

Interim Financial Statement
Three Months Ended 30th June 2013

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
Lakshaman Sirimanne
Nahil Wijesuriya
Chandra Mohotti
Pradeep Nilanga Dela
Ranjith 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

	Group		Company		Variance 1st Quarter %
	Three Months Ended 30th June		Three Months Ended 30th June		
	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'	
Revenue	94,433	95,425	94,433	95,425	(1)
Cost of Sales	(22,763)	(21,830)	(22,763)	(21,830)	(4)
Gross Profit	71,671	73,596	71,671	73,596	(3)
Other Operating Income	4,953	6,277	4,953	6,277	(21)
Administrative Expenses	(53,450)	(47,644)	(53,450)	(47,644)	(12)
Selling & Distribution Expenses	(5,272)	(2,097)	(5,272)	(2,097)	(151)
Results from Operating Activities	17,901	30,133	17,901	30,133	(41)
Finance Expenses	(331)	(88)	(331)	(88)	(275)
Finance Income	146	-	146	-	-
Net Finance Cost	(185)	(88)	(185)	(88)	(109)
Share of Profit of Joint Venture	-	-	-	-	-
Profit before Tax	17,716	30,044	17,716	30,044	(41)
Income Tax Expenses	(1,859)	(3,173)	(1,859)	(3,173)	41
Profit for the Year	15,857	26,871	15,857	26,871	(41)
Attributable to:					
Equity Holders of the Parent	15,857	26,871	-	-	(41)
	15,857	26,871	0	0	(41)
Basic Earnings per Share (Rs)	0.03	0.05	0.03	0.05	(41)

Note : The above figures for the Three Months ended 30th June 2012 and 2013 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

STATEMENT OF COMPREHENSIVE INCOME

	Group		Company	
	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'
Profit for the year	15,857	26,871	15,857	26,871
Other Comprehensive Income				
Effect of Revaluation of property, plant and equipment	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-
Revaluation on disposal building	-	-	-	-
Tax on other comprehensive income	-	-	-	-
Total Other Comprehensive Income for the year, net of tax	-	-	-	-
Total Comprehensive Income for the year, net of tax	15,857	26,871	15,857	26,871
Attributable to:				
Equity Holders of the Parent	15,857	26,871	-	-
	15,857	26,871	-	-

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 30th June

	Group			Company		
	30.06.2013 Rs. '000'	30.06.2012 Rs. '000'	31.03.2013 Rs. '000'	30.06.2013 Rs. '000'	30.06.2012 Rs. '000'	31.03.2013 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,822,951	5,761,693	5,827,755	5,822,951	5,761,693	5,827,755
Intangible Assets	3,040	-	3,040	3,040	-	3,040
Investment in Subsidiary	-	0	-	0	0	0
Investment in Joint Venture	137,086	-	137,086	-	-	-
Current Assets						
Inventories	21,679	22,227	20,814	21,679	22,227	20,814
Trade and Other Receivables	272,829	193,503	262,650	413,859	193,503	403,680
Investments	37,528	40,851	32,243	37,528	40,851	32,243
Cash and Cash Equivalents	9,927	24,107	25,651	9,877	24,107	25,601
	341,963	280,688	341,358	482,943	280,688	482,337
TOTAL ASSETS	6,305,040	6,042,382	6,309,238	6,308,934	6,042,382	6,313,132
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,603,371	5,486,560	5,611,327	5,603,371	5,486,560	5,611,327
Retained Earnings	372,943	221,270	349,131	377,147	221,270	353,334
Total Equity	5,993,065	5,724,580	5,977,207	5,997,269	5,724,580	5,981,411
Non Current Liabilities						
Interest Bearing Borrowings	-	440	-	-	440	-
Retirement Benefit Obligations	2,172	1,960	1,911	2,172	1,960	1,911
Deferred Taxation	249,866	241,758	250,759	249,866	241,758	250,759
	252,038	244,158	252,670	252,038	244,158	252,670
Current Liabilities						
Interest Bearing Borrowings	440	660	605	440	660	605
Trade and Other Payables	45,133	58,389	58,336	44,823	58,389	58,027
Income Tax Payable	14,364	7,354	14,637	14,364	7,354	14,637
Bank Overdraft	-	7,241	5,782	-	7,241	5,782
	59,937	73,644	79,361	59,627	73,644	79,052
TOTAL EQUITY AND LIABILITIES	6,305,040	6,042,382	6,309,238	6,308,934	6,042,382	6,313,132
Net Assets per Share (Rs)	10.38	9.91	10.35	10.38	9.91	10.36

The above figures for the Three Months ended 30th June 2012 and 2013 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 09th August 2013.

The Kandy Hotels Company (1938) PLC

STATEMENT OF CHANGES IN EQUITY

Group	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 2012	16,750	5,490,531	3,840	186,587	5,697,709
Profit for the Year	-	-	-	139,425	139,425
Other Comprehensive Income	-	153,290	-	-	153,290
Total Comprehensive Income	16,750	5,643,821	3,840	326,012	5,990,423
Revaluation on Disposal Building	-	(4,516)	-	-	(4,516)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends - (15% Cumulative Preference Shares)	-	-	-	(38)	(38)
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Balance as at 31st March 2013	16,750	5,607,486	3,840	349,131	5,977,207
Profit for the Period	-	-	-	15,857	15,857
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	5,607,486	3,840	364,989	5,993,065
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2013	16,750	5,599,531	3,840	372,943	5,993,065

