

**Interim Financial Statement  
Three Months Ended 30th June 2017**

**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](mailto:sales@ceylonhotels.net)  
Website : [www.ceylonhotels.lk](http://www.ceylonhotels.lk)

# The Kandy Hotels Company (1938) PLC

## INCOME STATEMENT

	Group				Company				Variance Group %
	Three Months Ended 30th June		Three Month Ended 30th June		Three Months Ended 30th June		Three Month Ended 30th June		
	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	
<b>Revenue</b>	125,863	124,874	125,863	124,874	125,863	124,874	125,863	124,874	1
Cost of Sales	(43,700)	(47,990)	(43,700)	(47,990)	(43,700)	(47,990)	(43,700)	(47,990)	9
<b>Gross Profit</b>	<b>82,164</b>	<b>76,884</b>	<b>82,164</b>	<b>76,884</b>	<b>82,164</b>	<b>76,884</b>	<b>82,164</b>	<b>76,884</b>	7
Other Operating Income	123	94	123	94	123	94	123	94	32
Administrative Expenses	(51,670)	(48,891)	(51,670)	(48,891)	(51,668)	(48,890)	(51,668)	(48,890)	(6)
Selling & Distribution Expenses	(6,517)	(5,486)	(6,517)	(5,486)	(6,517)	(5,486)	(6,517)	(5,486)	(19)
<b>Results from Operating Activities</b>	<b>24,100</b>	<b>22,600</b>	<b>24,100</b>	<b>22,600</b>	<b>24,102</b>	<b>22,601</b>	<b>24,102</b>	<b>22,601</b>	7
Finance Expenses	(7,684)		(7,684)	-	(7,684)	-	(7,684)	-	-
Finance Income	14,303	8,427	14,303	8,427	14,303	8,427	14,303	8,427	70
Net Finance Cost	<b>6,619</b>	<b>8,427</b>	<b>6,619</b>	<b>8,427</b>	<b>6,619</b>	<b>8,427</b>	<b>6,619</b>	<b>8,427</b>	(21)
Share of Profit of Joint Venture	(4,697)	(11,665)	(4,697)	(11,665)	-	-	-	-	60
<b>Profit before Tax</b>	<b>26,022</b>	<b>19,362</b>	<b>26,022</b>	<b>19,362</b>	<b>30,721</b>	<b>31,028</b>	<b>30,721</b>	<b>31,028</b>	34
Income Tax Expenses	(5,280)	(7,853)	(5,280)	(7,853)	(5,280)	(7,853)	(5,280)	(7,853)	33
<b>Profit for the Year</b>	<b>20,741</b>	<b>11,509</b>	<b>20,741</b>	<b>11,509</b>	<b>25,441</b>	<b>23,174</b>	<b>25,441</b>	<b>23,174</b>	80
<b>Basic Earnings per Share (Rs)</b>	<b>0.04</b>	<b>0.02</b>	<b>0.04</b>	<b>0.02</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	80
<b>Dividend per Share (Rs)</b>	-	-	-	-	-	-	-	-	-

Note : The above figures for the three months ended 30th June 2017 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 June		Three Months Ended 30th June		Three Months Ended 30th June		Three Months Ended 30th June	
	2017 (Rs. '000')	2016 (Rs. '000')	2017 (Rs. '000')	2016 (Rs. '000')	2017 (Rs. '000')	2016 (Rs. '000')	2017 (Rs. '000')	2016 (Rs. '000')
Profit for the period	20,741	11,509	20,741	11,509	25,441	23,174	25,441	23,174
<b>Other Comprehensive Income</b>								
Effect of Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Acturial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the year, net of tax</b>	<b>20,741</b>	<b>11,509</b>	<b>20,741</b>	<b>11,509</b>	<b>25,441</b>	<b>23,174</b>	<b>25,441</b>	<b>23,174</b>
<b>Attributable to:</b>								
Equity Holders of the Parent	20,741	11,509	20,741	11,509	25,441	23,174	25,441	23,174

