

**Interim Financial Statement
Twelve Months Ended 31st March 2016**

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				
	Three Months Ended 31st March		Twelve Months Ended 31st March		Three Months Ended 31st March		Twelve Months Ended 31st March		Variance
	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	Group %
Revenue	200,894	178,651	639,791	598,443	200,894	178,651	639,791	598,443	7
Cost of Sales	(56,002)	(50,956)	(195,681)	(184,285)	(56,002)	(50,956)	(195,681)	(184,285)	(6)
Gross Profit	144,892	127,695	444,110	414,158	144,892	127,695	444,110	414,158	7
Other Operating Income	251	366	2,313	1,488	251	366	2,313	1,488	55
Administrative Expenses	(44,826)	(55,584)	(201,647)	(190,854)	(44,689)	(53,840)	(201,505)	(189,043)	(6)
Selling & Distribution Expenses	(7,637)	(9,058)	(26,408)	(28,693)	(7,637)	(9,058)	(26,408)	(28,693)	8
Results from Operating Activities	92,681	63,419	218,368	196,098	92,818	65,163	218,510	197,910	11
Finance Expenses	0	(0)	0	(8)	0	-	-	-	100
Finance Income	12,570	(4,529)	26,858	13,481	12,570	(4,529)	26,858	13,481	99
Net Finance Cost	12,570	(4,529)	26,858	13,473	12,570	(4,529)	26,858	13,481	99
Share of Profit of Joint Venture	45,450	(14,236)	(44,188)	(22,432)	-	-	-	-	(97)
Profit before Tax	150,700	44,654	201,039	187,139	105,387	60,634	245,368	211,392	7
Income Tax Expenses	(12,509)	(6,052)	(28,098)	(33,690)	(12,509)	(15,792)	(28,098)	(33,690)	17
Profit for the Year	138,191	38,601	172,940	153,449	92,878	44,842	217,270	177,702	13
Attributable to:									
Equity Holders of the Parent	-	-	-	-	-	-	-	-	-
Non Controlling Interest	138,191	38,601	172,940	153,449	92,878	44,842	217,270	177,702	13
Basic Earnings per Share (Rs)	0.24	0.07	0.30	0.27	0.16	0.08	0.38	0.31	13
Dividend per Share (Rs)	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0

Note : The above figures for the Twelve Months ended 31st March 2016 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	
	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')
Profit for the period	138,191	38,601	172,940	153,449	92,878	44,842	217,270	177,702
Other Comprehensive Income								
Effect of Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Acturial gains and losses on defined benefit plans	(135)	(147)	(135)	(147)	(135)	(147)	(135)	(147)
Income tax on other comprehensive income	16	11	16	11	16	11	16	11
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year, net of tax	(119)	-	(119)	-	(119)	-	(119)	-
Total Comprehensive Income for the year, net of tax	138,072	38,465	172,821	153,313	92,759	44,706	217,151	177,565
Attributable to:								
Equity Holders of the Parent	138,072	38,465	172,821	153,313	92,759	44,706	217,151	177,565

