

**Interim Financial Statement
Twelve Months Ended 31st March 2015**

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		
	2015 Rs. '000'	2014 Rs. '000'	2015 Rs. '000'	2014 Rs. '000'	2015 Rs. '000'	2014 Rs. '000'	2015 Rs. '000'	2014 Rs. '000'	
Revenue	168,064	158,074	545,395	557,889	168,064	158,074	545,395	557,889	(2)
Cost of Sales	(31,502)	(29,038)	(108,967)	(179,224)	(31,502)	(29,038)	(108,967)	(179,224)	39
Gross Profit	136,561	129,037	436,428	378,665	136,561	129,037	436,428	378,665	15
Other Operating Income	5,329	10,368	34,957	2,246	5,329	10,368	34,957	2,246	1,457
Administrative Expenses	(67,739)	(63,093)	(251,743)	(177,373)	(67,713)	(63,033)	(251,647)	(177,251)	(42)
Selling & Distribution Expenses	(5,873)	(3,625)	(18,985)	(20,404)	(5,873)	(3,625)	(18,985)	(20,404)	7
Results from Operating Activities	68,279	72,686	200,657	183,133	68,304	72,746	200,753	183,255	10
Finance Expenses	(56)	(106)	(298)	(260)	(56)	(106)	(289)	(260)	(15)
Finance Income	582	1,360	1,092	949	582	1,360	1,092	949	15
Net Finance Cost	526	1,254	794	690	526	1,254	803	690	15
Share of Profit of Joint Venture	(19,786)	(10,601)	(35,700)	(15,579)	-	-	-	-	(129)
Profit before Tax	49,018	63,339	165,752	168,244	68,829	74,001	201,555	183,945	(1)
Income Tax Expenses	(9,573)	(3,284)	(28,900)	(22,976)	(9,573)	(3,284)	(28,900)	(22,976)	(26)
Profit for the Year	39,445	60,055	136,851	145,268	59,256	70,717	172,655	160,969	(6)
Attributable to:									
Equity Holders of the Parent	0	0	0	0	0	0	0	0	0
Non Controlling Interest	39,445	60,055	136,851	145,268	59,256	70,717	172,655	160,969	(6)
Basic Earnings per Share (Rs)	0.07	0.10	0.24	0.25	0.10	0.12	0.30	0.28	(6)
Dividend per Share (Rs)	0.20	0.02	0.20	0.02	0.20	0.02	0.20	0.02	900

Note : The above figures for the Twelve Months ended 31st March 2015 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	
	2015 (Rs. '000')	2014 (Rs. '000')	2015 (Rs. '000')	2014 (Rs. '000')	2015 (Rs. '000')	2014 (Rs. '000')	2015 (Rs. '000')	2014 (Rs. '000')
Profit for the period	39,445	60,055	136,851	145,268	59,256	70,717	172,655	160,969
Other Comprehensive Income								
Actuarial gains and losses on defined benefit plans	-	-	-	(617)	-	-	-	(617)
Income tax on other comprehensive income	-	-	-	65	-	-	-	65
Total Other Comprehensive Income for the year, net of tax	-	-	-	(552)	-	-	-	(552)
Total Comprehensive Income for the year, net of tax	39,445	60,055	136,851	144,716	59,256	70,717	172,655	160,417
Attributable to:								
Equity Holders of the Parent	39,445	60,055	136,851	144,716	59,256	70,717	172,655	160,417

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 31st March

	Group			Company		
	31.03.2015 Rs. '000'	31.03.2014 Rs. '000'	31.03.2013 Rs. '000'	31.03.2015 Rs. '000'	31.03.2014 Rs. '000'	31.03.2013 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,801,949	5,811,739	5,827,755	5,801,949	5,811,739	5,827,755
Intangible Assets	760	2,280	3,040	760	2,280	3,040
Investment in Subsidiary	0	0	0	343,500	0	0
Investment in Joint Venture	295,127	132,507	137,086	-	-	-
	6,097,836	5,946,525	5,967,881	6,146,209	5,814,019	5,830,795
Current Assets						
Inventories	25,602	24,007	20,814	25,602	24,007	20,814
Trade and Other Receivables	311,168	450,237	262,650	318,793	602,267	403,680
Investments	1,141	1,036	32,243	1,141	1,036	32,243
Cash and Cash Equivalents	32,757	20,908	25,651	32,344	20,906	25,601
	370,668	496,188	341,358	377,880	648,216	482,337
TOTAL ASSETS	6,468,503	6,442,713	6,309,238	6,524,089	6,462,235	6,313,132
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,547,687	5,579,507	5,611,326	5,547,687	5,579,507	5,611,326
Retained Earnings	567,250	514,079	349,131	622,958	533,984	353,335
Total Equity	6,131,687	6,110,336	5,977,207	6,187,395	6,130,240	5,981,411
Non Current Liabilities						
Interest Bearing Borrowings	-	-	-	-	-	-
Retirement Benefit Obligations	4,145	3,287	1,911	4,145	3,287	1,911
Deferred Taxation	243,207	246,390	250,759	243,207	246,390	250,759
	247,352	249,677	252,670	247,352	249,677	252,670
Current Liabilities						
Interest Bearing Borrowings	0	-	605	0	-	605
Trade and Other Payables	70,139	73,000	58,336	70,017	72,617	58,027
Income Tax Payable	8,425	9,280	14,637	8,425	9,280	14,637
Bank Overdraft	10,899	421	5,782	10,899	421	5,782
	89,464	82,700	79,361	89,342	82,318	79,052
TOTAL EQUITY AND LIABILITIES	6,468,503	6,442,713	6,309,238	6,524,089	6,462,235	6,313,132
Net Assets per Share (Rs)	10.62	10.58	10.35	10.71	10.62	10.36

The above figures for the Twelve Months ended 31st March 2015 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 30th April 2015.

