

**Interim Financial Statement**  
**Six Months Ended 30th September 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 September 2012		Six Months Ended 30th September 2012		Variance
	2012 Rs. '000'	2011 Rs. '000'	2012 Rs. '000'	2011 Rs. '000'	2nd Quarter %
<b>Revenue</b>	<b>125,863</b>	<b>89,318</b>	<b>221,288</b>	<b>158,214</b>	<b>40</b>
Cost of Sales	(24,390)	(20,991)	(46,220)	(39,752)	(16)
<b>Gross Profit</b>	<b>101,473</b>	<b>68,327</b>	<b>175,069</b>	<b>118,462</b>	<b>48</b>
Other Income and Gains	13,510	11,907	19,788	16,247	22
Marketing Expenses	(2,671)	(2,465)	(4,768)	(4,085)	(17)
Staff & Administration Expenses	(53,900)	(50,320)	(101,544)	(92,601)	(10)
<b>Profit from Operations</b>	<b>58,412</b>	<b>27,449</b>	<b>88,544</b>	<b>38,023</b>	<b>133</b>
Finance Expenses	(122)	(257)	(211)	(584)	64
<b>Profit before Taxation</b>	<b>58,289</b>	<b>27,192</b>	<b>88,334</b>	<b>37,439</b>	<b>136</b>
Income Tax Expenses	(7,703)	(2,496)	(10,876)	(4,997)	(118)
<b>Net Profit for the period</b>	<b>50,586</b>	<b>24,696</b>	<b>77,458</b>	<b>32,442</b>	<b>139</b>
<b>Basic Earnings per Share (Rs)</b>	<b>0.09</b>	<b>0.04</b>	<b>0.13</b>	<b>0.06</b>	

Note : The above figures for the six months ended 30th September 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

	30.09.2012 Rs. '000'	31.03.2012 Rs. '000'
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment	5,761,451	5,768,168
<b>Current Assets</b>		
Inventories	24,155	18,237
Trade and Other Receivables	265,775	168,993
Investments	851	851
Cash and Cash Equivalents	24,741	44,967
	<b>315,522</b>	<b>233,049</b>
<b>TOTAL ASSETS</b>	<b>6,076,973</b>	<b>6,001,217</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Stated Capital	16,750	16,750
Reserves	5,478,746	5,494,372
Retained Earnings	271,007	186,587
<b>Total Equity</b>	<b>5,766,504</b>	<b>5,697,709</b>
<b>Non Current Liabilities</b>		
Interest Bearing Borrowings	275	605
Retirement Benefit Obligations	1,937	1,850
Deferred Taxation	243,616	241,607
	<b>245,828</b>	<b>244,061</b>
<b>Current Liabilities</b>		
Interest Bearing Borrowings	660	660
Trade and Other Payables	55,441	52,642
Income Tax Payable	4,029	6,145
Bank Overdraft	4,511	-
	<b>64,641</b>	<b>59,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,076,973</b>	<b>6,001,217</b>
<b>Net Assets per Share (Rs)</b>	<b>9.99</b>	<b>9.87</b>

The above figures for the six months ended 30th September 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, 31st October 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 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	-	(15,626)	-	15,626	-
Ordinary Dividends	-	-	-	(8,663)	(8,663)
Profit for the Period	-	-	-	77,458	77,458
<b>Balance as at 30th September 2012</b>	<b>16,750</b>	<b>5,474,906</b>	<b>3,840</b>	<b>271,007</b>	<b>5,766,504</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 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>
Transfers to Retained Earnings	-	(9,937)	-	9,937	-
Ordinary Dividends	-	-	-	(2,640)	(2,640)
Profit for the Period	-	-	-	32,442	32,442
<b>Balance as at 30th September 2011</b>	<b>16,750</b>	<b>5,511,845</b>	<b>3,840</b>	<b>114,242</b>	<b>5,646,677</b>

Note : The above figures for the six months ended 30th September 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 six months ended 30th September