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 31st March

	Group			Company		
	31.03.2016 Rs. '000'	31.03.2015 Rs. '000'	31.03.2014 Rs. '000'	31.03.2016 Rs. '000'	31.03.2015 Rs. '000'	31.03.2014 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	5,743,337	5,800,899	5,811,739	5,743,337	5,800,899	5,811,739
Intangible Assets	760	1,520	2,280	760	1,520	2,280
Investment in Subsidiary	(0)	-	-	345,218	345,218	0
Investment in Joint Venture	264,206	308,394	132,507	-	-	-
	6,008,303	6,110,813	5,946,526	6,089,315	6,147,637	5,814,019
Current Assets						
Inventories	29,188	25,695	24,007	29,188	25,695	24,007
Trade and Other Receivables	97,461	81,148	95,588	97,461	81,148	95,588
Amounts Due from Related Party	411,708	240,502	353,769	419,334	248,128	505,799
Cash and Cash Equivalents	10,362	35,100	21,944	10,138	34,687	21,942
	548,718	382,445	495,308	556,120	389,658	647,336
TOTAL ASSETS	6,557,021	6,493,258	6,441,833	6,645,435	6,537,295	6,461,355
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,508,779	5,540,598	5,579,507	5,508,779	5,540,598	5,579,507
Retained Earnings	679,866	590,763	514,079	768,354	634,921	533,984
Total Equity	6,205,395	6,148,111	6,110,336	6,293,883	6,192,269	6,130,240
Non Current Liabilities						
Retirement Benefit Obligations	4,402	4,153	3,287	4,402	4,153	3,287
Deferred Taxation	239,693	249,560	246,390	239,693	249,560	246,390
	244,095	253,714	249,677	244,095	253,714	249,677
Current Liabilities						
Trade and Other Payables	80,517	68,938	59,585	80,442	68,815	59,479
Amounts Due to Related Companies	7,740	7,649	12,534	7,740	7,649	12,258
Income Tax Payable	14,875	10,034	9,280	14,875	10,035	9,280
Bank Overdraft	4,399	4,812	421	4,399	4,812	421
	107,532	91,433	81,820	107,457	91,311	81,437
TOTAL EQUITY AND LIABILITIES	6,557,021	6,493,258	6,441,833	6,645,435	6,537,295	6,461,355
Net Assets per Share (Rs)	10.75	10.65	10.58	10.90	10.72	10.62

The above figures for the Twelve Months ended 31st March 2016 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 24th May 2016

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 2014	16,750	5,575,666	3,840	514,079	6,110,336
Profit for the period	-	-	-	153,449	153,449
Other Comprehensive Income	-	-	-	(136)	(136)
Total Comprehensive Income	-	-	-	153,313	153,313
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Realization of revaluation reserve	-	(3,248)	-	3,248	-
Transfer to Retained Earnings	-	(31,820)	(3,840)	35,660	-
Balance as at 31st March 2015	16,750	5,540,598	-	590,763	6,148,111
Profit for the period	-	-	-	172,940	172,940
Other Comprehensive Income	-	-	-	(119)	(119)
Total Comprehensive Income	-	-	-	172,821	172,821
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Balance as at 31st March 2016	16,750	5,508,779	-	679,866	6,205,395

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 2014	16,750	5,575,666	3,840	533,984	6,130,240
Profit for the period	-	-	-	177,703	177,703
Other Comprehensive Income	-	-	-	(136)	(136)
Total Comprehensive Income	-	-	-	177,567	177,567
Transfer to Retained Earnings	-	(31,820)	(3,840)	35,660	-
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Realization of revaluation reserve	-	(3,248)	-	3,248	-
Balance as at 31st March 2015	16,750	5,540,598	-	634,921	6,192,269
Profit for the period	-	-	-	217,270	217,270
Dividends - (15% Cumulative preference shares)	-	-	-	(38)	(38)
Other Comprehensive Income	-	-	-	(119)	(119)
Total Comprehensive Income	-	-	-	217,114	217,114
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
Balance as at 31st March 2016	16,750	5,508,779	-	768,354	6,293,883

Note : The above figures for the Twelve Months ended 31st March 2016 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 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
Profit for the period	-	-	-	153,449	153,449
Other Comprehensive Income	-	-	-	(136)	(136)
Total Comprehensive Income	-	-	-	153,313	153,313
Transfers to Retained Earnings	-	(31,820)	(3,840)	35,660	-
Realization of revaluation reserve	-	(3,248)	-	3,248	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Balance as at 31st March 2015	16,750	5,540,598	-	590,763	6,148,111