# The Kandy Hotels Company (1938) PLC

## BALANCE SHEET

As at 30th June

	Group			Company		
	30.06.2017 Rs. '000'	30.06.2016 Rs. '000'	31.03.2017 Rs. '000'	30.06.2017 Rs. '000'	30.06.2016 Rs. '000'	31.03.2017 Rs. '000'
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property, Plant & Equipment	6,377,379	5,730,125	6,389,610	6,377,379	5,730,125	6,389,610
Intangible Assets	372	624	46	372	624	46
Investment in Subsidiary	600,000	-	-	952,843	345,218	352,843
Investment in Joint Venture	299,459	294,068	304,157	-	-	-
	<b>7,277,210</b>	<b>6,024,818</b>	<b>6,693,813</b>	<b>7,330,594</b>	<b>6,075,967</b>	<b>6,742,499</b>
<b>Current Assets</b>						
Inventories	32,879	30,242	34,114	32,879	30,242	34,114
Trade and Other Receivables	52,053	38,675	91,432	52,053	38,675	91,432
Amounts Due from Related Party	640,331	506,292	549,892	640,331	513,918	549,892
Short Term Deposits	-	-	19,939	-	-	19,939
Cash and Cash Equivalents	25,293	12,816	14,889	25,161	12,593	14,755
	<b>750,556</b>	<b>588,025</b>	<b>710,267</b>	<b>750,424</b>	<b>595,428</b>	<b>710,133</b>
<b>TOTAL ASSETS</b>	<b>8,027,766</b>	<b>6,612,843</b>	<b>7,404,079</b>	<b>8,081,018</b>	<b>6,671,395</b>	<b>7,452,631</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	6,290,557	5,591,197	6,298,512	6,200,183	5,500,824	6,208,138
Retained Earnings	793,678	650,302	764,981	937,387	799,303	903,991
<b>Total Equity</b>	<b>7,100,984</b>	<b>6,258,250</b>	<b>7,080,243</b>	<b>7,154,320</b>	<b>6,316,877</b>	<b>7,128,879</b>
<b>Non Current Liabilities</b>						
Interest Bearing Borrowings	600,000	-	-	600,000	-	-
Retirement Benefit Obligations	4,933	4,802	4,449	4,933	4,802	4,449
Deferred Taxation	200,030	241,466	201,746	200,030	241,466	201,746
	<b>804,963</b>	<b>246,268</b>	<b>206,194</b>	<b>804,963</b>	<b>246,268</b>	<b>206,194</b>
<b>Current Liabilities</b>						
Trade and Other Payables	100,627	77,516	88,250	100,543	77,441	88,167
Amounts Due to Related Companies	2,405	7,773	174	2,405	7,774	174
Income Tax Payable	18,787	13,290	20,093	18,787	13,290	20,093
Bank Overdraft	-	9,746	9,124	-	9,746	9,124
	<b>121,818</b>	<b>108,325</b>	<b>117,641</b>	<b>121,735</b>	<b>108,251</b>	<b>117,558</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,027,766</b>	<b>6,612,843</b>	<b>7,404,079</b>	<b>8,081,018</b>	<b>6,671,395</b>	<b>7,452,631</b>
<b>Net Assets per Share (Rs)</b>	<b>12.30</b>	<b>10.84</b>	<b>12.26</b>	<b>12.39</b>	<b>10.94</b>	<b>12.34</b>

The above figures for the three months ended 30th June 2017 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

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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,

Sgd

Lakshman Samarasinghe  
**Director**

Sgd

Priyantha Maddumage  
**Director**

Kandy 08th August 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 2016</b>	16,750	5,599,152	-	630,838	6,246,740
Profit for the period	-	-	-	246,177	246,177
Total other comprehensive income for the year net of tax	-	731,179	-	559	731,738
<b>Total Comprehensive Income</b>	-	731,179	-	246,736	977,915
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
<b>Balance as at 31st March 2017</b>	16,750	6,298,512	-	764,981	7,080,243
Profit for the period	-	-	-	20,741	20,741
Other Comprehensive Income	-	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	-	20,741	20,741
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
<b>Balance as at 30th June 2017</b>	16,750	6,290,557	-	793,678	7,100,984

## 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 2016</b>	16,750	5,508,779	-	768,174	6,293,702
Profit for the period	-	-	-	247,837	247,837
Total other comprehensive income for the year net of tax	-	731,179	-	574	731,753
<b>Total Comprehensive Income</b>	-	731,179	-	248,411	979,590
Dividends (15% Cumulative preference shares)	-	-	-	(38)	(38)
Transfer to Retained Earnings	-	(31,820)	-	31,820	-
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
<b>Balance as at 31st March 2017</b>	16,750	6,208,138	-	903,991	7,128,879
Profit for the period	-	-	-	25,441	25,441
<b>Total Comprehensive Income</b>	-	-	-	25,441	25,441
Transfer to Retained Earnings	-	(7,955)	-	7,955	-
<b>Balance as at 30th June 2017</b>	16,750	6,200,183	-	937,387	7,154,320

Note : The above figures for the three months ended 30th June 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 April 2015</b>	16,750	5,540,598	-	590,763	6,148,111
Profit for the period				123,913	123,913
Total other comprehensive income for the year net of tax		90,373		(119)	90,254
Total Comprehensive Income	-	90,373	-	123,794	214,167
Transfers to Retained Earnings	-	(31,820)	-	31,820	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Dividends paid (2014 & 2015)	-	-	-	(115,500)	(115,500)
<b>Balance as at 31st March 2016</b>	16,750	5,599,152	-	630,839	6,246,741
Profit for the period				11,509	11,509
Other Comprehensive Income					-
Total Comprehensive Income	-	-	-	11,509	11,509
Transfers to Retained Earnings	-	(7,955)	-	7,955	-
<b>Balance as at 30th June 2016</b>	16,750	5,591,197	-	650,302	6,258,250

