

**Interim Financial Statement
Twelve Months Ended 31st March 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 31st March		Twelve Months Ended 31st March		Three Months Ended 31st March		Twelve Months Ended 31st March		
	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	158,275	161,857	510,391	548,276	158,275	161,857	510,391	548,276	(7)
Cost of Sales	(29,330)	(33,459)	(104,861)	(179,658)	(29,330)	(33,459)	(104,861)	(179,658)	42
Gross Profit	128,946	128,398	405,530	368,618	128,946	128,398	405,530	368,618	10
Other Operating Income	7,069	(0)	30,005	920	7,069	(0)	30,005	920	3,161
Administrative Expenses	(62,365)	(71,601)	(240,417)	(176,156)	(62,303)	(71,601)	(240,355)	(175,896)	(36)
Selling & Distribution Expenses	(3,062)	(10,172)	(15,361)	(29,268)	(3,062)	(10,172)	(15,361)	(29,268)	48
Results from Operating Activities	70,588	46,625	179,757	164,114	70,650	46,625	179,819	164,374	10
Finance Expenses	(461)	(188)	(1,091)	(290)	(461)	(188)	(1,091)	(290)	(276)
Finance Income	761	773	2,855	1,189	761	773	2,855	1,189	140
Net Finance Cost	300	585	1,764	899	300	585	1,764	899	96
Share of Profit of Joint Venture	(7,739)	-	(12,716)	(3,944)	-	-	-	-	(222)
Profit before Tax	63,149	47,210	168,805	161,069	70,950	47,210	181,583	165,272	5
Income Tax Expenses	(5,380)	(6,208)	(25,072)	(21,644)	(5,380)	(6,208)	(25,072)	(21,644)	(16)
Profit for the Year	57,769	41,002	143,732	139,425	65,570	41,002	156,511	143,628	3
Attributable to:									
Equity Holders of the Parent	0	0	0	0	0	0	0	0	0
Non Controlling Interest	57,769	41,002	143,732	139,425	65,570	41,002	156,511	143,628	3
Basic Earnings per Share (Rs)	0.10	0.07	0.25	0.24	0.11	0.07	0.27	0.25	3
Dividend per Share (Rs)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	33

Note : The above figures for the Twelve Months ended 31st March 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 31st March		Twelve Months Ended 31st March		Three Months Ended 31st March		Twelve Months Ended 31st March	
	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	57,769	41,002	143,732	139,425	65,570	41,002	156,511	143,628
Other Comprehensive Income								
Effect of Revaluation of property, plant and equipment	-	-	-	164,510	-	-	-	164,510
Deferred tax on revaluation surplus	-	-	-	(11,221)	-	-	-	(11,221)
Total Other Comprehensive Income for the year, net of tax	-	-	-	153,290	-	-	-	153,290
Total Comprehensive Income for the year, net of tax	57,769	41,002	143,732	292,715	65,570	41,002	156,511	296,918
Attributable to:								
Equity Holders of the Parent				292,715				

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 31st March

	Group			Company		
	31.03.2014 Rs. '000'	31.03.2013 Rs. '000'	31.03.2012 Rs. '000'	31.03.2014 Rs. '000'	31.03.2013 Rs. '000'	31.03.2012 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,812,348	5,827,755	5,768,168	5,812,348	5,827,755	5,768,168
Intangible Assets	2,280	3,040	-	2,280	3,040	-
Investment in Subsidiary	0	0	0	0	0	0
Investment in Joint Venture	135,368	137,086	-	-	-	-
Current Assets						
Inventories	24,055	20,814	18,237	24,055	20,814	18,237
Trade and Other Receivables	400,888	262,650	168,993	553,194	403,680	168,993
Investments	1,036	32,243	851	1,036	32,243	851
Cash and Cash Equivalents	20,796	25,651	44,967	20,795	25,601	44,967
	446,775	341,358	233,048	599,079	482,337	233,048
TOTAL ASSETS	6,396,771	6,309,238	6,001,217	6,413,707	6,313,132	6,001,217
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,579,507	5,611,326	5,494,372	5,579,507	5,611,326	5,494,372
Retained Earnings	513,133	349,131	186,587	530,115	353,335	186,587
Total Equity	6,109,390	5,977,207	5,697,709	6,126,372	5,981,411	5,697,709
Non Current Liabilities						
Interest Bearing Borrowings	-	-	660	-	-	660
Retirement Benefit Obligations	3,017	1,911	1,850	3,017	1,911	1,850
Deferred Taxation	247,587	250,759	241,607	247,587	250,759	241,607
	250,604	252,670	244,117	250,604	252,670	244,117
Current Liabilities						
Interest Bearing Borrowings	0	605	605	0	605	605
Trade and Other Payables	26,179	58,336	52,642	26,132	58,027	52,642
Income Tax Payable	10,248	14,637	6,145	10,248	14,637	6,145
Bank Overdraft	351	5,782	-	351	5,782	-
	36,778	79,361	59,392	36,731	79,052	59,392
TOTAL EQUITY AND LIABILITIES	6,396,771	6,309,238	6,001,217	6,413,707	6,313,132	6,001,217
Net Assets per Share (Rs)	10.58	10.35	9.87	10.61	10.36	9.87

