

Interim Financial Statement
Nine Months Ended 31st December 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
Website : www.ceylonhotels.lk

The Kandy Hotels Company (1938) PLC

INCOME STATEMENT

	Three Months Ended 31st December 2012		Nine Months Ended 31st December 2012		Variance
	2012 Rs. '000'	2011 Rs. '000'	2012 Rs. '000'	2011 Rs. '000'	%
Revenue	121,997	91,062	343,285	249,276	38
Cost of Sales	(25,146)	(23,276)	(71,365)	(63,028)	(13)
Gross Profit	96,851	67,786	271,920	186,248	46
Other Income and Gains	5,880	3,253	25,668	19,501	32
Marketing Expenses	(2,804)	(2,203)	(7,573)	(6,289)	(20)
Staff & Administration Expenses	(54,610)	(48,969)	(156,154)	(146,488)	(7)
Profit from Operations	45,317	19,867	133,861	52,972	153
Finance Expenses	(174)	(292)	(385)	(876)	56
Profit before Taxation	45,143	19,575	133,476	52,095	156
Income Tax Expenses	(4,560)	(3,247)	(15,436)	(8,244)	(87)
Net Profit for the period	40,582	16,328	118,040	43,851	169
Basic Earnings per Share (Rs)	0.07	0.03	0.20	0.08	

Note : The above figures for the Nine Months ended 31st December 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

	31.12.2012 Rs. '000'	31.03.2012 Rs. '000'
ASSETS		
Non Current Assets		
Property, Plant & Equipment	5,742,989	5,768,168
Current Assets		
Inventories	25,303	18,237
Trade and Other Receivables	300,401	168,993
Investments	22,031	851
Cash and Cash Equivalents	34,813	44,967
	382,548	233,049
TOTAL ASSETS	6,125,537	6,001,217
EQUITY AND LIABILITIES		
Capital and Reserves		
Stated Capital	16,750	16,750
Reserves	5,470,934	5,494,372
Retained Earnings	319,402	186,587
Total Equity	5,807,086	5,697,709
Non Current Liabilities		
Interest Bearing Borrowings	110	605
Retirement Benefit Obligations	2,047	1,850
Deferred Taxation	244,652	241,607
	246,809	244,061
Current Liabilities		
Interest Bearing Borrowings	660	660
Trade and Other Payables	64,039	52,642
Income Tax Payable	6,943	6,145
Bank Overdraft	-	-
	71,642	59,447
TOTAL EQUITY AND LIABILITIES	6,125,537	6,001,217
Net Assets per Share (Rs)	10.06	9.87

The above figures for the Nine Months ended 31st December 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.

.....
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 24th January 2013.

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'
Balance as at 31st March 2010	16,750	4,189,646	3,840	6,145	4,216,382
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
Balance as at 31st March 2011	16,750	5,521,782	3,840	74,503	5,616,876
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
Balance as at 31st March 2012	16,750	5,490,531	3,840	186,587	5,697,709
Transfers to Retained Earnings	-	(23,438)	-	23,438	(0)
Divident Paid	-	-	-	(8,663)	(8,663)
Profit for the Period	-	-	-	118,040	118,040
Balance as at 31st December 2012	16,750	5,467,093	3,840	319,402	5,807,086

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'
Balance as at 31st March 2009	16,750	4,209,610	3,840	(17,386)	4,212,815
Net Profit for the Period	-	-	-	3,642	3,642
Dividends - 15% Cumulative Preference Shares	-	-	-	(75)	(75)
Transfers to Retained Earnings	-	(19,964)	-	19,964	-
Balance as at 31st March 2010	16,750	4,189,646	3,840	6,145	4,216,382
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
Net Profit for the Period	-	-	-	48,521	48,521
Balance as at 31st March 2011	16,750	5,521,782	3,840	74,503	5,616,876
Transfers to Retained Earnings	-	(14,906)	-	14,906	-
Divident Paid	-	-	-	(2,640)	(2,640)
Net Profit for the Period	-	-	-	43,851	43,851
Balance as at 31st December 2011	16,750	5,506,876	3,840	130,621	5,658,087

