

**Interim Financial Statement
Three Months Ended 30th June 2014**

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 30th June		Three Months Ended 30th June		Three Months Ended 30th June		Three Months Ended 30th June		
	2014 Rs. '000'	2013 Rs. '000'	2014 Rs. '000'	2013 Rs. '000'	2014 Rs. '000'	2013 Rs. '000'	2014 Rs. '000'	2013 Rs. '000'	
Revenue	110,974	94,280	110,974	94,280	110,974	94,280	110,974	94,280	18
Cost of Sales	(25,508)	(22,043)	(25,508)	(22,043)	(25,508)	(22,043)	(25,508)	(22,043)	(16)
Gross Profit	85,467	72,236	85,467	72,236	85,467	72,236	85,467	72,236	18
Other Operating Income	7,833	4,972	7,833	4,972	7,833	4,972	7,833	4,972	58
Administrative Expenses	(59,307)	(61,419)	(59,307)	(61,419)	(59,307)	(61,419)	(59,307)	(61,419)	3
Selling & Distribution Expenses	(4,088)	(4,999)	(4,088)	(4,999)	(4,088)	(4,999)	(4,088)	(4,999)	18
Results from Operating Activities	29,905	10,790	29,905	10,790	29,905	10,790	29,905	10,790	177
Finance Expenses	(79)	(331)	(79)	(331)	(79)	(331)	(79)	(331)	76
Finance Income	221	173	221	173	221	173	221	173	28
Net Finance Cost	141	(159)	141	(159)	141	(159)	141	(159)	189
Share of Profit of Joint Venture	(4,239)	(460)	(4,239)	(460)	-	-	-	-	(821)
Profit before Tax	25,808	10,171	25,808	10,171	30,046	10,631	30,046	10,631	154
Income Tax Expenses	(2,353)	(1,859)	(2,353)	(1,859)	(2,353)	(1,859)	(2,353)	(1,859)	(27)
Profit for the Year	23,455	8,312	23,455	8,312	27,693	8,772	27,693	8,772	182
Attributable to:									
Equity Holders of the Parent	0	0	0	0	0	0	0	0	0
Non Controlling Interest	23,455	8,312	23,455	8,312	27,693	8,772	27,693	8,772	182
Basic Earnings per Share (Rs)	0.04	0.01	0.04	0.01	0.05	0.02	0.05	0.02	182
Dividend per Share (Rs)	-	-	-	-	-	-	-	-	#DIV/0!

Note : The above figures for the Three Months ended 30th June 2014 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			
	Three Months Ended 30th June		Three Months Ended 30th June		Three Months Ended 30th June		Three Months Ended 30th June	
	2014 (Rs. '000')	2013 (Rs. '000')	2014 (Rs. '000')	2013 (Rs. '000')	2014 (Rs. '000')	2013 (Rs. '000')	2014 (Rs. '000')	2013 (Rs. '000')
Profit for the period	23,455	8,312	23,455	8,312	27,693	8,772	27,693	8,772
Other Comprehensive Income								
Effect of Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year, net of tax	23,455	8,312	23,455	8,312	27,693	8,772	27,693	8,772
Attributable to:								
Equity Holders of the Parent	23,455	8,312	23,455	8,312	27,693	8,772	27,693	8,772