The above figures for the Twelve Months ended 31st March 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 29th May 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	-	-	-	143,732	143,732
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	143,732	143,732
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	513,133	6,109,390

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	-	-	-	156,511	156,511
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	156,511	156,511
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	530,115	6,126,372

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

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	-	-	-	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)
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

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

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

Bad debtors written off

Amortisation of intangible assets

Profit on disposal 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	
	2014 Rs.'000'	2013 Rs.'000'	2014 Rs.'000'	2013 Rs.'000'
Profit before tax	168,805	161,069	181,583	165,272
Adjustments for:				
Finance income	(2,855)	(1,189)	(2,855)	(1,189)
Finance expenses	1,091	290	1,091	290
Share of results of equity accounted investee	12,716	3,944	-	-
Depreciation of property, plant and equipment	56,614	55,436	56,614	55,436
Provision for bad & doubtful debtors	-	425	-	425
Provision for written-down value of inventory	-	13	-	13
Bad debtors written off	-	4,005	-	4,005
Amortisation of intangible assets	-	760	-	760
Profit on disposal of property, plant and equipment	-	(30)	-	(30)
Gratuity provision and related costs	1,308	193	1,308	193
Operating profit before working capital changes	237,679	224,917	237,741	225,176
(Increase)/decrease in inventories	(3,240)	(2,590)	(3,240)	(2,590)
(Increase)/decrease in trade and other receivables	(149,514)	(104,284)	(149,514)	(239,155)
Increase/(decrease) in trade and other creditors	(31,882)	5,611	(31,895)	5,385
Cash generated from/ (used in) operations	53,042	123,653	53,091	(11,184)
Finance expenses paid	(1,091)	(290)	(1,091)	(290)
Income tax paid	(32,632)	(15,220)	(32,632)	(15,220)
Gratuity paid	(202)	(132)	(202)	(132)
Net cash flow from/(used in) operating activities	19,117	108,011	19,166	(26,826)
Cash flows from/ (used in) investing activities				
Interest received	2,855	1,189	2,855	1,189
Purchase and construction of property, plant and equipment	(40,448)	(96,027)	(40,448)	(96,027)
Acquisition of intangible assets	-	(3,800)	-	(3,800)
Investment in joint venture	-	-	-	-
(Investments)/ Withdrawal of Fixed Deposits	-	(0)	-	(0)
Proceeds from Disposal of Property, Plant and Equipment	-	-	-	141,030
Net cash flow from/(used in) investing activities	(37,593)	(98,639)	(37,593)	42,391
Cash flows from/ (used in) financing activities				
Dividend paid	(11,550)	(8,663)	(11,550)	(8,663)
Repayment of long term borrowings	(605)	(660)	(605)	(660)
Net cash flow from / (used in) financing activities	(12,155)	(9,323)	(12,155)	(9,322)
Net Increase/(Decrease) in Cash and Cash Equivalents	(30,630)	50	(30,582)	6,243
Cash and Cash Equivalents at the Beginning of the Period	52,111	52,061	52,061	45,818
Cash and Cash Equivalents at the End of the Period	21,481	52,111	21,479	52,061

Note : The above figures for the Twelve Months ended 31st March 2014 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 2014

	2014 (Rs.)	2013 (Rs.)
Highest Market Price	8.10	10.30
Lowest Market Price	6.40	8.80
Last Traded Price	6.70	8.90

- 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 March 2014 - 9.05%
- 2. Directors Share Holding as at 31st March 2014

Directors Share Holdings	31st March 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 31st March 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	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