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Trans Asia Hotels PLC |

**Interim Condensed Financial Statements
For the Quarter Ended 30 September 2018**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Quarter ended 30th September			Six months ended 30th September		
		2018	2017	Change %	2018	2017	Change %
Continuing operations							
Revenue from contracts with customers		723,798	847,696	(15)	1,326,718	1,541,846	(14)
Cost of sales		(294,218)	(352,157)	16	(568,732)	(663,953)	14
Gross profit		429,580	495,539	(13)	757,986	877,893	(14)
Other operating income		1,359	3,101	(56)	2,362	2,540	(7)
Administrative expenses		(174,111)	(182,141)	4	(338,652)	(350,892)	3
Distribution expenses		(76,471)	(67,599)	(13)	(129,701)	(124,904)	(4)
Other operating expenses		(82,451)	(71,557)	(15)	(153,126)	(142,719)	(7)
Results from operating activities		97,906	177,343	(45)	138,869	261,918	(47)
Finance cost		(8,133)	(4,430)	(84)	(15,685)	(9,309)	(68)
Finance income		392	1,301	(70)	768	6,481	(88)
Net finance Cost		(7,741)	(3,129)	(147)	(14,917)	(2,828)	(427)
Profit before tax		90,165	174,214	(48)	123,952	259,090	(52)
Tax expense	5	(13,648)	(23,972)	43	(19,268)	(38,037)	49
Profit for the period		76,517	150,242	(49)	104,684	221,053	(53)
		Rs.	Rs.		Rs.	Rs.	
Dividend per share		-	-	-	1.00	1.50	(33)
Earnings per share		0.38	0.75	(49)	0.52	1.11	(53)
Other comprehensive income							
Other comprehensive income for the period, net of tax		-	-	-	-	-	-
Total comprehensive income for the period, net of tax		76,517	150,242	(49)	104,684	221,053	(53)

Note: All values are in Rupees '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are not audited.

STATEMENT OF FINANCIAL POSITION

As at	30.09.2018	31.03.2018
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	3,652,405	3,685,300
Lease rental paid in advance	762,846	769,048
Investment property	2,546,000	2,546,000
Intangible assets	932	1,125
Non current financial assets	9,261	8,564
Other non-current assets	2,024	1,624
Total non current assets	6,973,468	7,011,661
Current assets		
Inventories	32,131	37,968
Trade and other receivables	423,466	461,476
Other current assets	75,582	49,874
Amounts due from related parties	74,455	35,033
Cash in hand and at bank	54,564	81,458
Total current assets	660,198	665,809
Total assets	7,633,666	7,677,470
EQUITY AND LIABILITIES		
Equity		
Stated capital	1,112,880	1,112,880
Revenue reserves	3,426,598	3,509,347
Other components of equity	1,550,471	1,560,892
Total equity	6,089,949	6,183,119
Non-current liabilities		
Interest bearing loans and borrowings	95,203	146,156
Employee benefits	132,825	137,080
Deferred tax liabilities	383,750	384,269
Total non-current liabilities	611,778	667,505
Current liabilities		
Trade and other payables	277,203	256,474
Other current liabilities	116,662	147,120
Interest bearing loans and borrowings	158,672	146,156
Amounts due to related parties	73,708	30,484
Income tax liability	50,324	37,486
Bank overdrafts	255,370	209,126
Total current liabilities	931,939	826,846
Total liabilities	1,543,717	1,494,351
Total equity and liabilities	7,633,666	7,677,470

Net assets per share	Rs.	Rs.
	30.45	30.92

Note All values are in Rupees '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

I certify that the financial statements comply with the requirements of the Companies Act No.7 of 2007.

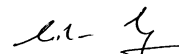


C L P Gunawardane
 Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these financial statements.



