

**Interim Financial Statement  
Nine Months Ended 31st December 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				Variance Group %
	Three Months Ended 31st December		Nine Month Months Ended 31st December		Three Months Ended 31st December		Nine Month Months Ended 31st December		
	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	
<b>Revenue</b>	155,837	151,250	478,249	438,899	155,837	151,250	478,249	438,899	9
Cost of Sales	(44,991)	(48,580)	(143,527)	(139,734)	(44,991)	(48,580)	(143,527)	(139,734)	(3)
<b>Gross Profit</b>	110,846	102,670	334,723	299,164	110,846	102,670	334,723	299,164	12
Other Operating Income	229	146	370	2,062	229	146	370	2,062	(82)
Administrative Expenses	(61,660)	(50,753)	(162,870)	(156,754)	(61,654)	(50,748)	(162,772)	(156,747)	(4)
Selling & Distribution Expenses	(10,684)	(6,210)	(23,113)	(18,787)	(10,684)	(6,210)	(23,113)	(18,787)	(23)
<b>Results from Operating Activities</b>	38,731	45,853	149,109	125,686	38,737	45,858	149,208	125,693	19
Finance Expenses	-	-	-	-	-	-	-	-	-
Finance Income	31,103	6,820	41,326	16,398	31,103	6,820	41,326	16,398	152
Net Finance Cost	31,103	6,820	41,326	16,398	31,103	6,820	41,326	16,398	152
Share of Profit of Joint Venture	3,154	(28,717)	(2,752)	(89,637)	-	-	-	-	97
<b>Profit before Tax</b>	72,988	23,956	187,683	52,447	69,840	52,678	190,533	142,091	258
Income Tax Expenses	(11,452)	(4,629)	(29,399)	(15,928)	(11,452)	(4,629)	(29,399)	(15,928)	(85)
<b>Profit for the Year</b>	61,536	19,327	158,284	36,519	58,388	48,050	161,135	126,163	333
<b>Attributable to:</b>									
Equity Holders of the Parent	-	-	-	-	-	-	-	-	-
Non Controlling Interest	61,536	19,327	158,284	36,519	58,388	48,050	161,135	126,163	333
<b>Basic Earnings per Share (Rs)</b>	0.11	0.03	0.27	0.06	0.10	0.08	0.28	0.22	333
<b>Dividend per Share (Rs)</b>	0.25	0.20	0.25	0.20	0.25	0.20	0.25	0.20	25

Note : The above figures for the Nine Months ended 31st December 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 December		Nine Months Ended 31st December		Three Months Ended 31st December		Nine Months Ended 31st December	
	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	61,536	19,327	158,284	36,519	58,388	48,050	161,135	126,163
<b>Other Comprehensive Income</b>								
Effect of Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the year, net of tax</b>	<b>61,536</b>	<b>19,327</b>	<b>158,284</b>	<b>36,519</b>	<b>58,388</b>	<b>48,050</b>	<b>161,135</b>	<b>126,163</b>
<b>Attributable to:</b>								
Equity Holders of the Parent	61,536	19,327	158,284	36,519	58,388	48,050	161,135	126,163

# The Kandy Hotels Company (1938) PLC

## BALANCE SHEET

As at 31st December

	Group			Company		
	31.12.2016 Rs. '000'	31.12.2015 Rs. '000'	31.03.2016 Rs. '000'	31.12.2016 Rs. '000'	31.12.2015 Rs. '000'	31.03.2016 Rs. '000'
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property, Plant & Equipment	5,705,339	5,756,912	5,743,337	5,705,339	5,756,912	5,743,337
Intangible Assets	237	950	760	237	950	760
Investment in Subsidiary	-	-	-	345,218	345,218	345,218
Investment in Joint Venture	302,980	218,758	305,733	-	-	-
	<b>6,008,557</b>	<b>5,976,619</b>	<b>6,049,830</b>	<b>6,050,794</b>	<b>6,103,079</b>	<b>6,089,315</b>
<b>Current Assets</b>						
Inventories	35,725	30,314	29,188	35,725	30,314	29,188
Trade and Other Receivables	70,607	62,809	96,014	70,607	62,809	96,014
Amounts Due from Related Party	410,613	321,823	404,335	418,239	329,449	419,334
Investment in REPO	69,192	-	-	69,192	-	-
Cash and Cash Equivalents	20,006	13,713	10,396	19,873	13,429	10,172
	<b>606,144</b>	<b>428,659</b>	<b>539,933</b>	<b>613,635</b>	<b>436,001</b>	<b>554,707</b>
<b>TOTAL ASSETS</b>	<b>6,614,700</b>	<b>6,405,278</b>	<b>6,589,763</b>	<b>6,664,430</b>	<b>6,539,080</b>	<b>6,644,022</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and Reserves</b>						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	5,575,287	5,516,734	5,599,152	5,484,914	5,516,734	5,508,779
Retained Earnings	668,612	535,646	630,838	808,798	669,449	768,174
<b>Total Equity</b>	<b>6,260,650</b>	<b>6,069,130</b>	<b>6,246,740</b>	<b>6,310,462</b>	<b>6,202,932</b>	<b>6,293,702</b>
<b>Non Current Liabilities</b>						
Retirement Benefit Obligations	5,712	5,128	4,402	5,712	5,128	4,402
Deferred Taxation	237,618	243,598	239,656	237,618	243,598	239,656
	<b>243,330</b>	<b>248,726</b>	<b>244,057</b>	<b>243,330</b>	<b>248,726</b>	<b>244,057</b>
<b>Current Liabilities</b>						
Trade and Other Payables	95,764	72,866	79,280	95,680	72,866	79,205
Amounts Due to Related Companies	81	368	368	81	368	7,740
Income Tax Payable	14,063	6,438	14,883	14,063	6,438	14,883
Bank Overdraft	813	7,750	4,433	813	7,750	4,433
	<b>110,721</b>	<b>87,421</b>	<b>98,965</b>	<b>110,637</b>	<b>87,422</b>	<b>106,262</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,614,700</b>	<b>6,405,278</b>	<b>6,589,763</b>	<b>6,664,430</b>	<b>6,539,080</b>	<b>6,644,022</b>
<b>Net Assets per Share (Rs)</b>	<b>10.84</b>	<b>10.51</b>	<b>10.82</b>	<b>10.93</b>	<b>10.74</b>	<b>10.90</b>

