

**Interim Financial Statement**  
**Three Months Ended 30th June 2012**

**The Kandy Hotels Company (1938) PLC**

A Member of the Galle Face Hotel Group

# **The Kandy Hotels Company (1938) PLC**

## **CORPORATE INFORMATION**

### **Stock Exchange Listing**

The Ordinary Shares of the Company are listed on the  
Colombo Stock Exchange of Sri Lanka

### **Directors**

Sanjeev Gardiner - Chairman  
Lakshman Samarasinghe  
Priyantha Maddumage  
Charitha Ratwatte  
C.L.Sirimanne  
Nahil Wijesuriya  
Chandra Mohotti  
Pradeep Nilanga Dela  
M.D.R.Gunatilleke

### **Secretaries**

Managers & Secretaries (Pvt) Limited  
08, Tickell Road, Colombo 08.

### **Auditors**

Ernst & Young  
Chartered Accountants  
201, De Saram Place, Colombo 10

### **Registered Office**

The Kandy Hotels Company (1938) PLC  
Hotel Suisse,  
30, Sangaraja Mawatha, Kandy  
Company Registration No. PQ 201

### **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](mailto:sales@ceylonhotels.net)  
Website : [www.ceylonhotels.lk](http://www.ceylonhotels.lk)

## The Kandy Hotels Company (1938) PLC

### INCOME STATEMENT

	Three Months Ended 30th June 2012		Three Months Ended 30th June 2012		Variance
	2012 Rs. '000'	2011 Rs. '000'	2012 Rs. '000'	2011 Rs. '000'	%
<b>Revenue</b>	<b>95,425</b>	<b>68,896</b>	<b>95,425</b>	<b>68,896</b>	<b>39</b>
Cost of Sales	(21,830)	(18,761)	(21,830)	(18,761)	(16)
<b>Gross Profit</b>	<b>73,596</b>	<b>50,135</b>	<b>73,596</b>	<b>50,135</b>	<b>47</b>
Other Income and Gains	6,277	4,340	6,277	4,340	45
Marketing Expenses	(2,097)	(1,620)	(2,097)	(1,620)	(29)
Staff & Administration Expenses	(47,644)	(40,608)	(47,644)	(40,608)	(17)
<b>Profit from Operations</b>	<b>30,133</b>	<b>12,246</b>	<b>30,133</b>	<b>12,246</b>	<b>146</b>
Finance Expenses	(88)	(327)	(88)	(327)	73
<b>Profit before Taxation</b>	<b>30,044</b>	<b>11,920</b>	<b>30,044</b>	<b>11,920</b>	<b>152</b>
Income Tax Expenses	(3,173)	(2,501)	(3,173)	(2,501)	(27)
<b>Net Profit for the period</b>	<b>26,871</b>	<b>9,419</b>	<b>26,871</b>	<b>9,419</b>	<b>185</b>
<b>Basic Earnings per Share (Rs)</b>	<b>0.05</b>	<b>0.57</b>	<b>0.05</b>	<b>0.57</b>	

Note: The above figures for the three months ended 30th June 2012 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

## The Kandy Hotels Company (1938) PLC

### BALANCE SHEET

As at	30.06.2012 Rs. '000'	31.03.2012 Rs. '000'
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment	5,761,693	5,768,168
<b>Current Assets</b>		
Inventories	22,227	18,237
Trade and Other Receivables	193,503	168,993
Investments	40,851	851
Cash and Cash Equivalents	24,107	44,967
	<b>280,688</b>	<b>233,049</b>
<b>TOTAL ASSETS</b>	<b>6,042,381</b>	<b>6,001,217</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Stated Capital	16,750	16,750
Reserves	5,486,559	5,494,372
Retained Earnings	221,271	186,587
<b>Total Equity</b>	<b>5,724,580</b>	<b>5,697,709</b>
<b>Non Current Liabilities</b>		
Interest Bearing Borrowings	440	605
Retirement Benefit Obligations	1,960	1,850
Deferred Taxation	241,758	241,607
	<b>244,158</b>	<b>244,061</b>
<b>Current Liabilities</b>		
Interest Bearing Borrowings	660	660
Trade and Other Payables	58,389	52,642
Income Tax Payable	7,354	6,145
Bank Overdraft	7,241	-
	<b>73,644</b>	<b>59,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,042,381</b>	<b>6,001,217</b>
<b>Net Assets per Share (Rs)</b>	<b>9.91</b>	<b>9.87</b>

The above figures for the three months ended 30th June 2012 are provisional and subject to Audit.  
 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.

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**Financial Controller**

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  
**Director**

Priyantha maddumage  
**Director**

Kandy , 23rd July 2012.

