

Interim Financial Statement
Nine Months Ended 31st December 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
Lakshman 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 Group %
	Three Months Ended 31st December		Nine Months Ended 31st December		Three Months Ended 31st December		Nine Months Ended 31st December		
	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'	2013 Rs. '000'	2012 Rs. '000'	
Revenue	120,355	121,998	352,116	343,285	120,355	121,998	352,116	343,285	3
Cost of Sales	(25,525)	(25,145)	(75,532)	(71,365)	(25,525)	(25,145)	(75,532)	(71,365)	(6)
Gross Profit	94,830	96,853	276,584	271,920	94,830	96,853	276,584	271,920	2
Other Operating Income	5,033	5,830	23,436	25,415	5,033	5,830	23,436	25,415	(8)
Administrative Expenses	(50,300)	(56,091)	(178,052)	(159,647)	(50,300)	(56,091)	(178,052)	(159,647)	(12)
Selling & Distribution Expenses	(1,715)	(2,478)	(12,298)	(7,788)	(1,715)	(2,478)	(12,298)	(7,788)	(58)
Results from Operating Activities	47,848	44,114	109,670	129,900	47,848	44,114	109,670	129,900	(16)
Finance Expenses	(319)	(174)	(986)	(385)	(319)	(174)	(986)	(385)	(156)
Finance Income	-	48	1,950	253	-	48	1,950	253	671
Net Finance Cost	(319)	(126)	964	(132)	(319)	(126)	964	(132)	830
Share of Profit of Joint Venture	(2,788)	-	(4,978)	-	-	-	-	-	-
Profit before Tax	44,741	43,988	105,656	129,768	47,529	43,988	110,634	129,768	(19)
Income Tax Expenses	(11,303)	(4,560)	(19,692)	(15,436)	(11,303)	(4,560)	(19,692)	(15,436)	(28)
Profit for the Year	33,438	39,428	85,964	114,332	36,226	39,428	90,942	114,332	(25)
Attributable to:									
Equity Holders of the Parent	0	0	0	0	0	0	0	0	0
Non Controlling Interest	33,438	39,428	85,964	114,332	36,226	39,428	90,942	114,332	(25)
Basic Earnings per Share (Rs)	0.06	0.07	0.15	0.20	0.06	0.07	0.16	0.20	(25)
Dividend per Share (Rs)	0.06	0.07	0.15	0.20	0.06	0.07	0.16	0.20	(25)

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

	Group			Company		
	31.12.2013 Rs. '000'	31.12.2012 Rs. '000'	31.03.2013 Rs. '000'	31.12.2013 Rs. '000'	31.12.2012 Rs. '000'	31.03.2013 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,815,521	5,742,989	5,827,755	5,815,521	5,742,989	5,827,755
Intangible Assets	3,230	-	3,040	3,230	-	3,040
Investment in Subsidiary	-	-	-	0	-	0
Investment in Joint Venture	132,108	-	137,086	-	-	-
Current Assets						
Inventories	24,665	23,877	20,814	24,665	23,877	20,814
Trade and Other Receivables	353,562	300,401	262,650	494,592	300,401	403,680
Investments	913	22,031	32,243	913	22,031	32,243
Cash and Cash Equivalents	20,432	34,813	25,651	20,382	34,813	25,601
	399,572	381,122	341,358	540,552	381,122	482,337
TOTAL ASSETS	6,350,431	6,124,111	6,309,238	6,359,303	6,124,111	6,313,132
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,587,461	5,470,934	5,611,327	5,587,461	5,470,934	5,611,326
Retained Earnings	447,410	315,694	349,131	456,591	315,694	353,335
Total Equity	6,051,622	5,803,378	5,977,207	6,060,803	5,803,378	5,981,411
Non Current Liabilities						
Interest Bearing Borrowings	-	110	-	-	110	-
Retirement Benefit Obligations	2,684	2,047	1,911	2,684	2,047	1,911
Deferred Taxation	252,995	244,652	250,759	252,995	244,652	250,759
	255,679	246,809	252,670	255,679	246,809	252,670
Current Liabilities						
Interest Bearing Borrowings	110	660	605	110	660	605
Trade and Other Payables	33,696	66,321	58,336	33,387	66,321	58,027
Income Tax Payable	5,456	6,943	14,637	5,456	6,943	14,637
Bank Overdraft	3,868	-	5,782	3,868	-	5,782
	43,130	73,924	79,361	42,821	73,924	79,052
TOTAL EQUITY AND LIABILITIES	6,350,431	6,124,111	6,309,238	6,359,303	6,124,111	6,313,132
Net Assets per Share (Rs)	10.48	10.05	10.35	10.49	10.05	10.36