K N J Balendra
 Director



J G A Cooray
 Director

2nd November 2018

STATEMENT OF CASH FLOWS

For the six months ended 30th September	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	123,952	259,090
Adjustments for:		
Finance income	(768)	(6,481)
Finance expenses	15,685	9,309
Depreciation of property, plant and equipment	95,918	97,706
(Profit) / Loss on disposal of property, plant and equipment	(2,190)	(1,916)
Amortisation of lease rental paid in advance	6,202	6,202
Amortisation of intangible assets	193	216
Provision for gratuity	7,833	7,452
Unrealised loss on foreign exchange	20,476	2,762
Share based payment expenses	2,147	2,303
Profit before working capital changes	269,448	376,643
(Increase) / Decrease in inventories	5,837	1,439
(Increase) / Decrease in trade and other receivables	38,010	(44,190)
(Increase) / Decrease in other current assets	(65,130)	21,960
(Increase) / Decrease in other non-current assets	(1,097)	(1,487)
Increase / (Decrease) in trade and other payables	20,729	31,206
Increase / (Decrease) in other current liabilities	12,766	(44,005)
Cash generated from operations	280,563	341,566
Finance income received	768	6,481
Finance expenses paid	(15,685)	(9,309)
Tax paid	(6,948)	(91,570)
Gratuity paid	(12,089)	(13,810)
Net cash flow from operating activities	246,609	233,358
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase and construction of property, plant and equipment	(65,565)	(79,721)
Proceeds from sale of Property, plant and equipment	4,731	4,482
Net cash used in investing activities	(60,834)	(75,239)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid	(200,000)	(300,000)
Repayment of long term borrowing	(58,913)	(28,767)
Net cash flow from / (used in) financing activities	(258,913)	(328,767)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(73,138)	(170,648)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(127,668)	201,422
CASH AND CASH EQUIVALENTS AT THE END	(200,806)	30,774
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Favourable balances		
Short term investments	-	120,000
Cash in hand and at bank	54,564	101,763
	54,564	221,763
Unfavourable balances		
Bank overdrafts	(255,370)	(190,989)
Total cash and cash equivalents	(200,806)	30,774

Note : All values are in Rupees '000s, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures are not audited.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Other Components of Equity Other Capital Reserve	Revaluation Reserve	Revenue Reserve	Total Equity
As at 1st April 2017	1,112,880	14,858	1,546,034	3,509,347	6,183,119
Profit for the period	-	-	-	221,053	221,053
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	221,053	221,053
Transferred to accumulated profit	-	-	(12,567)	12,567	-
Share based payments	-	2,303	-	-	2,303
Transaction with owners of the company, recognized directly in equity					
Final dividend paid - 2016/2017	-	-	-	(300,000)	(300,000)
As at 30th September 2017	1,112,880	17,161	1,533,467	3,442,967	6,106,475
As at 1st April 2018	1,112,880	14,857	1,546,034	3,509,347	6,183,119
Profit for the period	-	-	-	104,684	104,684
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	104,684	104,684
Transferred to accumulated profit	-	-	(12,567)	12,567	-
Share based payments	-	2,147	-	-	2,147
Transaction with owners of the company, recognized directly in equity					
Final dividend paid - 2017/2018	-	-	-	(200,000)	(200,000)
As at 30th September 2018	1,112,880	17,004	1,533,467	3,426,598	6,089,950

Note : All values are in Rupees '000s, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures are not audited.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**1 CORPORATE INFORMATION**

Trans Asia Hotels PLC, is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

2 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements of the Company for the six months ended 30th September 2018 were authorised for issue by the Board of Directors on 2nd November 2018.

3 BASIS OF PREPARATION

The interim condensed financial statements of the Company have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018. The accounting policies are applied consistently.

The interim condensed financial statements are presented in Sri Lankan Rupees and all values are rounded to the nearest thousand except when otherwise indicated.

3.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company annual financial statements for the year ended 31 March 2018, except for the adoption of new standards effective as of 1 April 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments that require restatement of previous financial statements. As required by LKAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed financial statements of the Company.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed the Company concluded that SLFRS 15 does not have a material impact on Company consolidated financial statements.

Rendering of services

Under SLFRS 15, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment.

With the exception of hedge accounting, which the Company applied prospectively, the Company has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018. The Company has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

Classification and measurement

Except for certain trade receivables, under SLFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The new classification and measurement of the Company debt financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company Trade and other receivables, and Loans included under Other non-current financial assets.

