

**Interim Financial Statement
Twelve Months Ended 31st March 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
Website : www.ceylonhotels.lk

The Kandy Hotels Company (1938) PLC

INCOME STATEMENT

	Group				Company				Variance Group %
	Three Months Ended 31st March		Twelve Month Months Ended 31st March		Three Months Ended 31st March		Twelve Month Months Ended 31st March		
	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	202,924	200,892	681,174	639,791	202,924	200,892	681,174	639,791	6
Cost of Sales	(51,529)	(55,946)	(195,055)	(195,680)	(51,529)	(55,946)	(195,055)	(195,680)	0
Gross Profit	151,396	144,946	486,119	444,111	151,396	144,946	486,119	444,111	9
Other Operating Income	258	20	628	2,082	258	20	628	2,082	(70)
Administrative Expenses	(51,722)	(44,078)	(214,592)	(200,832)	(51,722)	(43,943)	(214,493)	(200,690)	(7)
Selling & Distribution Expenses	(8,737)	(8,377)	(31,851)	(27,165)	(8,737)	(8,377)	(31,851)	(27,165)	(17)
Results from Operating Activities	91,195	92,511	240,304	218,197	91,195	92,646	240,403	218,338	10
Finance Expenses	-	-	-	-	-	-	-	-	-
Finance Income	9,383	10,460	50,709	26,858	9,383	10,460	50,709	26,858	89
Net Finance Cost	9,383	10,460	50,709	26,858	9,383	10,460	50,709	26,858	89
Share of Profit of Joint Venture	1,191	(3,397)	(1,561)	(93,035)	-	-	-	-	98
Profit before Tax	101,769	99,573	289,452	152,020	100,579	103,105	291,112	245,196	90
Income Tax Expenses	(13,765)	(12,179)	(43,163)	(28,107)	(13,765)	(12,179)	(43,163)	(28,107)	(54)
Profit for the Year	88,005	87,394	246,289	123,913	86,814	90,927	247,949	217,090	99
Basic Earnings per Share (Rs)	0.15	0.15	0.43	0.21	0.15	0.16	0.43	0.38	99
Dividend per Share (Rs)	-	-	-	-	0.25	0.20	0.25	0.20	0

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	
	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	88,005	87,394	246,289	123,913	86,814	90,927	247,949	217,090
Other Comprehensive Income								
Effect of Revaluation of property, plant and equipment	696,240	-	696,240	-	696,240	-	696,240	-
Actuarial gains and losses on defined benefit plans	652	(135)	652	(135)	652	(135)	652	(135)
Income tax on other comprehensive income	34,861	16	34,861	16	34,861	16	34,861	16
Share of other comprehensive income attributable to Joint Venture	(15)	90,373	(15)	90,373	-	-	-	-
Total Comprehensive Income for the year, net of tax	731,738	90,254	731,738	90,254	731,753	(119)	731,753	(119)
Attributable to:								
Equity Holders of the Parent	819,743	177,649	978,027	214,168	818,567	90,808	979,701	216,971

The Kandy Hotels Company (1938) PLC

BALANCE SHEET

As at 31st March

	Group		Company	
	31.03.2017 Rs. '000'	31.03.2016 Rs. '000'	31.03.2017 Rs. '000'	31.03.2016 Rs. '000'
ASSETS				
Non Current Assets				
Property, Plant & Equipment	6,389,610	5,743,337	6,389,610	5,743,337
Intangible Assets	46	760	46	760
Investment in Subsidiary	0	-	352,843	345,218
Investment in Joint Venture	304,156	305,733	-	-
	6,693,812	6,049,830	6,742,499	6,089,315
Current Assets				
Inventories	34,114	29,188	34,114	29,188
Trade and Other Receivables	91,432	96,014	91,432	96,014
Amounts Due from Related Party	549,892	404,335	549,892	419,334
Short Term Deposits	19,939	1,270	19,939	1,270
Cash and Cash Equivalents	14,889	9,125	14,755	8,901
	710,267	539,933	710,133	554,707
TOTAL ASSETS	7,404,079	6,589,763	7,452,632	6,644,022
EQUITY AND LIABILITIES				
Capital and Reserves				
Stated Capital	16,750	16,750	16,750	16,750
Reserves	6,298,511	5,599,152	6,208,138	5,508,779
Retained Earnings	765,093	630,838	904,103	768,174
Total Equity	7,080,355	6,246,740	7,128,991	6,293,702
Non Current Liabilities				
Retirement Benefit Obligations	4,449	4,402	4,449	4,402
Deferred Taxation	201,745	239,656	201,745	239,656
	206,194	244,057	206,194	244,057
Current Liabilities				
Trade and Other Payables	88,250	79,280	88,166	79,205
Amounts Due to Related Companies	174	368	174	7,740
Income Tax Payable	19,983	14,883	19,983	14,883
Bank Overdraft	9,124	4,433	9,124	4,433
	117,530	98,965	117,446	106,262
TOTAL EQUITY AND LIABILITIES	7,404,079	6,589,763	7,452,632	6,644,022
Net Assets per Share (Rs)	12.26	10.82	12.34	10.90