## The Kandy Hotels Company (1938) PLC

### STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Other Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 31st March 2010</b>	<b>16,750</b>	<b>4,189,646</b>	<b>3,840</b>	<b>6,145</b>	<b>4,216,382</b>
Surplus on Revaluation of Property, Plant & Equipment	-	1,413,651	-	-	1,413,651
Dividends - (15% Cumulative Preference Shares)	-	-	-	(38)	(38)
Deferred Tax impact on Revaluation Reserve	-	(84,292)	-	-	(84,292)
Transfers to Retained Earnings	-	(19,875)	-	19,875	-
Deferred tax impact due to reduction in tax rate	-	22,651	-	-	22,651
Profit for the year	-	-	-	48,521	48,521
<b>Balance as at 31st March 2011</b>	<b>16,750</b>	<b>5,521,782</b>	<b>3,840</b>	<b>74,503</b>	<b>5,616,876</b>
Dividends Paid (2010 & 2011)	-	-	-	(2,640)	(2,640)
Dividends - (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfers to Retained Earnings	-	(31,251)	-	31,251	-
Profit for the year	-	-	-	83,510	83,510
<b>Balance as at 31st March 2012</b>	<b>16,750</b>	<b>5,490,531</b>	<b>3,840</b>	<b>186,587</b>	<b>5,697,709</b>
Transfers to Retained Earnings	-	(7,813)	-	7,813	-
Profit for the Period	-	-	-	26,871	26,871
<b>Balance as at 30th June 2012</b>	<b>16,750</b>	<b>5,482,719</b>	<b>3,840</b>	<b>221,271</b>	<b>5,724,580</b>

### STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Other Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 31st March 2009</b>	<b>16,750</b>	<b>4,209,610</b>	<b>3,840</b>	<b>(17,386)</b>	<b>4,212,815</b>
Dividends - 15% Cumulative Preference Shares	-	-	-	(75)	(75)
Transfers to Retained Earnings	-	(19,964)	-	19,964	-
Profit for the year	-	-	-	3,642	3,642
<b>Balance as at 31st March 2010</b>	<b>16,750</b>	<b>4,189,646</b>	<b>3,840</b>	<b>6,145</b>	<b>4,216,382</b>
Surplus on Revaluation of Property, Plant & Equipment	-	1,413,651	-	-	1,413,651
Dividends - (15% Cumulative Preference Shares)	-	-	-	(38)	(38)
Deferred Tax impact on Revaluation Reserve	-	(84,292)	-	-	(84,292)
Transfers to Retained Earnings	-	(23,382)	-	23,382	-
Deferred tax impact due to reduction in tax rate	-	22,651	-	-	22,651
Profit for the year	-	-	-	48,521	48,521
<b>Balance as at 31st March 2011</b>	<b>16,750</b>	<b>5,518,274</b>	<b>3,840</b>	<b>78,011</b>	<b>5,616,876</b>
Transfers to Retained Earnings	-	(5,846)	-	5,846	-
Profit for the Period	-	-	-	9,419	9,419
<b>Balance as at 30th June 2011</b>	<b>16,750</b>	<b>5,512,429</b>	<b>3,840</b>	<b>93,275</b>	<b>5,626,294</b>

Note : The above figures for the three months ended 30th June 2012 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

# The Kandy Hotels Company (1938) PLC

## CASH FLOW STATEMENT

For the three months ended 30th June

	2012 Rs. '000'	2011 Rs. '000'
<b>Cash Flows from Operating Activities</b>		
<b>Net Profit before Taxation</b>	<b>30,044</b>	<b>11,920</b>
Adjustments for :		
Depreciation	13,265	9,740
Provision for Retirement Benefit Obligations	110	25
Finance Expenses	88	327
Interest Income	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>43,508</b>	<b>22,012</b>
(Increase) / Decrease in Inventories	(3,990)	(6,254)
(Increase) / Decrease in Receivables	(24,510)	23,336
Increase / (Decrease) in Trade and Other Payables	5,747	(5,360)
<b>Cash Generated from Operations</b>	<b>20,755</b>	<b>33,734</b>
Finance Expenses Paid	(88)	(327)
Net Retirement Benefit Expenses Paid	-	(135)
Income Tax Paid	(1,813)	(2,600)
<b>Net Cash Flow From Operating Activities</b>	<b>18,853</b>	<b>30,672</b>
<b>Cash Flow from/(used in) Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(6,790)	(1,895)
Interest Received	-	-
(Investments)/ Sale of Shares	-	-
(Investments)/ Withdrawal of Fixed Deposits	(40,000)	-
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>(46,790)</b>	<b>(1,895)</b>
<b>Cash Flow from/(used in) Financing Activities</b>		
Repayment of Interest Bearing Borrowings	(165)	(915)
Dividend Paid	-	-
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>(165)</b>	<b>(915)</b>
<b>Total Cash Inflow/ (Outflow)</b>	<b>(28,102)</b>	<b>27,862</b>
<b>Net Cash &amp; Cash Equivalents at the beginning of the Period 31.03.2012</b>	<b>44,967</b>	<b>9,034</b>
<b>Net Cash &amp; Cash Equivalents as at 30th June 2012</b>	<b>16,866</b>	<b>36,896</b>
<b>Note - A</b>		
Cash & Cash Equivalents	24,107	36,896
Bank Overdraft	(7,241)	-
<b>Net Cash &amp; Cash Equivalents</b>	<b>16,866</b>	<b>36,896</b>