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	-	-	-	136,851	136,851
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	136,851	136,851
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Balance as at 31st March 2015	16,750	5,543,847	3,840	567,250	6,131,687

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	-	-	-	172,655	172,655
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	172,655	172,655
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Balance as at 31st March 2015	16,750	5,543,847	3,840	622,958	6,187,395

Note : The above figures for the Twelve Months ended 31st March 2015 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	-	-	-	145,268	145,268
Other Comprehensive Income	-	-	-	(552)	(552)
Total Comprehensive Income	-	-	-	144,716	144,716
Transfers 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	514,079	6,110,336

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	-	-	-	160,969	160,969
Other Comprehensive Income	-	-	-	(552)	(552)
Total Comprehensive Income	-	-	-	160,417	160,417
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends Paid (2012 & 2013)	-	-	-	(11,550)	(11,550)
Transfers to Retained Earnings	-	(31,820)	-	31,820	-
Balance as at 31st March 2014	16,750	5,575,666	3,840	533,984	6,130,240

Note : The above figures for the Twelve Months ended 31st March 2015 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

Profit on Disposal of Property Plant & Equipment

Loss on disposal of shares

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 advances and prepayments

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

Investment in subsidiary

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	
	2015 Rs.'000'	2014 Rs.'000'	2015 Rs.'000'	2014 Rs.'000'
Profit before tax	165,752	168,244	201,555	183,945
Adjustments for:				
Finance Income	(1,092)	(949)	(1,092)	(949)
Finance expenses	298	260	289	260
Share of results of equity accounted investee	35,700	15,579	-	-
Depreciation of property, plant and equipment	59,409	56,396	59,409	56,396
Provision for bad & doubtful debtors	328	(3,222)	328	(3,222)
Provision for written-down value of inventory	-	34	-	34
Profit on Disposal of Property Plant & Equipment	(2,200)	-	(2,200)	-
Loss on disposal of shares	-	19	-	19
Amortisation of intangible assets	380	760	380	760
Gratuity provision and related costs	1,336	961	1,336	961
Operating profit before working capital changes	259,911	238,082	260,006	238,204
(Increase)/decrease in inventories	(1,595)	(3,227)	(1,594)	(3,227)
(Increase)/decrease in trade and other receivables	139,069	(195,578)	283,474	(195,578)
(Increase)/decrease in advances and prepayments	-	193	-	193
Increase/(decrease) in trade and other creditors	(2,860)	14,664	(2,600)	14,590
Cash generated from/ (used in) operations	394,524	54,134	539,285	54,182
Finance expenses paid	(298)	(260)	(289)	(260)
Income tax paid	(29,755)	(32,637)	(29,755)	(32,637)
Gratuity paid	(478)	(202)	(478)	(202)
Net cash flow from/(used in) operating activities	363,994	21,034	508,764	21,083
Cash flows from/ (used in) investing activities				
Interest received	1,092	949	1,092	949
Purchase and construction of property, plant and equipment	(51,991)	(40,380)	(51,991)	(40,380)
Investment in joint venture	(198,320)	-	-	-
Investment in subsidiary	(0)	-	(343,500)	-
Proceeds from Disposal of Property, Plant and Equipment	2,200	-	2,200	-
Net cash flow from/(used in) investing activities	(247,019)	(39,430)	(392,199)	(39,430)
Cash flows from/ (used in) financing activities				
Dividend paid	(115,500)	(11,588)	(115,500)	(11,588)
Repayment of long term borrowings	0	(605)	0	(605)
Net cash flow from/(used in) financing activities	(115,500)	(12,193)	(115,500)	(12,193)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,475	(30,588)	1,065	(30,540)
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	22,998	21,523	22,585	21,521

Note : The above figures for the Twelve Months ended 31st March 2015 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 March 2015

	2015 (Rs.)	2014 (Rs.)
Highest Market Price	9.50	8.10
Lowest Market Price	7.40	6.40
Last Traded Price	7.50	6.70

- 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 31st March 2015 - 9.05%
2. Number of Public Shareholders as at 31st March 2015 - 1,524
3. Directors Share Holding as at 31st March 2015

Directors Share Holdings	31st March 2015	
	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 31st March 2015

	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. Lilamanie Rathwatthe	1,850,250	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. Arenie Upendra Ratwatte Pethiyagoda	1,491,750	0.26
18	Pan Asia Banking Corporation PLC/ Mr R.PL. Eheliyagoda	1,121,729	0.19
19	Francis David Micheal Badcock	1,034,250	0.18
20	John Felix Charles Badcock	1,034,250	0.18
	Sub Total	551,303,561	95.46
	Balance held by Others	26,196,439	4.54
	Total number of Shares	577,500,000	100.00