## 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 2015</b>	16,750	5,540,598	-	634,921	6,192,269
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)
Dividends Paid ( 2014 & 2015)	-	-	-	(115,500)	(115,500)
Transfers to Retained Earnings	-	(31,820)	-	31,820	-
<b>Balance as at 31st March 2016</b>	16,750	5,508,779	-	768,174	6,293,702
Profit for the period				23,174	23,174
Total Comprehensive Income				23,174	23,174
Transfers to Retained Earnings	-	(7,955)	-	7,955	-
<b>Balance as at 30th June 2016</b>	16,750	5,500,824	-	799,303	6,316,877

# The Kandy Hotels Company (1938) PLC

## CASH FLOW STATEMENT

For the Three Months ended 30th June

### 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

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 amount due from related parties

Increase/(decrease) in trade and other creditors

Increase/(decrease) in amount due to related parties

### 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 subsidiary

### Net cash flow from/(used in) investing activities

### Cash flows from/ (used in) financing activities

Repayment / Increase in Interest Bearing 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	
	2017 Rs.'000'	2016 Rs.'000'	2017 Rs.'000'	2016 Rs.'000'
Profit before tax	26,022	19,362	30,721	31,028
<b>Adjustments for:</b>				
Finance Income	(14,303)	(8,427)	(14,303)	(8,427)
Finance expenses	7,684	-	7,684	-
Share of results of equity accounted investee	4,697	11,665	-	-
Depreciation of property, plant and equipment	14,000	16,065	14,000	16,065
Amortisation of intangible assets	7	191	7	191
Gratuity provision and related costs	530	560	530	560
Operating profit before working capital changes	38,637	39,415	38,639	39,416
(Increase)/decrease in inventories	1,236	(1,054)	1,236	(1,054)
(Increase)/decrease in trade and other receivables	39,379	57,339	39,379	57,339
(Increase)/decrease in amount due from related parties	(90,440)	(101,957)	(90,440)	(94,584)
Increase/(decrease) in trade and other creditors	12,376	(1,764)	12,376	(1,764)
Increase/(decrease) in amount due to related parties	2,231	7,406	2,231	34
<b>Cash generated from/ (used in) operations</b>	<b>3,419</b>	<b>(615)</b>	<b>3,421</b>	<b>(615)</b>
Finance expenses paid	(7,684)	-	(7,684)	-
Income tax paid	(8,302)	(7,658)	(8,302)	(7,658)
Gratuity paid	(45)	(160)	(45)	(160)
<b>Net cash flow from/(used in) operating activities</b>	<b>(12,613)</b>	<b>(8,433)</b>	<b>(12,610)</b>	<b>(8,433)</b>
<b>Cash flows from/ (used in) investing activities</b>				
Interest received	14,303	8,427	14,303	8,427
Purchase and construction of property, plant and equipment	(1,770)	(2,831)	(1,770)	(2,831)
Acquisition of intangible assets	(333)	(55)	(333)	(55)
Investment in subsidiary	(600,000)	(0)	(600,000)	-
<b>Net cash flow from/(used in) investing activities</b>	<b>(587,800)</b>	<b>5,541</b>	<b>(587,800)</b>	<b>5,541</b>
<b>Cash flows from/ (used in) financing activities</b>				
Repayment / Increase in Interest Bearing Borrowings	600,000	-	600,000	-
<b>Net cash flow from/(used in) financing activities</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(413)</b>	<b>(2,892)</b>	<b>(410)</b>	<b>(2,891)</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>25,705</b>	<b>5,962</b>	<b>25,571</b>	<b>5,738</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>25,293</b>	<b>3,070</b>	<b>25,161</b>	<b>2,847</b>

Note : The above figures for the three months ended 30th June 2017 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 June 2017

	<b>2017</b>	<b>2016</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Highest Market Price	6.60	7.80
Lowest Market Price	4.80	6.00
Last Traded Price	6.20	7.00

- 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 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 30th June 2017 - 28.03%
2. Number of Public Shareholders as at 30th June 2017 - 1,837
3. Directors Share Holding as at 30th June 2017

Directors Share Holdings	30th June 2017	
	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 June 2017

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Progruss Investments Limited	69,300,000	12.00
3	Adiuvat Investment Fund	40,775,000	7.06
4	Hotel International Ltd	13,282,696	2.30
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	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	1,491,750	0.26
18	Hans Anton Van Starrex	1,075,552	0.19
19	Francis David Micheal Badcock	1,034,250	0.18
20	John Felix Charles Badcock	1,034,250	0.18
	<b>Sub Total</b>	<b>551,720,748</b>	<b>95.54</b>
	Balance held by Others	25,779,252	4.46
	<b>Total number of Shares</b>	<b>577,500,000</b>	<b>100.00</b>