The above figures for the Nine Months ended 31st December 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 12th February 2014.

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	-	153,290	-	139,425	292,715
Transfer on revaluation of building	-	(4,516)	-	-	(4,516)
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Deferred tax on revaluation surplus	-	-	-	-	-
Transfer to retained earnings	-	(31,820)	-	31,820	-
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	-	-	-	85,964	85,964
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	85,964	85,964
Transfer to Retained Earnings	-	(23,865)	-	23,865	-
Dividends paid (2012 & 2013)	-	-	-	(11,550)	(11,550)
Balance as at 31st December 2013	16,750	5,583,621	3,840	447,410	6,051,622

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	-	153,290	-	143,628	296,918
Transfer on revaluation of building	-	(4,516)	-	-	(4,516)
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Deferred tax on revaluation surplus	-	-	-	-	-
Transfer to retained earnings	-	(31,820)	-	31,820	-
Dividends paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Balance as at 31st March 2013	16,750	5,607,486	3,840	353,335	5,981,411
Profit for the period	-	-	-	90,942	90,942
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	90,942	90,942
Transfer to Retained Earnings	-	(23,865)	-	23,865	-
Dividends paid (2012 & 2013)	-	-	-	(11,550)	(11,550)
Balance as at 31st December 2013	16,750	5,583,621	3,840	456,591	6,060,803

Note : The above figures for the Nine Months ended 31st December 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 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	-	-	-	83,510	83,510
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	5,490,531	3,840	186,587	5,697,709
Profit for the period	-	-	-	114,332	114,332
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	114,332	114,332
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Transfers to Retained Earnings	-	(23,438)	-	23,438	-
Balance as at 31st December 2012	16,750	5,467,093	3,840	315,694	5,803,378

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 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	-	-	-	83,510	83,510
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	5,490,531	3,840	186,587	5,697,709
Profit for the period	-	-	-	114,332	114,332
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	114,332	114,332
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Transfers to Retained Earnings	-	(23,438)	-	23,438	-
Balance as at 31st December 2012	16,750	5,467,093	3,840	315,694	5,803,378

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

Cash Flows from/(used in) Operating Activities

Profit before tax

Adjustments for:

