

**Interim Financial Statement
Twelve Months Ended 31st March 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
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

The Kandy Hotels Company (1938) PLC

INCOME STATEMENT

	Three Months Ended 31st March 2013		Twelve Months Ended 31st March 2013		Variance 4th Quarter %
	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'	
Revenue	163,322	120,541	506,607	369,817	37
Cost of Sales	(39,744)	(44,941)	(111,109)	(107,969)	(3)
Gross Profit	123,579	75,600	395,499	261,848	51
Other Income and Gains	8,370	8,327	52,903	27,828	90
Marketing Expenses	(4,658)	(2,652)	(12,230)	(8,941)	(37)
Staff & Administration Expenses	(77,547)	(37,068)	(245,805)	(183,731)	(34)
Profit from Operations	49,744	44,207	190,366	97,004	96
Finance Expenses	(293)	(176)	(678)	(677)	(0)
Profit before Taxation	49,451	44,031	189,688	96,327	97
Income Tax Expenses	(7,127)	(4,573)	(23,890)	(12,817)	(86)
Net Profit for the period	42,324	39,459	165,798	83,510	99
Basic Earnings per Share (Rs)	0.07	0.07	0.29	0.14	99

Note : The above figures for the Twelve Months ended 31st March 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

BALANCE SHEET

As at 31st March

	31.03.2013 Rs. '000'	31.03.2012 Rs. '000'
ASSETS		
Non Current Assets		
Property, Plant & Equipment	5,762,406	5,768,168
Current Assets		
Inventories	24,773	18,237
Trade and Other Receivables	141,330	168,993
Investments	265,519	851
Cash and Cash Equivalents	39,544	44,967
	471,166	233,049
TOTAL ASSETS	6,233,573	6,001,217
EQUITY AND LIABILITIES		
Capital and Reserves		
Stated Capital	16,750	16,750
Reserves	5,463,121	5,494,372
Retained Earnings	374,973	186,587
Total Equity	5,854,844	5,697,709
Non Current Liabilities		
Interest Bearing Borrowings	-	605
Retirement Benefit Obligations	2,157	1,850
Deferred Taxation	245,876	241,607
	248,033	244,061
Current Liabilities		
Interest Bearing Borrowings	605	660
Trade and Other Payables	118,943	52,642
Income Tax Payable	11,148	6,145
	130,696	59,447
TOTAL EQUITY AND LIABILITIES	6,233,573	6,001,217
Net Assets per Share (Rs)	10.14	9.87

The above figures for the Twelve months ended 31st March 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 27th May 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	-	(31,251)	-	31,251	-
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Profit for the Period	-	-	-	165,798	165,798
Balance as at 31st March 2013	16,750	5,459,281	3,840	374,973	5,854,844

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
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

Note : The above figures for the Twelve Months ended 31st March 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

CASH FLOW STATEMENT

For the Twelve months ended 31st March

	2013 Rs.'000'	2012 Rs.'000'
Cash Flows from Operating Activities		
Net Profit before Taxation	189,688	96,327
Adjustments for :		
Depreciation	53,969	52,895
Provision for Retirement Benefit Obligations	484	396
Provision for Bad & Doubtful Debtors	-	2,435
Provision for written-down value of inventory	-	7
Finance Expenses	678	677
Interest Income	(22,255)	(280)
Operating Profit before Working Capital Changes	222,565	152,458
(Increase) / Decrease in Inventories	(6,536)	(2,910)
(Increase) / Decrease in Receivables	27,662	(94,098)
Increase / (Decrease) in Trade and Other Payables	66,301	9,912
Cash Generated from Operations	309,992	65,361
Finance Expenses Paid	(678)	(677)
Net Retirement Benefit Expenses Paid	(177)	(85)
Income Tax Paid	(14,618)	(13,039)
Net Cash Flow From Operating Activities	294,519	51,560
Cash Flow from/(used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(48,207)	(6,298)
Interest Received	22,255	280
(Investments)/ Withdrawal of Fixed Deposits	(264,668)	(58)
Net Cash Flow from/(used in) Investing Activities	(290,619)	(6,077)
Cash Flow from/(used in) Financing Activities		
Repayment of Interest Bearing Borrowings	(660)	(6,910)
Dividend Paid	(8,663)	(2,640)
Net Cash Flow from/(used in) Financing Activities	(9,323)	(9,550)
Total Cash Inflow / (Outflow)	(5,423)	35,933
Net Cash & Cash Equivalents at the beginning of the Period	44,967	9,034
Net Cash & Cash Equivalents as at 31st March	39,544	44,967
Note - A		
Cash & Cash Equivalents	39,544	44,967
Bank Overdraft	-	-
Net Cash & Cash Equivalents	39,544	44,967

Note : The above figures for the Twelve Months ended 31st March 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 31st March	2013 (Rs.)	2012 (Rs.)
Highest Market Price	10.30	283.00
Lowest Market Price	8.80	4.10
Last Traded Price	8.90	6.90

- 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 March 2013 - 9.05%
2. Directors Share Holding as at 31st March 2013

Directors Share Holdings		31st March 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 31st March 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	1,347,652	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	551,542,234	95.51
	Balance held by Others	25,957,766	4.49
	Total number of Shares	577,500,000	100.00