The above figures for the Twelve Months ended 31st March 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
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 19th May 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'
Balance as at 01st April 2015	16,750	5,540,598	-	590,763	6,148,111
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	-
Balance as at 31st March 2016	16,750	5,599,152	-	630,838	6,246,740
Profit for the period	-	-	-	246,289	246,289
Total other comprehensive income for the year net of tax	-	731,179	-	559	731,738
Total Comprehensive Income	-	731,179	-	246,848	978,027
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	6,298,511	-	765,093	7,080,355

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 01 April 2015	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)
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	-	768,174	6,293,702
Profit for the period	-	-	-	247,949	247,949
Total other comprehensive income for the year net of tax	-	731,179	-	574	731,753
Total Comprehensive Income	-	731,179	-	248,523	979,701
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	-	904,103	7,128,991

Note : The above figures for the Twelve Months ended 31st March 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 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 01st 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
Profit for the period	-	-	-	123,913	123,913
Total other comprehensive income for the year net of tax	-	90,373	-	(119)	90,254
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	90,373	-	123,794	214,168
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	-	630,838	6,246,740

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 01st April 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
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	-
Balance as at 31st March 2016	16,750	5,508,779	-	768,174	6,293,702

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

Share of results of equity accounted investee

Depreciation of property, plant and equipment

Provision for bad & doubtful debtors

Bad debtors written off

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

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

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	
	2017 Rs.'000'	2016 Rs.'000'	2017 Rs.'000'	2016 Rs.'000'
Profit before tax	289,452	152,020	291,112	245,196
Adjustments for:				
Finance Income	(50,709)	(26,858)	(50,709)	(26,858)
Share of results of equity accounted investee	1,561	93,035	-	-
Depreciation of property, plant and equipment	63,470	64,792	63,470	64,792
Provision for bad & doubtful debtors	-	(243)	-	(243)
Bad debtors written off	-	63	-	63
Amortisation of intangible assets	769	760	769	760
Loss on disposal of property, plant and equipment	-	1,412	-	1,412
Gratuity provision and related costs	1,188	1,280	1,188	1,280
Operating profit before working capital changes	305,731	286,260	305,830	286,402
(Increase)/decrease in inventories	(4,927)	(3,493)	(4,927)	(3,493)
(Increase)/decrease in trade and other receivables	(140,974)	(178,519)	(125,976)	(185,892)
Increase/(decrease) in trade and other creditors	8,738	3,061	1,356	10,481
Cash generated from/ (used in) operations	168,568	107,309	176,284	107,498
Income tax paid	(41,061)	(33,146)	(41,061)	(33,146)
Gratuity paid	(489)	(1,166)	(489)	(1,166)
Net cash flow from/(used in) operating activities	127,017	72,997	134,733	73,185
Cash flows from/ (used in) investing activities				
Interest received	50,709	26,858	50,709	26,858
Purchase and construction of property, plant and equipment	(13,609)	(9,082)	(13,609)	(9,082)
Investment in subsidiary	(0)	(0)	(7,626)	-
Proceeds from Disposal of Property, Plant and Equipment	-	440	-	440
Net cash flow from/(used in) investing activities	37,100	18,216	29,475	18,216
Cash flows from/ (used in) financing activities				
Dividend paid	(144,375)	(115,538)	(144,375)	(115,538)
Repayment of long term borrowings	-	-	-	-
Net cash flow from/(used in) financing activities	(144,375)	(115,538)	(144,375)	(115,538)
Net Increase/(Decrease) in Cash and Cash Equivalents	19,743	(24,325)	19,833	(24,136)
Cash and Cash Equivalents at the Beginning of the Period	5,962	30,287	5,738	29,874
Cash and Cash Equivalents at the End of the Period	25,705	5,962	25,571	5,738

Note : The above figures for the Twelve Months ended 31st March 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 31st March 2017

	2017	2016
	(Rs.)	(Rs.)
Highest Market Price	7.10	8.10
Lowest Market Price	4.70	5.00
Last Traded Price	5.00	6.00

- 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 31st March 2017 - 20.96%
2. Number of Public Shareholders as at 31st March 2017 - 1,788
3. Directors Share Holding as at 31st March 2017

Directors Share Holdings	31st March 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 31st March 2017

	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	Mrs. Lilamanie Rathwatthe	1,853,000	0.32
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	Hans Anton Van Starrex	1,138,803	0.20
20	Francis David Micheal Badcock	1,034,250	0.18
	Sub Total	550,811,703	95.38
	Balance held by Others	26,688,297	4.62
	Total number of Shares	577,500,000	100.00