The above figures for the Nine Months ended 31st December 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.

Sgd

**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,

Sgd

Lakshman Samarasinghe  
**Director**

Sgd

Priyantha Maddumage  
**Director**

Kandy 08th February 2017

# 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'
<b>Balance as at 01st April 2015</b>	<b>16,750</b>	<b>5,540,598</b>	<b>-</b>	<b>590,763</b>	<b>6,148,111</b>
Profit for the period	-	-	-	123,913	123,913
Other Comprehensive Income	-	90,373	-	(119)	90,254
Total Comprehensive Income	-	90,373	-	123,794	214,167
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
<b>Balance as at 31st March 2016</b>	<b>16,750</b>	<b>5,599,152</b>	<b>-</b>	<b>630,838</b>	<b>6,246,740</b>
Profit for the period	-	-	-	158,284	158,284
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	158,284	158,284
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
Transfer to Retained Earnings	-	(23,865)	-	23,865	-
<b>Balance as at 31st December 2016</b>	<b>16,750</b>	<b>5,575,287</b>	<b>-</b>	<b>668,612</b>	<b>6,260,650</b>

## 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'
<b>Balance as at 01 April 2015</b>	<b>16,750</b>	<b>5,540,598</b>	<b>-</b>	<b>634,921</b>	<b>6,192,269</b>
Profit for the period	-	-	-	217,090	217,090
Other Comprehensive Income	-	-	-	(119)	(119)
Total Comprehensive Income	-	-	-	216,971	216,971
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
<b>Balance as at 31st March 2016</b>	<b>16,750</b>	<b>5,508,779</b>	<b>-</b>	<b>768,174</b>	<b>6,293,702</b>
Profit for the period	-	-	-	161,135	161,135
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	161,135	161,135
Dividends (15% Cumulative preference shares)	-	-	-	-	-
Transfer to Retained Earnings	-	(23,865)	-	23,865	-
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
<b>Balance as at 31st December 2016</b>	<b>16,750</b>	<b>5,484,914</b>	<b>-</b>	<b>808,798</b>	<b>6,310,462</b>

Note : The above figures for the Nine Months ended 31st December 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'
<b>Balance as at 01st March 2014</b>	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)
<b>Balance as at 31st March 2015</b>	16,750	5,540,598	-	590,763	6,148,111
Profit for the period	-	-	-	36,519	36,519
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	36,519	36,519
Transfers to Retained Earnings	-	(23,865)	-	23,865	-
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
<b>Balance as at 31st December 2015</b>	16,750	5,516,734	-	535,646	6,069,130

## 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'
<b>Balance as at 01st April 2014</b>	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	-
<b>Balance as at 31st March 2015</b>	16,750	5,540,598	-	634,921	6,192,269
Profit for the period	-	-	-	126,163	126,163
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	126,163	126,163
Dividends-(15% Cumulative preference shares)	-	-	-	-	-
Dividends Paid ( 2014 & 2015)	-	-	-	(115,500)	(115,500)
Transfers to Retained Earnings	-	(23,865)	-	23,865	-
<b>Balance as at 31st December 2015</b>	16,750	5,516,734	-	669,449	6,202,932