	2012 Rs.'000'	2011 Rs.'000'
<b>Cash Flows from Operating Activities</b>		
<b>Net Profit before Taxation</b>	<b>88,334</b>	<b>37,439</b>
Adjustments for :		
Depreciation	26,541	26,447
Provision for Retirement Benefit Obligations	265	221
Finance Expenses	211	584
Interest Income	(205)	-
<b>Operating Profit before Working Capital Changes</b>	<b>115,145</b>	<b>64,691</b>
(Increase) / Decrease in Inventories	(5,918)	(2,903)
(Increase) / Decrease in Receivables	(96,782)	(44,060)
Increase / (Decrease) in Trade and Other Payables	2,799	6,844
<b>Cash Generated from Operations</b>	<b>15,244</b>	<b>24,572</b>
Finance Expenses Paid	(211)	(584)
Net Retirement Benefit Expenses Paid	(177)	(85)
Income Tax Paid	(10,982)	(8,791)
<b>Net Cash Flow From Operating Activities</b>	<b>3,874</b>	<b>15,112</b>
<b>Cash Flow from/(used in) Investing Activities</b>		
Acquisition of Property, Plant & Equipment	(19,823)	(3,354)
Interest Received	205	-
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>(19,618)</b>	<b>(3,354)</b>
<b>Cash Flow from/(used in) Financing Activities</b>		
Repayment of Interest Bearing Borrowings	(330)	(1,695)
Dividend Paid	(8,663)	-
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>(8,993)</b>	<b>(1,695)</b>
<b>Total Cash Inflow/ (Outflow)</b>	<b>(24,738)</b>	<b>10,063</b>
<b>Net Cash &amp; Cash Equivalents at the beginning of the Period</b>	<b>44,967</b>	<b>9,034</b>
<b>Net Cash &amp; Cash Equivalents as at 30th September</b>	<b>20,230</b>	<b>19,097</b>
<b>Note - A</b>		
Cash & Cash Equivalents	24,741	20,361
Bank Overdraft	(4,511)	(1,265)
<b>Net Cash &amp; Cash Equivalents</b>	<b>20,230</b>	<b>19,097</b>

Note : The above figures for the six months ended 30th September 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 September	2012 (Rs.)	2011 (Rs.)
Highest Market Price	12.70	259.50
Lowest Market Price	5.60	205.00
Last Traded Price	10.90	233.00

- 2) The Number of Shares representing the Stated Capital 577,500,000 Ordinary Shares and 50,000 fully paid Preference Share - @ 15%
- 3) 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.
- 4) There were no material events taken place after the Balance Sheet date which would require adjustments or disclosure in the Interim Financial Statement.
- 5) The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2012. However in accordance with the ruling issued by the Institute of Chartered Accountants of Sri Lanka on 'Comparative figures in the Interim Financial Statements', the company has adopted the second alternative option as given in such ruling where by these Interim Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards which existed immediately prior to 1st January 2012. The Company is in the process of adopting the new Sri Lanka Accounting Standards (SLFRS/LKAS) with effect from 1st April 2012 and the impact to the Statement of Comprehensive Income and Net Assets has not been determined yet due to the assessment in progress.
- 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

The Public Holdings as at 30th September 2012 - 9.05%

Directors Share Holding as at 30th September 2012

Directors Share Holdings		30th September 2012	
		Preference	Ordinary
1	Mr. S Gardiner	9,500	87,500
2	Mr. J C Ratwatte	Nil	175,000
3	Mr. M W A D J N Wijesuriya	Nil	Nil
4	Mr. S C Mohotti	Nil	Nil
5	Mr. D P M L Samarasinghe	Nil	5500
6	Mr. P P Maddumage	Nil	Nil
7	Mr.C.L.Srimanne	Nil	3,500
8	Mr. M.D.R. Gunatilleke	Nil	Nil
9	Mr. P N Dela	Nil	Nil

Top 20 Ordinary Shareholders as at 30th September 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. L.R. Sirimanne	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	1,490,750	0.26
18	Mr. Rosanth Percival Leo Eheliyagoda	1,077,001	0.19
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>551,269,583</b>	<b>95.46</b>
	Balance held by Others	26,230,417	4.54
	<b>Total number of Shares</b>	<b>577,500,000</b>	<b>100.00</b>