Note : The above figures for the Nine Months ended 31st December 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 Nine months ended 31st December

Cash Flows from Operating Activities

Net Profit before Taxation

Adjustments for :

Depreciation

Provision for Retirement Benefit Obligations

Finance Expenses

Interest Income

Provision for Diminution in Value of Investments

Operating Profit before Working Capital Changes

(Increase) / Decrease in Inventories

(Increase) / Decrease in Receivables

Increase / (Decrease) in Trade and Other Payables

Cash Generated from Operations

Finance Expenses Paid

Net Retirement Benefit Expenses Paid

Income Tax Paid

Net Cash Flow From Operating Activities

Cash Flow from/(used in) Investing Activities

Acquisition of Property, Plant & Equipment

Interest Received

(Investments)/ Sale of Shares

(Investments)/ Withdrawal of Fixed Deposits

Net Cash Flow from/(used in) Investing Activities

Cash Flow from/(used in) Financing Activities

Repayment of Interest Bearing Borrowings

Dividend Paid

Net Cash Flow from/(used in) Financing Activities

Total Cash Inflow/ (Outflow)

Net Cash & Cash Equivalents at the beginning of the Period

Net Cash & Cash Equivalents as at 31st December 2012

Note - A

Cash & Cash Equivalents

Bank Overdraft

Net Cash & Cash Equivalents

	2012 Rs.'000'	2011 Rs.'000'
Cash Flows from Operating Activities		
Net Profit before Taxation	133,476	52,095
Adjustments for :		
Depreciation	39,825	47,919
Provision for Retirement Benefit Obligations	374	329
Finance Expenses	385	876
Interest Income	(253)	(292)
Provision for Diminution in Value of Investments	-	-
Operating Profit before Working Capital Changes	173,807	100,928
(Increase) / Decrease in Inventories	(7,066)	(4,742)
(Increase) / Decrease in Receivables	(131,408)	(66,035)
Increase / (Decrease) in Trade and Other Payables	11,397	9,502
Cash Generated from Operations	46,730	39,653
Finance Expenses Paid	(385)	(876)
Net Retirement Benefit Expenses Paid	(177)	(85)
Income Tax Paid	(11,593)	(10,666)
Net Cash Flow From Operating Activities	34,575	28,025
Cash Flow from/(used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(14,646)	(5,689)
Interest Received	253	292
(Investments)/ Sale of Shares	-	-
(Investments)/ Withdrawal of Fixed Deposits	(21,180)	-
Net Cash Flow from/(used in) Investing Activities	(35,572)	(5,396)
Cash Flow from/(used in) Financing Activities		
Repayment of Interest Bearing Borrowings	(495)	(6,745)
Dividend Paid	(8,663)	(2,640)
Net Cash Flow from/(used in) Financing Activities	(9,158)	(9,385)
Total Cash Inflow/ (Outflow)	(10,155)	13,244
Net Cash & Cash Equivalents at the beginning of the Period	44,967	9,034
Net Cash & Cash Equivalents as at 31st December 2012	34,813	22,278
Note - A		
Cash & Cash Equivalents	34,813	22,278
Bank Overdraft	-	-
Net Cash & Cash Equivalents	34,813	22,278

Note : The above figures for the Nine months ended 31st December 2012 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

NOTES :

1) Market Price per Share

For the quarter ended 31st December	2012 (Rs.)	2011 (Rs.)
Highest Market Price	10.80	300.00
Lowest Market Price	8.10	200.00
Last Traded Price	9.50	266.30

- 2) The Number of Shares representing the Stated Capital 577,500,000 Ordinary Shares and 50,000 fully paid Preference Shares @ 15%
- 3) There has 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

1. The Public Holdings as at 31st December 2012 - 9.05%
2. Directors Share Holding as at 31st December 2012

Directors Share Holdings		31st December 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

3. Top 20 Ordinary Shareholders as at 31st December 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	1,335,260	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
	Sub Total	551,527,842	95.50
	Balance held by Others	25,972,158	4.50
	Total number of Shares	577,500,000	100.00