# The Kandy Hotels Company (1938) PLC

## CASH FLOW STATEMENT

For the Nine Months ended 31st December

### Cash Flows from/(used in) Operating Activities

Profit before tax

#### Adjustments for:

Finance Income

Share of results of equity accounted investee

Depreciation of property, plant and equipment

Amortisation of intangible assets

Loss 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

Investment in subsidiary

Investment in REPO

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	
	2016 Rs.'000'	2015 Rs.'000'	2016 Rs.'000'	2015 Rs.'000'
Profit before tax	187,683	52,447	190,533	142,091
<b>Adjustments for:</b>				
Finance Income	(41,326)	(16,398)	(41,326)	(16,398)
Share of results of equity accounted investee	2,752	89,637	-	-
Depreciation of property, plant and equipment	48,548	48,423	48,548	48,423
Amortisation of intangible assets	578	570	578	570
Loss on disposal of property, plant and equipment	-	1,506	-	1,506
Gratuity provision and related costs	1,680	1,986	1,680	1,986
Operating profit before working capital changes	199,915	178,171	200,013	178,178
(Increase)/decrease in inventories	(6,537)	(4,619)	(6,537)	(4,619)
(Increase)/decrease in trade and other receivables	19,129	(62,982)	26,502	(62,982)
Increase/(decrease) in trade and other creditors	16,197	(3,353)	8,815	(3,231)
<b>Cash generated from/ (used in) operations</b>	<b>228,703</b>	<b>107,217</b>	<b>228,794</b>	<b>107,346</b>
Finance expenses paid	-	-	-	-
Income tax paid	(32,257)	(25,487)	(32,257)	(25,487)
Gratuity paid	(369)	(1,011)	(369)	(1,011)
<b>Net cash flow from/(used in) operating activities</b>	<b>196,077</b>	<b>80,720</b>	<b>196,168</b>	<b>80,848</b>
<b>Cash flows from/ (used in) investing activities</b>				
Interest received	41,326	16,398	41,326	16,398
Purchase and construction of property, plant and equipment	(10,605)	(6,382)	(10,605)	(6,382)
Investment in subsidiary	-	(0)	-	-
Investment in REPO	(69,192)	-	(69,192)	-
Proceeds from Disposal of Property, Plant and Equipment	-	440	-	440
<b>Net cash flow from/(used in) investing activities</b>	<b>(38,472)</b>	<b>10,456</b>	<b>(38,472)</b>	<b>10,457</b>
<b>Cash flows from/ (used in) financing activities</b>				
Dividend paid	(144,375)	(115,500)	(144,375)	(115,500)
Repayment of long term borrowings	-	-	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>(144,375)</b>	<b>(115,500)</b>	<b>(144,375)</b>	<b>(115,500)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>13,230</b>	<b>(24,324)</b>	<b>13,321</b>	<b>(24,195)</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5,962</b>	<b>30,287</b>	<b>5,738</b>	<b>29,874</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>19,193</b>	<b>5,963</b>	<b>19,059</b>	<b>5,679</b>

Note : The above figures for the Nine Months ended 31st December 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 December 2016

	<b>2016</b>	<b>2015</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Highest Market Price	8.00	8.50
Lowest Market Price	6.70	7.50
Last Traded Price	6.80	7.70

- 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 2016.
- 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 December 2016 - 20.96%
2. Number of Public Shareholders as at 31st December 2016 - 1,712
3. Directors Share Holding as at 31st December 2016

Directors Share Holdings	31st December 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 December 2016

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Prograss Investments Limited	69,300,000	12.00
3	Ceylon Hotels Holdings (Pvt) Ltd	27,610,454	4.78
4	Hotel International Ltd	18,389,196	3.18
5	Cyril Gardiner (Pvt) Ltd	8,120,000	1.41
6	N.V.S. Saackville -Deceased	4,368,000	0.76
7	P.R.Frossard ,C/o.Executor Mr.C.Keith. Collas	1,965,250	0.34
8	Hans Anton Van Starrex	1,954,948	0.34
9	Mrs. Lilamanie Rathwatthe	1,853,000	0.32
10	Mrs. M.F. Gunasekera	1,750,000	0.30
11	P.V. Gunasekera	1,750,000	0.30
12	Ms. Helene Sauties	1,496,250	0.26
13	Edonard -Dec D -Laravoire	1,496,250	0.26
14	John Paul Sauties	1,496,250	0.26
15	Ms. Martha Chevallaz	1,496,250	0.26
16	Jeane Laravoire	1,496,250	0.26
17	Paul Chevallaz	1,496,250	0.26
18	Albert Chevallaz	1,496,250	0.26
19	Mrs. Areenie Upendra Ratwatte Pethiyagoda	1,491,750	0.26
20	Francis David Micheal Badcock	1,034,250	0.18
	<b>Sub Total</b>	<b>551,627,848</b>	<b>95.52</b>
	Balance held by Others	25,872,152	4.48
	<b>Total number of Shares</b>	<b>577,500,000</b>	<b>100.00</b>