Finance income

Finance expenses

Share of results of equity accounted investee

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

Acquisition of intangible assets

Investment in joint venture

(Investments)/ Withdrawal of Fixed Deposits

Proceeds from Disposal of Property, Plant and Equipment

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 Period

Cash and Cash Equivalents at the End of the Period

	Group		Company	
	2013 Rs.'000'	2012 Rs.'000'	2013 Rs.'000'	2012 Rs.'000'
Profit before tax	105,656	129,768	110,634	129,768
Adjustments for:				
Finance income	(1,950)	(253)	(1,950)	(253)
Finance expenses	986	385	986	385
Share of results of equity accounted investee	4,978	-	-	-
Depreciation of property, plant and equipment	41,875	39,825	41,875	39,825
Gratuity provision and related costs	975	374	975	374
Operating profit before working capital changes	152,520	170,099	152,520	170,099
(Increase)/decrease in inventories	(3,851)	(5,640)	(3,851)	(5,640)
(Increase)/decrease in trade and other receivables	(90,912)	(131,408)	(90,912)	(131,408)
Increase/(decrease) in trade and other creditors	(24,640)	13,679	(24,640)	13,679
Cash generated from/ (used in) operations	33,117	46,730	33,117	46,730
Finance expenses paid	(986)	(385)	(986)	(385)
Income tax paid	(26,637)	(11,593)	(26,637)	(11,593)
Gratuity paid	(202)	(177)	(202)	(177)
Net cash flow from/(used in) operating activities	5,292	34,575	5,292	34,575
Cash flows from/ (used in) investing activities				
Interest received	1,950	253	1,950	253
Purchase and construction of property, plant and equipment	(29,831)	(14,645)	(29,831)	(14,645)
Acquisition of intangible assets	-	-	-	-
Investment in joint venture	-	-	-	-
(Investments)/ Withdrawal of Fixed Deposits	31,330	(21,180)	31,330	(21,180)
Proceeds from Disposal of Property, Plant and Equipment	-	-	-	-
Net cash flow from/(used in) investing activities	3,449	(35,572)	3,449	(35,572)
Cash flows from/ (used in) financing activities				
Dividend paid	(11,550)	(8,662)	(11,550)	(8,662)
Repayment of long term borrowings	(495)	(495)	(495)	(495)
Net cash flow from/(used in) financing activities	(12,045)	(9,157)	(12,045)	(9,157)
Net Increase/(Decrease) in Cash and Cash Equivalents	(3,304)	(10,154)	(3,304)	(10,154)
Cash and Cash Equivalents at the Beginning of the Period	19,868	44,967	19,818	44,967
Cash and Cash Equivalents at the End of the Period	16,564	34,813	16,514	34,813

Note : The above figures for the Nine Months ended 31st December 2013 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 2013

	2013 (Rs.)	2012 (Rs.)
Highest Market Price	8.50	10.80
Lowest Market Price	7.00	8.10
Last Traded Price	7.10	9.50

- 2) The Number of Shares representing the Stated Capital 577,500,000 Ordinary Shares and 50,000 fully paid Preference Shares @ 15%
- 3) The Financial Statements of the Company and those consolidated with such for the interim period have been prepared using same accounting policies and methods of computations as in the most recent audited financial statements and are in compliance with LKAS 34- Interim Financial Reporting.
- 4) 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 2013.
- 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.

The Kandy Hotels Company (1938) PLC

SHARE INFORMATION

1. The Public Holdings as at 31st December 2013 - 9.05%
2. Directors Share Holding as at 31st December 2013

Directors Share Holdings	31st December 2013	
	Preference	Ordinary
1 S Gardiner	9,500	87,500
2 J C Ratwatte	Nil	175,000
3 M W A D J N Wijesuriya	Nil	Nil
4 S C Mohotti	Nil	Nil
5 D P M L Samarasinghe	Nil	5,500
6 P P Maddumage	Nil	Nil
7 P N Dela	Nil	Nil
8 C L Sirimanne	Nil	3,500
9 M D R Gunatilleke	Nil	Nil

3. Top 20 Ordinary Shareholders as at 31st December 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	N.V.S. Saackville -Deceased	4,368,000	0.76
6	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	P.V. Gunasekera	1,750,000	0.30
10	Ms. Helene Sauties	1,496,250	0.26
11	Edonard -Dec`d- Laravoire	1,496,250	0.26
12	John Paul Sauties	1,496,250	0.26
13	Ms. Martha Chevallaz	1,496,250	0.26
14	Jeane Laravoire	1,496,250	0.26
15	Paul Chevallaz	1,496,250	0.26
16	Albert Chevallaz	1,496,250	0.26
17	Mrs. Areenie Upendra Ratwatte Pethiyagoda	1,490,750	0.26
18	Rosanth Percival Leo Eheliyagoda	1,293,929	0.22
19	J.E.I Perera-Deceased	1,050,000	0.18
20	Francis David Micheal Badcock	1,034,250	0.18
	Sub Total	551,488,511	95.50
	Balance held by Others	26,011,489	4.50
	Total number of Shares	577,500,000	100.00