Increase)/Decrease in other receivables	(13,168)	(44,014)	-	-
(Increase)/Decrease in deposits & prepayments	(7,078)	(7,838)	1,692	1,731
(Increase)/Decrease in amount due from related parties	23,046	(14,689)	-	(8,417)
Increase/(Decrease) in Trade and other payables	(57,999)	143,872	235	(626)
Increase/(Decrease) in Amount due to related parties	3,595	(1,755)	211	(1,268)
Cash generated from operations	81,379	29,477	630	(9,979)
Interest expense paid	(271,913)	(206,675)		
Economic service charge paid	(3,252)			
Income tax paid	(90)	(36)	-	(36)
Net cash flow from operating activities	(193,876)	(177,234)	630	(10,015)
Cash flow from investing activities				
Acquisition of property plant and equipment	(93,435)	(363,815)	-	-
Funds advance to Negombo Beach Resorts (Pvt) Ltd.	-	-	496	6,335
Interest received	5,837	361	-	-
Net cash flow from/(used in) investing activities	(87,598)	(363,454)	496	6,335
Cash flow from financing activities				
Proceeds from long term borrowings	1,400,000	-	-	-
Repayment of Long term borrowings	(1,024,770)	483,558	-	-
Net cash flow from financing activities	375,230	483,558	-	-
Net increase in cash & cash equivalents	93,756	(57,130)	1,126	(3,680)
Cash and cash equivalents as at the beginning of the period	(54,200)	13,135	392	6,205
Cash and cash equivalents as at the end of the period	39,556	(43,995)	1,518	2,525
Analysis of cash and cash equivalents at the end of the period				
Cash at bank and In hand	109,109	97,357	1,518	2,525
Bank overdraft	(69,553)	(141,352)	-	-
	39,556	(43,995)	1,518	2,525

Notes to Interim Financial Statements

- The Financial statements of the Company and those consolidated with such for the interim period have been prepared using same accounting policies and methods of computation as in the most recent audited financial statements and are in compliance with LKAS 34-Interim Financial Reporting. The consolidated financial statements comprise the accounts of Browns Beach Hotels PLC , and its fully owned subsidiary Negombo Beach Resort (Pvt) Ltd.
- The presentation and classification of the financial statements of the previous year have been amended where relevant to be comparable with those of the current period.
- Browns Beach Hotel ceased its operations on 31st March 2011 to facilitate the construction of a new resort. The new hotel construction was done under, Negombo Beach Resort (Pvt) Ltd, which is a fully owned subsidiary of Brown Beach Hotels PLC.
- Negombo Beach Resort (Pvt) Ltd, (Heritage Negombo) commenced its commercial operations on 2nd April 2016.
- There were no material events subsequent to the end of the interim period other than item explained in note 6 which require disclosure in the interim financial statements.
- “Melstacorp PLC (single largest shareholder of the Company, which holds 41.8% of the issued shares) , Aitken Spence Hotel Holdings PLC (second largest shareholder of the Company with 36.6% of the shares in issue) and Stassen Exports (Pvt) Ltd, which holds 9.8% of the issued shares, granted a Term Loan of Rupees One Billion Four Hundred Million (Rs. 1,400,000,000/-) to Negombo Beach Resorts (Pvt) Ltd., a fully owned subsidiary of the Company, on the 24th day of July 2017.”

Non Recurrent Transactions with Related Parties

Name of the Related Party Transaction with Parent Company	Relationship	The rational for entering into the transaction	Value of the related party transactions entered on 24th July 2017 Rs. '000	Value of the related party transactions as a % of equity	Value of the related party transactions as a % of total Assets	Terms and conditions of the related party transaction
Aitken Spence Hotel Holdings PLC	Shareholder	Term loan for part finance the bridging loan obtain from HNB	588,752	21%	10%	Repayable in 7 years with a grace period of two years. Interest AWPLR+1%
Melstacorp PLC	Shareholder	Term loan for part finance the bridging loan obtain from HNB	657,112	24%	11%	Repayable in 7 years with a grace period of two years. Interest AWPLR+1%
Stassens Exports Ltd	Shareholder	Term loan for part finance the bridging loan obtain from HNB	154,136	6%	3%	Repayable in 7 years with a grace period of two years. Interest AWPLR+1%

- There was no liability to management fees or any other similar expenditure not provided for in the interim financial statements.
- There were no material changes in contingent liabilities and contingent assets which were disclosed in the financials for the year ended 31st March 2017.