STATEMENT OF CHANGES IN EQUITY

Company	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 2012	16,750	5,490,531	3,840	186,587	5,697,709
Profit for the Year	-	-	-	143,628	143,628
Other Comprehensive Income	-	153,290	-	-	153,290
Total Comprehensive Income	16,750	5,643,821	3,840	330,215	5,994,627
Revaluation on Disposal Building	-	(4,516)	-	-	(4,516)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends - (15% Cumulative Preference Shares)	-	-	-	(38)	(38)
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Balance as at 31st March 2013	16,750	5,607,485	3,840	353,335	5,981,411
Profit for the Year	-	-	-	15,857	15,857
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	5,607,485	3,840	369,192	5,997,269
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2013	16,750	5,599,530	3,840	377,147	5,997,269

Note : The above figures for the Three Months ended 30th June 2012 and 2013 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

STATEMENT OF CHANGES IN EQUITY

Group	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
Profit for the year	-	-	-	48,521	48,521
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	4,189,646	3,840	54,666	4,264,903
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
Balance as at 31st March 2011	16,750	5,521,782	3,840	74,503	5,616,876
Profit for the year	-	-	-	83,510	83,510
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	5,521,782	3,840	158,013	5,700,386
Dividends Paid (2010 & 2011)	-	-	-	(2,640)	(2,640)
Dividends - (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfers to Retained Earnings	-	(31,251)	-	31,251	-
Balance as at 31st March 2012	16,750	5,490,532	3,840	186,586	5,697,709
Profit for the Year	-	-	-	26,871	26,871
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	5,490,532	3,840	213,458	5,724,580
Transfer to Retained Earnings	-	(7,813)	-	7,813	-
Balance as at 30th June 2012	16,750	5,482,719	3,840	221,270	5,724,580

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Other Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
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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
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Profit for the year	-	-	-	83,510	83,510
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	16,750	5,521,782	3,840	158,013	5,700,386
Dividends Paid (2010 & 2011)	-	-	-	(2,640)	(2,640)
Dividends - (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfers to Retained Earnings	-	(31,251)	-	31,251	-
Balance as at 31st March 2012	16,750	5,490,532	3,840	186,586	5,697,709
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The Kandy Hotels Company (1938) PLC

CASH FLOW STATEMENT

For the Three Months ended 30th June

Cash Flows from/(used in) Operating Activities

Profit before tax

Adjustments for:

Finance income

Finance expenses

Depreciation of property, plant and equipment

Gratuity provision and related costs

Operating profit before working capital changes

(Increase)/decrease in inventories

(Increase)/decrease in trade and other receivables

Increase/(decrease) in trade and other creditors

Cash generated from/ (used in) operations

Finance expenses paid

Income tax paid

Gratuity paid

Net cash flow from/(used in) operating activities

Cash flows from/ (used in) investing activities

Interest received

Purchase and construction of property, plant and equipment

(Investments)/ Withdrawal of Fixed Deposits

Net cash flow from/(used in) investing activities

Cash flows from/ (used in) financing activities

Dividend paid

Repayment of long term borrowings

Net cash flow from/(used in) financing activities

Net Increase/(Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents at the Beginning of the Year

Cash and Cash Equivalents at the End of the Year

	Group		Company	
	2013 Rs.'000'	2012 Rs.'000'	2013 Rs.'000'	2012 Rs.'000'
Profit before tax	17,716	30,044	17,716	30,044
Adjustments for:				
Finance income	(146)	-	(146)	-
Finance expenses	331	88	331	88
Depreciation of property, plant and equipment	13,754	13,265	13,754	13,265
Gratuity provision and related costs	306	110	306	110
Operating profit before working capital changes	31,962	43,508	31,962	43,508
(Increase)/decrease in inventories	(865)	(3,990)	(865)	(3,990)
(Increase)/decrease in trade and other receivables	(10,179)	(24,526)	(10,179)	(24,526)
Increase/(decrease) in trade and other creditors	(13,204)	6,561	(13,204)	6,561
Cash generated from/ (used in) operations	7,714	21,553	7,714	21,553
Finance expenses paid	(331)	(88)	(331)	(88)
Income tax paid	(3,025)	(1,813)	(3,025)	(1,813)
Gratuity paid	(45)	-	(45)	-
Net cash flow from/(used in) operating activities	4,313	19,651	4,313	19,651
Cash flows from/ (used in) investing activities				
Interest received	146	-	146	-
Purchase and construction of property, plant and equipment	(8,950)	(6,736)	(8,950)	(6,736)
(Investments)/ Withdrawal of Fixed Deposits	-	-	-	-
Net cash flow from/(used in) investing activities	(8,804)	(6,736)	(8,804)	(6,736)
Cash flows from/ (used in) financing activities				
Dividend paid	-	-	-	-
Repayment of long term borrowings	(165)	(165)	(165)	(165)
Net cash flow from/(used in) financing activities	(165)	(165)	(165)	(165)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,656)	12,750	(4,656)	12,750
Cash and Cash Equivalents at the Beginning of the Year	52,111	44,967	52,061	44,967
Cash and Cash Equivalents at the End of the Year	47,455	57,717	47,405	57,717

Note : The above figures for the Three Months ended 30th June 2012 and 2013 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	2013 (Rs.)	2012 (Rs.)
Highest Market Price	11.00	7.20
Lowest Market Price	8.50	4.60
Last Traded Price	9.10	6.00

- 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) 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.
- 6) The property, plant and equipment of the company were revalued as at 31st March 2013, 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 2013 - 9.05%
2. Directors Share Holding as at 30th June 2013

Directors Share Holdings		30th June 2013	
		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 30th June 2013.

	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	1,848,250	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	1,345,369	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	551,539,951	95.50
	Balance held by Others	25,960,049	4.50
	Total number of Shares	577,500,000	100.00