

Interim Financial Statement
Six Months Ended 30th September 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 September		Six Months Ended 30th September		Three Months Ended 30th September		Six Months Ended 30th September		
	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	140,366	137,154	251,340	231,244	140,366	137,154	251,340	231,244	9
Cost of Sales	(26,446)	(26,454)	(51,953)	(48,498)	(26,446)	(26,454)	(51,953)	(48,498)	(7)
Gross Profit	113,920	110,699	199,387	182,746	113,920	110,699	199,387	182,746	9
Other Operating Income	15,754	13,365	23,587	18,517	15,754	13,365	23,587	18,517	27
Administrative Expenses	(61,460)	(66,349)	(120,767)	(127,769)	(61,391)	(66,286)	(120,698)	(127,707)	5
Selling & Distribution Expenses	(5,547)	(5,978)	(9,635)	(10,977)	(5,547)	(5,978)	(9,635)	(10,977)	12
Results from Operating Activities	62,667	51,738	92,572	62,517	62,736	51,800	92,640	62,579	48
Finance Expenses	(142)	(350)	(196)	(668)	(142)	(350)	(196)	(668)	71
Finance Income	175	1,621	370	1,790	175	1,621	370	1,790	(79)
Net Finance Cost	33	1,271	175	1,122	33	1,271	175	1,122	(84)
Share of Profit of Joint Venture	(8,196)	(1,729)	(12,435)	(2,190)	-	-	-	-	(468)
Profit before Tax	54,504	51,279	80,312	61,449	62,769	53,071	92,815	63,701	31
Income Tax Expenses	(8,610)	(6,530)	(10,963)	(8,389)	(8,610)	(6,530)	(10,963)	(8,389)	(31)
Profit for the Year	45,894	44,749	69,349	53,060	54,159	46,541	81,852	55,312	31
Attributable to:									
Equity Holders of the Parent	0	0	0	0	0	0	0	0	0
Non Controlling Interest	45,894	44,749	69,349	53,060	54,159	46,541	81,852	55,312	31
Basic Earnings per Share (Rs)	0.08	0.08	0.12	0.09	0.09	0.08	0.14	0.10	31
Dividend per Share (Rs)	0.20	-	0.20	-	0.20	-	0.20	-	#DIV/0!

Note : The above figures for the Six Months ended 30th September 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 September		Six Months Ended 30th September		Three Months Ended 30th September		Six Months Ended 30th September	
	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	45,894	44,749	69,349	53,060	54,159	46,541	81,852	55,312
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	45,894	44,749	69,349	53,060	54,159	46,541	81,852	55,312
Attributable to:								
Equity Holders of the Parent	45,894	44,749	69,349	53,060	54,159	46,541	81,852	55,312

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 30th September

	Group			Company		
	30.09.2014 Rs. '000'	30.09.2013 Rs. '000'	31.03.2014 Rs. '000'	30.09.2014 Rs. '000'	30.09.2013 Rs. '000'	31.03.2014 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,800,730	5,825,476	5,811,739	5,800,730	5,825,476	5,811,739
Intangible Assets	950	3,230	2,280	950	3,230	2,280
Investment in Joint Venture	186,073	145,896	132,507	-	-	-
	5,987,753	5,974,603	5,946,525	5,801,680	5,828,707	5,814,019
Current Assets						
Inventories	24,832	24,578	24,007	24,832	24,578	24,007
Trade and Other Receivables	359,884	337,179	450,237	588,050	478,209	602,267
Investments	1,141	913	1,036	1,141	913	1,036
Cash and Cash Equivalents	35,346	13,827	20,908	34,923	13,825	20,906
	421,204	376,496	496,188	648,946	517,525	648,216
TOTAL ASSETS	6,408,957	6,351,099	6,442,713	6,450,626	6,346,231	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	5,595,416	5,579,507	5,563,597	5,595,416	5,579,507
Retained Earnings	475,882	418,101	514,079	516,245	424,557	533,984
Total Equity	6,064,184	6,030,267	6,110,336	6,096,592	6,036,723	6,130,240
Non Current Liabilities						
Retirement Benefit Obligations	3,848	2,420	3,287	3,848	2,420	3,287
Deferred Taxation	243,984	249,215	246,390	243,984	249,215	246,390
	247,833	251,635	249,677	247,833	251,635	249,677
Current Liabilities						
Interest Bearing Borrowings	0	275	-	0	275	-
Trade and Other Payables	62,418	56,413	73,000	71,678	45,091	72,617
Income Tax Payable	6,544	3,933	9,280	6,544	3,933	9,280
Bank Overdraft	27,979	8,576	421	27,979	8,576	421
	96,941	69,197	82,700	106,201	57,874	82,318
TOTAL EQUITY AND LIABILITIES	6,408,957	6,351,099	6,442,713	6,450,626	6,346,231	6,462,235
Net Assets per Share (Rs)	10.50	10.44	10.58	10.56	10.45	10.62

