

**Interim Financial Statements
Six Months Ended 30th September 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
No 08, Tickell Road, Colombo 08.

Auditors

Ernst & Young
Chartered Accountants
No 201, De Saram Place, Colombo 10

Registered Office

The Kandy Hotels Company (1938) PLC
Hotel Suisse,
No 30, Sangaraja Mawatha, Kandy
Company Registration No. PQ 201

Hotel Reservations

Ceylon Hotels Corporation PLC
Regency Wing - Galle Face Hotel
No 02, Galle Road, Colombo 3
Tel: 011 5585858 Fax : 011 5345882
Email : sales@ceylonhotels.net

The Kandy Hotels Company (1938) PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group				Company				Variance Group %
	Three Months Ended 30 th September		Six Months Ended 30 th September		Three Months Ended 30 th September		Six Months Ended 30 th September		
	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	2017 Rs. '000'	2016 Rs. '000'	
Revenue	202,567	198,453	328,430	323,328	202,567	198,453	328,430	323,328	2
Cost of Sales	(51,670)	(50,541)	(95,370)	(98,531)	(51,670)	(50,541)	(95,370)	(98,531)	3
Gross Profit	150,897	147,912	233,060	224,796	150,897	147,912	233,060	224,796	4
Administrative Expenses	(54,834)	(53,136)	(106,504)	(102,027)	(54,744)	(53,043)	(106,412)	(101,934)	(4)
Selling & Distribution Expenses	(8,317)	(7,084)	(14,834)	(12,570)	(8,317)	(7,084)	(14,834)	(12,570)	(18)
Results from Operating Activities	87,746	87,693	111,723	110,200	87,836	87,785	111,815	110,293	1
Finance Expenses	(21,187)	-	(28,872)	-	(21,187)	-	(28,872)	-	-
Finance Income	20,751	802	35,178	9,322	20,751	802	35,178	9,322	277
Net Finance Cost	(436)	802	6,306	9,322	(436)	802	6,306	9,322	(32)
Share of Profit of Joint Venture	15,848	5,759	11,151	(5,906)	-	-	-	-	289
Profit before Tax	103,158	94,254	129,180	113,616	87,400	88,587	118,121	119,615	14
Income Tax Expenses	(14,106)	(9,791)	(19,387)	(17,645)	(14,106)	(9,791)	(19,387)	(17,645)	(10)
Profit for the Year	89,052	84,463	109,793	95,972	73,294	78,796	98,735	101,970	14
Other Comprehensive Income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year, net of tax	89,052	84,463	109,793	95,972	73,294	78,796	98,735	101,970	14
Basic Earnings per Share (Rs)	0.15	0.15	0.19	0.17	0.13	0.14	0.17	0.18	14
Dividend per Share (Rs)	-	-	-	-	0.10	0.25	0.10	0.25	(60)

Note : The above figures for the six months ended 30th September 2017 and comparatives 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 FINANCIAL POSITION

As at 30th September

	Group			Company		
	30.09.2017 Rs. '000'	30.09.2016 Rs. '000'	31.03.2017 Rs. '000'	30.09.2017 Rs. '000'	30.09.2016 Rs. '000'	31.03.2017 Rs. '000'
ASSETS						
Non Current Assets						
Property, Plant & Equipment	6,364,975	5,719,875	6,389,610	6,364,975	5,719,875	6,389,610
Intangible Assets	349	431	46	349	431	46
Investment in Subsidiary	-	0	-	352,843	345,218	352,843
Investment in Joint Venture	315,308	299,827	304,157	-	-	-
Investments	600,000	-	-	600,000	-	-
	7,280,633	6,020,133	6,693,813	7,318,167	6,065,524	6,742,499
Current Assets						
Inventories	33,205	35,001	34,114	33,205	35,001	34,114
Trade and Other Receivables	71,308	54,614	91,432	71,308	54,614	91,432
Amounts Due from Related Party	787,799	223,282	549,892	787,799	230,908	549,892
Short Term Deposits	-	321,556	19,939	-	321,556	19,939
Cash and Cash Equivalents	5,894	11,152	14,889	5,849	11,012	14,755
	898,207	645,605	710,267	898,162	653,092	710,133
TOTAL ASSETS	8,178,839	6,665,739	7,404,079	8,216,329	6,718,616	7,452,631
EQUITY AND LIABILITIES						
Equity						
Stated Capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	6,282,602	5,583,242	6,298,512	6,192,228	5,492,869	6,208,138
Retained Earnings	832,934	598,345	764,981	960,886	741,679	903,991
Total Equity	7,132,286	6,198,337	7,080,243	7,169,864	6,251,298	7,128,879
Non-Current Liabilities						
Interest Bearing Borrowings	600,000	-	-	600,000	-	-
Retirement Benefit Obligations	5,274	5,236	4,449	5,274	5,236	4,449
Deferred Taxation	198,355	239,578	201,746	198,355	239,578	201,746
	803,629	244,814	206,194	803,629	244,814	206,194
Current Liabilities						
Trade and Other Payables	85,672	77,828	88,250	85,585	77,744	88,167
Amounts Due to Related Companies	1,294	271	174	1,294	272	174
Income Tax Payable	15,229	8,831	20,093	15,229	8,831	20,093
Bank Overdraft	140,728	135,657	9,124	140,728	135,657	9,124
	242,923	222,587	117,641	242,836	222,504	117,558
TOTAL EQUITY AND LIABILITIES	8,178,839	6,665,739	7,404,079	8,216,329	6,718,616	7,452,631
Net Assets per Share (Rs)	12.35	10.73	12.26	12.42	10.82	12.34

The above figures for the six months ended 30th September 2017 and comparatives 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
P Sivatheesh
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