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
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
Profit for the period	-	-	-	177,703	177,703
Other Comprehensive Income	-	-	-	(136)	(136)
Total Comprehensive Income	-	-	-	177,567	177,567
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends Paid (2013 & 2014)	-	-	-	(115,500)	(115,500)
Realization of revaluation reserve	-	(3,248)	-	3,248	-
Transfers to Retained Earnings	-	(31,820)	(3,840)	35,660	-
Balance as at 31st March 2015	16,750	5,540,598	-	634,921	6,192,269

Note : The above figures for the Twelve Months ended 31st March 2016 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

Loss on Disposal of Property Plant & Equipment

Bad debtors written off

Impairment of bad & doubtful debts

Reversal of excess provisions and payables

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 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

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	
	2016 Rs.'000'	2015 Rs.'000'	2016 Rs.'000'	2015 Rs.'000'
Profit before tax	201,039	187,139	245,368	211,392
Adjustments for:				
Finance Income	(26,858)	(13,481)	(26,858)	(13,481)
Finance expenses	-	8	-	-
Share of results of equity accounted investee	44,188	22,432	-	-
Depreciation of property, plant and equipment	64,792	59,018	64,792	59,018
Loss on Disposal of Property Plant & Equipment	1,553	1,738	1,553	1,738
Bad debtors written off	243	989	243	989
Impairment of bad & doubtful debts	-	336	-	336
Reversal of excess provisions and payables	-	(631)	-	(631)
Amortisation of intangible assets	760	760	760	760
Gratuity provision and related costs	977	1,227	977	1,227
Operating profit before working capital changes	286,692	259,537	286,835	261,349
(Increase)/decrease in inventories	(3,493)	(1,688)	(3,493)	(1,688)
(Increase)/decrease in trade and other receivables	(187,762)	(85,787)	(187,762)	256,937
Increase/(decrease) in trade and other creditors	11,670	5,099	11,718	5,360
Cash generated from/ (used in) operations	107,109	177,160	107,298	521,957
Finance expenses paid	-	(8)	-	-
Income tax paid	(33,147)	(29,754)	(33,147)	(29,754)
Gratuity paid	(862)	(508)	(862)	(508)
Net cash flow from/(used in) operating activities	73,100	146,889	73,289	491,695
Cash flows from/ (used in) investing activities				
Interest received	26,858	13,481	26,858	13,481
Purchase and construction of property, plant and equipment	(9,223)	(38,137)	(9,223)	(38,137)
Investment in subsidiary	0	(0)	-	(345,218)
Proceeds from Disposal of Property, Plant and Equipment	440	2,068	440	2,068
Net cash flow from/(used in) investing activities	18,075	(22,588)	18,075	(367,805)
Cash flows from/ (used in) financing activities				
Dividend paid	(115,500)	(115,538)	(115,500)	(115,538)
Net cash flow from /(used in) financing activities	(115,500)	(115,538)	(115,500)	(115,538)
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,325)	8,764	(24,136)	8,352
Cash and Cash Equivalents at the Beginning of the Period	30,287	21,523	29,874	21,522
Cash and Cash Equivalents at the End of the Period	5,962	30,287	5,738	29,874

Note : The above figures for the Twelve Months ended 31st March 2016 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 2016

	2016 (Rs.)	2015 (Rs.)
Highest Market Price	8.10	9.50
Lowest Market Price	5.00	7.40
Last Traded Price	6.00	7.50

- 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 2015.
- 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 2016 - 9.05%
2. Number of Public Shareholders as at 31st March 2016 - 1,666
3. Directors Share Holding as at 31st March 2016

Directors Share Holdings	31st March 2016	
	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 2016

	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	1,853,000	0.32
8	Hans Anton Van Starrex	1,794,063	0.31
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	1,491,750	0.26
19	Francis David Micheal Badcock	1,034,250	0.18
20	John Felix Charles Badcock	1,034,250	0.18
	Sub Total	551,978,645	95.58
	Balance held by Others	25,521,355	4.42
	Total number of Shares	577,500,000	100.00