Investor Information

1. Share Information

	For nine months ended	
	31.12.2017	31.12.2016
	Rs. Cts.	Rs. Cts.
Market Price per share		
Highest	20.80	25.20
Lowest	15.60	20.10
Last Traded	16.90	22.00
Number of shares represented by the stated capital	129,600,000	129,600,000

2. Percentage of shares held by the public as at 31 st December 2017 is 9.22% and number of public shareholders was 2316

3. The numbers of shares held by the Directors as at 31st December 2017 are as follows:

Name of Director	Position	No of Shares	No of Shares
		31.12.2017	31.12.2016
1. Deshamanya D.H.S. Jayawardena	Chairman	-	-
2. Mr. J.M.S. Brito	Director	-	-
3. Ms. D.S.T. Jayawardena	Director	-	-
4. Mr. A.L. Gooneratne	Director	-	-
5. Mr. N.J. de S. Deva Aditya	Director	-	-
6. Mr. R.N. Asirwatham	Director	-	-
7. Mr. R. Stanislaus	Director	-	-
		-	-

4. Twenty largest shareholders as at 31st December

Name of the Shareholder	2017		2016	
	No of Shares	%	No of Shares	%
1 Melstacorp Limited	54,273,234	41.88	54,273,234	41.88
2 Aitken Spence Hotel Holdings PLC	47,455,750	36.62	47,455,750	36.62
3 Stassen Exports Limited	12,730,620	9.82	12,730,620	9.82
4 Elgin Investments Limited	1,710,000	1.32	1,689,148	1.30
5 Lanka Milk Foods (CWE) Limited	1,251,558	0.97	1,251,558	0.97
6 H.W.M. Woodward	1,000,000	0.77	1,000,000	0.77
7 Milford Exports (Ceylon) (Pvt) Limited	768,960	0.59	768,960	0.59
8 S.S.A.M. De Silva	470,000	0.36	470,000	0.36
9 Aitken Spence Hotels Limited	432,459	0.33	432,459	0.33
10 Heritage (Private) Limited	432,444	0.33	432,444	0.33
11 V.R. Jayasinghe	432,378	0.33	432,378	0.33
12 F.A.A. Mack	367,500	0.28	367,500	0.28
13 Kandalama Hotels Ltd	306,450	0.24	306,450	0.24
14 Hattion National Bank Plc/A. Sithampalam	274,630	0.21	295,130	0.23
15 C.S. Silvapulle	253,610	0.20	250,016	0.19
16 S.D. Weveldeniya	245,606	0.19	183,250	0.14
17 P.P. Thevarajah	223,722	0.17	223,722	0.17
18 I.K. Amerasinghe	222,689	0.17	222,689	0.17
19 W.P.S. Weerasinghe	208,832	0.16	210,832	0.16
20 P.A. Anil	182,710	0.14	182,710	0.14
	123,242,152	95.09	123,178,850	95.05

DIRECTORS

Deshamanya D.H.S. Jayawardena (Chairman)
Mr. J.M.S. Brito LLB, FCA, MBA
Ms. D.S.T. Jayawardena
Mr. N.J. de S. Deva Aditya DL, FRSA, MEP
Mr. A.L. Gooneratne FCA
Mr. R.N. Asirwatham FCA
Mr. C.R. Stanislaus

SECRETARIES

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

LEGAL FORM

A Public Quoted Company with limited liability,
incorporated in Sri Lanka on 4th August 1992

COMPANY REGISTRATION NUMBER

PQ 202

SUBSIDIARY COMPANY

Negombo Beach Resorts (Pvt) Ltd

REGISTERED OFFICE

No. 315, Vauxhall Street,
Colombo 02.
Tel : (94 11) 2308308