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 30th June

	Group			Company		
	30.06.2014 Rs. '000'	30.06.2013 Rs. '000'	31.03.2014 Rs. '000'	30.06.2014 Rs. '000'	30.06.2013 Rs. '000'	31.03.2014 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,808,598	5,822,951	5,811,739	5,808,598	5,822,951	5,811,739
Intangible Assets	1,045	3,040	2,280	1,045	3,040	2,280
Investment in Subsidiary	0	0	0	0	0	0
Investment in Joint Venture	128,269	136,626	132,507	-	-	-
	5,937,912	5,962,617	5,946,525	5,809,643	5,825,991	5,814,019
Current Assets						
Inventories	25,368	21,679	24,007	25,368	21,679	24,007
Trade and Other Receivables	463,423	272,829	450,237	615,452	413,859	602,267
Investments	1,141	37,528	1,036	1,141	37,528	1,036
Cash and Cash Equivalents	23,042	9,927	20,908	23,041	9,877	20,906
	512,974	341,963	496,188	665,002	482,943	648,216
TOTAL ASSETS	6,450,887	6,304,580	6,442,713	6,474,645	6,308,934	6,462,235
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,571,552	5,603,371	5,579,507	5,571,552	5,603,371	5,579,507
Retained Earnings	545,488	365,398	514,079	569,632	370,062	533,984
Total Equity	6,133,790	5,985,519	6,110,336	6,157,933	5,990,183	6,130,240
Non Current Liabilities						
Interest Bearing Borrowings		-	-	-	-	-
Retirement Benefit Obligations	3,541	2,172	3,287	3,541	2,172	3,287
Deferred Taxation	245,166	249,866	246,390	245,166	249,866	246,390
	248,707	252,038	249,677	248,707	252,038	249,677
Current Liabilities						
Interest Bearing Borrowings	0	440	-	0	440	-
Trade and Other Payables	61,349	52,219	73,000	60,964	51,910	72,617
Income Tax Payable	6,857	14,364	9,280	6,857	14,364	9,280
Bank Overdraft	184	-	421	184	-	421
	68,390	67,023	82,700	68,005	66,714	82,318
TOTAL EQUITY AND LIABILITIES	6,450,887	6,304,580	6,442,713	6,474,645	6,308,934	6,462,235
Net Assets per Share (Rs)	10.62	10.36	10.58	10.66	10.37	10.62

The above figures for the Three Months ended 30th June 2014 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 13th August 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 2013	16,750	5,607,486	3,840	349,131	5,977,207
Profit for the period	-	-	-	145,268	145,268
Other Comprehensive Income	-	-	-	(552)	(552)
Total Comprehensive Income	-	-	-	144,716	144,716
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends paid (2012 & 2013)	-	-	-	(11,550)	(11,550)
Balance as at 31st March 2014	16,750	5,575,666	3,840	514,079	6,110,336
Profit for the period	-	-	-	23,455	23,455
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	23,455	23,455
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2014	16,750	5,567,711	3,840	545,488	6,133,790

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 2013	16,750	5,607,486	3,840	353,335	5,981,411
Profit for the period	-	-	-	160,969	160,969
Other Comprehensive Income	-	-	-	(552)	(552)
Total Comprehensive Income	-	-	-	160,417	160,417
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends paid (2012 & 2013)	-	-	-	(11,550)	(11,550)
Balance as at 31st March 2014	16,750	5,575,666	3,840	533,984	6,130,240
Profit for the period	-	-	-	27,693	27,693
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	27,693	27,693
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2014	16,750	5,567,711	3,840	569,632	6,157,933

Note : The above figures for the three Months ended 30th June 2014 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 2012	16,750	5,490,531	3,840	186,587	5,697,709
Profit for the period	-	-	-	138,895	138,895
Other Comprehensive Income	-	153,290	-	530	153,820
Total Comprehensive Income	-	153,290	-	139,425	292,715
Transfer on revaluation of building	-	(4,516)	-	-	(4,516)
Transfers 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	-	-	-	8,312	8,312
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	8,312	8,312
Transfers to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2013	16,750	5,599,531	3,840	365,398	5,985,519

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 period	-	-	-	143,098	143,098
Other Comprehensive Income	-	153,290	-	530	153,820
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)
Dividends Paid (2011 & 2012)	-	-	-	(8,663)	(8,663)
Transfers to Retained Earnings	-	(31,820)	-	31,820	-
Balance as at 31st March 2013	16,750	5,607,486	3,840	353,335	5,981,411
Profit for the period	-	-	-	8,772	8,772
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	8,772	8,772
Transfers to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th June 2013	16,750	5,599,531	3,840	370,062	5,990,183

Note : The above figures for the Three Months ended 30th June 2014 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 Three Months ended 30th June