The accounting for the Company financial liabilities remains largely the same as it was under LKAS 39. Similar to the requirements of LKAS 39, SLFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Company accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses

4 OPERATING SEGMENTS

For management purposes the Company is organised into operating segments based on their products and services and has two reportable operating segments as follows:

Leisure

The principal activity of the Company which is hoteliering remained unchanged. The Company owns Cinnamon Lakeside Hotel, a five star hotel situated in Colombo.

Property

The Company also derives rental income from the Investment Property adjoining the hotel.

Note : All values are in Rupees '000s, unless otherwise stated.

For the six months ended 30th September 2018

	Hotel	Investment Property	Total
Services transferred over time	1,295,426	31,292	1,326,718
Other operating income	2,362	-	2,362
Expenses	(1,186,139)	(4,072)	(1,190,211)
Net finance income	(14,917)	-	(14,917)
Profit & Loss before taxation	96,732	27,220	123,952
Segment assets	5,087,666	2,546,000	7,633,666
Segment liabilities	1,543,717	-	1,543,717

For the Quarter ended 30th September 2018

	Hotel	Investment Property	Total
Services transferred over time	707,839	15,959	723,798
Other operating income	1,359	-	1,359
Expenses	(625,291)	(1,960)	(627,251)
Net Finance Income	(7,741)	-	(7,741)
Profit & Loss before taxation	76,166	13,999	90,165

5 TAX EXPENSE

For the six months ended 30th September

	2018 Rs. 000'	2017 Rs. 000'
Income statement		
Current income tax	19,786	36,386
Deferred tax expense / (reversal)	(518)	1,651
	19,268	38,037

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONT'D)**6 RELATED PARTY TRANSACTIONS****Transactions with related companies**

The Company's immediate Parent is Asian Hotels and Properties PLC and Ultimate Parent is John Keells Holdings PLC.

For the six months ended 30th September

	2018	2017
	Rs. 000'	Rs. 000'
<u>Ultimate Parent John Keells Holdings PLC</u>		
Rendering of Services	3,262	2,455
Receiving of Services	17,629	14,806
Rent Received	14,510	14,075
<u>Parent Asian Hotels and Properties PLC</u>		
Rendering of services	-	7
Receiving of services	920	1,699
Transactions with Companies under common control of John Keells Holdings PLC		
Sale of Goods	105	8,614
Purchase of Goods	119,490	84,570
Rendering of services	94,777	109,281
Receiving of services	22,201	21,910
Equity accounted investees		
Rendering of services	3,266	4,467
Receiving of services	6,164	-
Compensation of key management personnel		
Short term employee benefits	3,150	3,150
Key management personnel		
Rendering services	302	448

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONT'D)**7 SHARE INFORMATION****7.1 Public shareholdings**

Percentage of shares held by the public and the number of public shareholders is as given below:

	30.09.2018	30.06.2018
Public share holding (%)	7.65%	7.65%
Public share holders	1,358	1,359
Compliant under option 1 - Float adjusted market capitalization (LKR Bn)	1.36	1.33

7.2 Directors' shareholdings

The number of shares held by the Board of Directors are as follows:

As at	30.09.2018	30.06.2018
Mr. S. C. Ratnayake – Chairman	400	400
Mr. K N J Balendra	Nil	Nil
Mr. J G A Cooray	1,200	1,200
Mr. J R Gunaratne	Nil	Nil
Mr. R. J. Karunaratjah	400	400
Mr. N. L. Gooneratne	589,281	589,281
Mr. C. J. L. Pinto (Joint account with Mrs. M.R.C. Pinto)	7,400	7,400
Mr. E. H. Wijenaikie	Nil	Nil
Ms. J. C. Ponniah	Nil	Nil