The above figures for the Six Months ended 30th September 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 12th November 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	-	-	-	69,349	69,349
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	69,349	69,349
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
Balance as at 30th September 2014	16,750	5,567,711	3,840	475,882	6,064,184

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	-	-	-	81,852	81,852
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	81,852	81,852
Transfer to Retained Earnings	-	(15,910)	-	15,910	-
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Balance as at 30th September 2014	16,750	5,559,756	3,840	516,245	6,096,592

Note : The above figures for the Six Months ended 30th September 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	-	-	-	53,060	53,060
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	53,060	53,060
Transfers to Retained Earnings	-	(15,910)	-	15,910	-
Dividends paid (2012 & 2013)	-	-	-	-	-
Balance as at 30th September 2013	16,750	5,591,576	3,840	418,101	6,030,267

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	-	-	-	55,312	55,312
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	55,312	55,312
Dividends Paid (2012 & 2013)	-	-	-	-	-
Transfers to Retained Earnings	-	(15,910)	-	15,910	-
Balance as at 30th September 2013	16,750	5,591,576	3,840	424,557	6,036,723

Note : The above figures for the Six Months ended 30th September 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 Six Months ended 30th September

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

Profit on Disposal of Property Plant & Equipment

Amortisation of intangible assets

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

Investment in joint venture

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	
	2014 Rs.'000'	2013 Rs.'000'	2014 Rs.'000'	2013 Rs.'000'
Profit before tax	80,312	61,449	92,815	63,701
Adjustments for:				
Finance Income	(370)	(1,790)	(370)	(1,790)
Finance expenses	196	668	196	668
Share of results of equity accounted investee	12,435	2,190	-	-
Depreciation of property, plant and equipment	29,170	27,794	29,170	27,794
Profit on Disposal of Property Plant & Equipment	(2,200)	-	(2,200)	-
Amortisation of intangible assets	190	-	190	-
Gratuity provision and related costs	653	613	653	613
Operating profit before working capital changes	120,385	90,924	120,453	90,986
(Increase)/decrease in inventories	(825)	(3,763)	(825)	(3,763)
(Increase)/decrease in trade and other receivables	90,351	(74,529)	14,217	(74,529)
Increase/(decrease) in trade and other creditors	(10,582)	(1,923)	(939)	(12,936)
Cash generated from/ (used in) operations	199,328	10,709	132,906	(242)
Finance expenses paid	(196)	(668)	(196)	(668)
Income tax paid	(16,105)	(20,637)	(16,105)	(20,637)
Gratuity paid	(91)	(105)	(91)	(105)
Net cash flow from/(used in) operating activities	182,936	(10,701)	116,514	(21,652)
Cash flows from/ (used in) investing activities				
Interest received	370	1,790	370	1,790
Purchase and construction of property, plant and equipment	(17,021)	(25,707)	(17,021)	(25,707)
Investment in joint venture	(66,001)	(11,000)	-	-
Proceeds from Disposal of Property, Plant and Equipment	2,200	-	2,200	-
Net cash flow from/(used in) investing activities	(80,452)	(34,917)	(14,451)	(23,917)
Cash flows from/ (used in) financing activities				
Dividend paid	(115,500)	-	(115,500)	-
Repayment of long term borrowings	0	(330)	0	(330)
Net cash flow from/(used in) financing activities	(115,500)	(330)	(115,500)	(330)
Net Increase/(Decrease) in Cash and Cash Equivalents	(13,016)	(45,948)	(13,436)	(45,899)
Cash and Cash Equivalents at the Beginning of the Period	21,523	52,112	21,521	52,061
Cash and Cash Equivalents at the End of the Period	8,508	6,164	8,085	6,162

Note : The above figures for the Six Months ended 30th September 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 September 2014

	2014 (Rs.)	2013 (Rs.)
Highest Market Price	10.70	9.50
Lowest Market Price	6.80	7.30
Last Traded Price	9.90	8.00

- 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 September 2014 - 9.05%
2. Number of Public Shareholders as at 30th September 2014 - 1,557
3. Directors Share Holding as at 30th September 2014

Directors Share Holdings	30th September 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

4. Top 20 Ordinary Shareholders as at 30th September 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	1,850,250	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	1,121,229	0.19
20	J.E.I Perera-Deceased	1,050,000	0.18
	Sub Total	550,283,561	95.29
	Balance held by Others	27,216,439	4.71
	Total number of Shares	577,500,000	100.00