Note : The above figures for the three months ended 30th June 2012 are provisional and subject to Audit.

Figures in brackets indicate deductions.

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**NOTES :**

1) Market Price per Share

For the quarter ended 30th June	<b>2012</b> <b>(Rs.)</b>	<b>2011</b> <b>(Rs.)</b>
Highest Market Price	7.20	290.00
Lowest Market Price	4.60	181.20
Last Traded Price	6.00	235.00

- 2) The Number of Shares representing the Stated Capital 577,500,000 Ordinary Shares and 50,000 fully paid Preference Share - @ 15%
- 3) The Financial Statements have been prepared on the basis of the same Accounting Policies and the Methods applied for the Year Ended 31st March 2012, and are in compliance with SLAS 35.
- 4) 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 2012.
- 5) There were no material events taken place after the Balance Sheet date which would require adjustments or disclosure in the Interim Financial Statement.
- 6) 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.
- 7) The property, plant and equipment of the company were revalued as at 31st March 2011, on an open market value for existing use basis by Mr. K.Arthur Perera, A.M.I.V ( Sri Lanka), Incorporated valuer, The surplus arising from the revaluation was transferred to the Revaluation Reserve.

## The Kandy Hotels Company (1938) PLC

### SHARE INFORMATION

1. The Public Holdings as at 30th June 2012 - 18.91%
2. Directors Share Holding as at 30th June 2012

Directors Share Holdings		30th June 2012	
		Preference	Ordinary
1	Mr. Sanjeev Gardiner	9,500	87,500
2	Mr. Charitha Ratwatte	Nil	175,000
3	Mr. Nahil Wijesuriya	Nil	Nil
4	Mr. Chandra Mohotti	Nil	Nil
5	Mr. Lakshman Samarasinghe	Nil	5500
6	Mr. Priyantha Maddumage	Nil	Nil
7	Mr. Pradeep Nilanga Dela	Nil	Nil
8	Mr.C.L.Sirimanne	Nil	3500
9	Mr.M.D.R.Gunatilleke	Nil	Nil

3. Top 20 Ordinary Shareholders as at 30th June 2012

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	441,992,250	76.54
2	Ceylon Hotels Holdings (Pvt) Ltd	56,485,454	9.78
3	Hotel International Ltd	17,866,628	3.09
4	Cyril Gardiner Ltd	8,120,000	1.41
5	Mr. N.V.S. Saackville -Deceased-	4,368,000	0.76
6	Mr. P.R.Frossard ,C/o.Executor Mr.C.Keith. Collas	1,965,250	0.34
7	Mrs. Lilamanie Ratwatte	1,846,250	0.32
8	Mrs. M.F. Gunasekera	1,750,000	0.30
9	Mr. P.V. Gunasekera	1,750,000	0.30
10	Ms. Helene Sauties	1,496,250	0.26
11	Mr. Edonard -Dec`d- Laravoire	1,496,250	0.26
12	Mr. John Paul Sauties	1,496,250	0.26
13	Ms. Martha Chevallaz	1,496,250	0.26
14	Mr. Jeane Laravoire	1,496,250	0.26
15	Mr. Paul Chevallaz	1,496,250	0.26
16	Mr. Albert Chevallaz	1,496,250	0.26
17	Mrs. Areenie Upendra Ratwatte Pethiyagoda	1,488,750	0.26
18	Mr. Rosanth Percival Leo Eheliyagoda	1,314,598	0.23
19	Mr.J.E.I Perera-Deceased	1,050,000	0.18
20	Mr. Francis David Micheal Badcock	1,034,250	0.18
	<b>Sub Total</b>	<b>551,505,180</b>	<b>95.50</b>
	Balance held by Others	25,994,820	4.50
	<b>Total number of Shares</b>	<b>577,500,000</b>	<b>100.00</b>