10th November 2017

The Kandy Hotels Company (1938) PLC

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2016	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
Total Comprehensive Income	-	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	-
Balance as at 31st March 2017	16,750	6,298,512	764,981	7,080,243
Profit for the period	-	-	109,793	109,793
Total other comprehensive income for the year net of tax	-	-	-	-
Total Comprehensive Income	-	-	109,793	109,793
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Transfer to Retained Earnings	-	(15,910)	15,910	-
Balance as at 30th September 2017	16,750	6,282,602	832,934	7,132,286

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2016	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
Total Comprehensive Income	-	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)
Balance as at 31st March 2017	16,750	6,208,138	903,991	7,128,879
Profit for the period	-	-	98,735	98,735
Total other comprehensive income for the year net of tax	-	-	-	-
Total Comprehensive Income	-	-	98,735	98,735
Dividends (15% Cumulative preference shares)	-	-	-	-
Transfer to Retained Earnings	-	(15,910)	15,910	-
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Balance as at 30th September 2017	16,750	6,192,228	960,886	7,169,864

Note : The above figures for the six months ended 30th September 2017 and comparatives 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'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2015	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)
Balance as at 31st March 2016	16,750	5,599,152	630,839	6,246,741
Profit for the period	-	-	95,972	95,972
Total other comprehensive income for the year net of tax	-	-	-	-
Total Comprehensive Income	-	-	95,972	95,972
Transfers to Retained Earnings	-	(15,910)	15,910	-
Dividends paid (2015/2016)	-	-	(144,375)	(144,375)
Balance as at 30th September 2016	16,750	5,583,242	598,345	6,198,337

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2015	16,750	5,540,598	634,921	6,192,269
Profit for the period			217,090	217,090
Total other comprehensive income for the year net of tax			(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	-
Balance as at 31st March 2016	16,750	5,508,779	768,174	6,293,702
Profit for the period			101,970	101,970
Total other comprehensive income for the year net of tax			-	-
Total Comprehensive Income	-	-	101,970	101,970
Dividends-(15% Cumulative preference shares)	-	-	-	-
Dividends Paid (2015/2016)	-	-	(144,375)	(144,375)
Transfers to Retained Earnings	-	(15,910)	15,910	-
Balance as at 30th September 2016	16,750	5,492,869	741,679	6,251,298

The Kandy Hotels Company (1938) PLC

STATEMENT OF CASH FLOWS

For the Six Months ended 30th September

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

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 / 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	129,180	113,616	118,121	119,615
Adjustments for:				
Finance Income	(35,178)	(9,322)	(35,178)	(9,322)
Finance expenses	28,872	-	28,872	-
Share of results of equity accounted investee	(11,151)	5,906	-	-
Depreciation of property, plant and equipment	28,126	32,252	28,126	32,252
Amortisation of intangible assets	29	384	29	384
Gratuity provision and related costs	1,059	1,120	1,059	1,120
Operating profit before working capital changes	140,937	143,955	141,030	144,048
(Increase)/decrease in inventories	909	(5,814)	909	(5,814)
(Increase)/decrease in trade and other receivables	20,124	41,400	20,124	41,400
(Increase)/decrease in amount due from related parties	(237,907)	181,053	(237,907)	188,425
Increase/(decrease) in trade and other creditors	(2,579)	(1,452)	(2,582)	(1,461)
Increase/(decrease) in amount due to related parties	1,120	(96)	1,120	(7,468)
Cash generated from/ (used in) operations	(77,397)	359,046	(77,307)	359,130
Finance expenses paid	(28,872)	-	(28,872)	-
Income tax paid	(27,641)	(23,774)	(27,641)	(23,774)
Gratuity paid	(234)	(285)	(234)	(285)
Net cash flow from/(used in) operating activities	(134,143)	334,987	(134,054)	335,071
Cash flows from/ (used in) investing activities				
Interest received	35,178	9,322	35,178	9,322
Purchase and construction of property, plant and equipment	(3,546)	(8,789)	(3,546)	(8,789)
Acquisition of intangible assets	(333)	(55)	(333)	(55)
Investment	(600,000)	(0)	(600,000)	-
Proceeds from Disposal of Property, Plant and Equipment	55	-	55	-
Net cash flow from/(used in) investing activities	(568,646)	478	(568,646)	478
Cash flows from/ (used in) financing activities				
Dividend paid	(57,750)	(144,375)	(57,750)	(144,375)
Repayment / Increase in Interest Bearing Borrowings	600,000	-	600,000	-
Net cash flow from/(used in) financing activities	542,250	(144,375)	542,250	(144,375)
Net Increase/(Decrease) in Cash and Cash Equivalents	(160,540)	191,090	(160,450)	191,174
Cash and Cash Equivalents at the Beginning of the Period	25,705	5,962	25,571	5,738
Cash and Cash Equivalents at the End of the Period	(134,834)	197,051	(134,879)	196,911

Note : The above figures for the six months ended 30th September 2017 and comparatives 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 September 2017

	2017	2016
	(Rs.)	(Rs.)
Highest Market Price	6.50	8.70
Lowest Market Price	5.30	6.00
Last Traded Price	5.60	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 LKA
- 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 2017.
- 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 September 2017 - 28.03%
2. Number of Public Shareholders as at 30th September 2017 - 1,855
3. Directors Shareholding as at 30th September 2017

Directors Share Holdings	30 th September 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 September 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	Albert Chevallaz	1,496,250	0.26
11	Edonard -Dec D -Laravoire	1,496,250	0.26
12	Ms. Helene Sauties	1,496,250	0.26
13	Jeane 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	Paul 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
	Sub Total	551,720,748	95.54
	Balance held by Others	25,779,252	4.46
	Total number of Shares	577,500,000	100.00