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

Provision for bad & doubtful debtors

Provision for written-down value of inventory

Profit on Disposal of Property Plant & 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

Proceeds from Disposal of Property, Plant and Equipment

Net cash flow from/(used in) investing activities

Cash flows from/ (used in) financing activities

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	
	2014 Rs.'000'	2013 Rs.'000'	2014 Rs.'000'	2013 Rs.'000'
Profit before tax	25,808	10,171	30,046	10,631
Adjustments for:				
Finance income	(221)	(173)	(221)	(173)
Finance expenses	79	331	79	331
Share of results of equity accounted investee	4,239	460	-	-
Depreciation of property, plant and equipment	14,638	13,750	14,638	13,750
Provision for bad & doubtful debtors	-	-	-	-
Provision for written-down value of inventory	-	-	-	-
Profit on Disposal of Property Plant & Equipment	(2,200)	-	(2,200)	-
Gratuity provision and related costs	368	306	368	306
Operating profit before working capital changes	42,711	24,846	42,711	24,846
(Increase)/decrease in inventories	(1,361)	(865)	(1,361)	(865)
(Increase)/decrease in trade and other receivables	(13,186)	(10,179)	(13,185)	(10,179)
Increase/(decrease) in trade and other creditors	(11,652)	(6,114)	(11,654)	(6,114)
Cash generated from/ (used in) operations	16,511	7,687	16,511	7,688
Finance expenses paid	(79)	(331)	(79)	(331)
Income tax paid	(6,000)	(3,025)	(6,000)	(3,025)
Gratuity paid	(114)	(45)	(114)	(45)
Net cash flow from/(used in) operating activities	10,318	4,286	10,318	4,286
Cash flows from/ (used in) investing activities				
Interest received	221	173	221	173
Purchase and construction of property, plant and equipment	(10,262)	(8,950)	(10,262)	(8,950)
Proceeds from Disposal of Property, Plant and Equipment	2,200	-	2,200	-
Net cash flow from/(used in) investing activities	(7,841)	(8,777)	(7,841)	(8,777)
Cash flows from/ (used in) financing activities				
Repayment of long term borrowings	0	(165)	0	(165)
Net cash flow from/(used in) financing activities	0	(165)	0	(165)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,477	(4,656)	2,477	(4,656)
Cash and Cash Equivalents at the Beginning of the Period	21,523	52,111	21,521	52,061
Cash and Cash Equivalents at the End of the Period	23,999	47,455	23,998	47,405

Note : The above figures for the Three Months ended 30th June 2014 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 30th June 2014

	2014 (Rs.)	2013 (Rs.)
Highest Market Price	7.40	11.00
Lowest Market Price	6.70	8.50
Last Traded Price	6.90	9.10

- 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 2014.
- 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 30th June 2014 - 9.05%
2. Directors Share Holding as at 30th June 2014

Directors Share Holdings	30th June 2014	
	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 30th June 2014

	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	15,941,628	2.76
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	Hatton National Bank PLC/ Hotel International Ltd	1,925,000	0.33
8	Mrs.Lilamanie Ratwatte	1,848,250	0.32
9	Mrs. M.F. Gunasekera	1,750,000	0.30
10	P.V. Gunasekera	1,750,000	0.30
11	Ms. Helene Sauties	1,496,250	0.26
12	Edonard -Dec`d- Laravoire	1,496,250	0.26
13	John Paul Sauties	1,496,250	0.26
14	Ms. Martha Chevallaz	1,496,250	0.26
15	Jeane Laravoire	1,496,250	0.26
16	Paul Chevallaz	1,496,250	0.26
17	Albert Chevallaz	1,496,250	0.26
18	Mrs. Areenie Upendra Ratwatte Pethiyagoda	1,490,750	0.26
19	Pan Asia Banking Corporation PLC/ Mr R.PL. Eheliya	1,086,229	0.19
20	J.E.I Perera-Deceased	1,050,000	0.18
	Sub Total	550,246,561	95.28
	Balance held by Others	27,253,439	4.72
	Total number of Shares	577,500,000	100.00