7.3 Twenty largest shareholders

Twenty largest shareholders of the Company is given below

As at	Number of shares			
	30.09.2018		30.06.2018	
	Number of Shares	%	Number of Shares	%
1 John Keells Holdings Plc	97,284,256	48.64%	97,284,256	48.64%
2 Asian Hotels And Properties Plc	86,823,028	43.41%	86,823,028	43.41%
3 Bank of Ceylon A/C Ceybank Unit Trust	5,429,691	2.71%	5,428,457	2.71%
4 Employees Provident Fund	4,296,200	2.15%	4,296,200	2.15%
5 Prof. D. N. L. Alwis	600,107	0.30%	600,107	0.30%
6 Mr. N. L. Gooneratne	589,281	0.29%	589,281	0.29%
7 Mr. A. N. G. Wijeyekoon	572,960	0.29%	572,960	0.29%
8 Employees Trust Fund Board	571,941	0.29%	571,941	0.29%
9 Bank of Ceylon A/C Ceybank Century Growth Fund	548,749	0.27%	548,549	0.27%
10 Bank of Ceylon No.1 Account	477,200	0.24%	477,200	0.24%
11 Ellawala Exports (Pvt) Ltd	358,400	0.18%	358,400	0.18%
12 Mr. G. L. A. Ondaatjie	250,199	0.13%	250,199	0.13%
13 Mr. D. Gonsalkorale	161,200	0.08%	161,200	0.08%
14 Mrs. B. J. E. Severin	72,800	0.04%	72,800	0.04%
15 Mr. R. D. Ranathunga	50,112	0.03%	50,112	0.03%
16 Mr. N. P. Tippala Gamage	49,500	0.02%	49,500	0.02%
17 Mr. G. P. Gunawardane	48,468	0.02%	48,468	0.02%
18 Mrs.M.I. Wijeyekoon	40,000	0.02%	40,000	0.02%
19 Mr. H. A. Van Starrex	34,832	0.02%	34,832	0.02%
20 Mr. G.M.T. Gunaratne	33,652	0.02%	33,652	0.02%

7.4 Stated capital

Stated capital is represented by number of shares in issue as given below:

As at	30.09.2018	30.06.2018
Ordinary shares	200,000,000	200,000,000

7.5 Net assets per share

Net assets per share have been calculated, for all periods, based on the number of shares in issue as at 30th September 2018.

7.6 Market price per share

For the quarter ended 30th September

	2018	2017
	Rs.	Rs.
Highest	89.00	89.90
Lowest	70.20	71.50
Last traded	89.00	80.00

8 DIVIDENDS PAID

Final dividend of Rs. 1.00 per share for financial year ended 31st March 2018 was paid on 13th June 2018.

9 CONTINGENCIES, CAPITAL AND OTHER COMMITMENTS

There has been no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31st March 2018.

10 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the date of the financial position, which require disclosure in the interim condensed financial statements.

Corporate Information

Name of the Company

Trans Asia Hotels PLC

Legal Form

A Public Limited Liability Company incorporated in Sri Lanka on 17th July, 1981 and quoted on the Colombo Stock Exchange.

Company Registration Number

PQ 5

Registered Office

No. 115, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.
Tel: 2491000
Fax: 2449184
E-mail: lakeside@cinnamonhotels.com
Website: <http://www.cinnamonhoels.com/cinnamonlakeside.htm>

Board of Directors

Mr. Susantha Chaminda Ratnayake - Chairman
Mr. Krishan Niraj Jayasekara Balendra
Mr. Joseph Gihan Adisha Cooray
Mr. Jitendra Romesh Gunaratne
Mr. Navindra Lal Gooneratne
Mr. Cholmondeley John Lloyd Pinto
Mr. Eranjith Harendra Wijenaikie
Ms. Jhansi Carryl Ponniah
Mr. Rohan Jebashanthan Karunarajah

Audit Committee

Mr. C. J. L. Pinto (Chairman)
Mr. E. H. Wijenaikie
Ms. J. C. Ponniah

Company Secretaries and Registrars

Keells Consultants (Private) Limited
117 Sir Chittampalam A Gardiner Mawatha
Colombo 02

Auditors

Messrs. KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03

Bankers

Citibank NA
Deutsche Bank AG
Sampath Bank PLC
The Hongkong and Shanghai Banking Corporation Ltd
Nations Trust Bank PLC
People's Bank PLC
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
DFCC Bank

Company Related Information Requirements

Shareholders can contact Keells Consultants (Private) Limited on 011-2306245 for any Company related information requirements.

Cinnamon
LAKESIDE
Colombo