

Interim Financial Statements
Three months ended 30th June 2018

The Kandy Hotels Company (1938) PLC

A Member of the Galle Face Hotel Group

The Kandy Hotels Co (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
C.L.Sirimanne
Nahil Wijesuriya
Chandra Mohotti
Pradeep Nilanga Dela
M.D.R.Gunatilleke

Secretaries

Accounting Systems Secretarial Services (Pvt) Ltd
Level 03, No 11, Castle Lane, Colombo 04

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.queenshotel.lk/www.hotelsuisse.lk

THE KANDY HOTELS CO.(1938) PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Company		Variance
	Three months ended 30 th June		Three months ended 30 th June		Group
	2018 (Rs.'000')	2017 (Rs.'000')	2018 (Rs.'000')	2017 (Rs.'000')	%
Revenue	112,043	125,987	112,043	125,987	(11)
Cost of sales	(41,828)	(43,700)	(41,828)	(43,700)	4
Gross profit	70,215	82,287	70,215	82,287	(15)
Other operating income	-	-	-	-	(100)
Administration expenses	(55,908)	(51,636)	(55,818)	(51,636)	(8)
Selling & distribution expenses	(5,105)	(6,549)	(5,105)	(6,549)	22
Results from operating activities	9,201	24,102	9,291	24,102	61
Finance expenses	(22,783)	(7,684)	(22,783)	(7,684)	(196)
Finance income	18,500	14,303	18,500	14,303	29
Net finance cost	(4,283)	6,619	(4,283)	6,619	165
Share of loss of joint venture	(14,849)	(4,697)	-	-	0
Profit/ (loss) before taxation	(9,931)	26,024	5,008	30,721	138
Income tax	(5,915)	(5,280)	(5,915)	(5,280)	(12)
Profit/ (loss) after taxation	(15,846)	20,744	(907)	25,441	176
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	
Total Comprehensive Income for the period, net of tax	(15,846)	20,744	(907)	25,441	176
Earnings/(loss) per share for the period	(0.03)	0.04	(0.00)	0.04	176

Note : The above figures for the Three Months ended 30th June 2018 are provisional and subject to Audit

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

THE KANDY HOTELS CO.(1938) PLC
STATEMENT OF FINANCIAL POSITION

	Group			Company		
	30.06.2018 (Rs. '000')	30.06.2017 (Rs. '000')	31.03.2018 (Rs. '000')	30.06.2018 (Rs. '000')	30.06.2017 (Rs. '000')	31.03.2018 (Rs. '000')
As at						
ASSETS						
Non-current assets						
Property, plant & equipment	6,334,722	6,377,379	6,348,836	6,334,722	6,377,379	6,348,836
Intangible assets	28,222	372	29,344	28,222	372	29,344
Investments in subsidiaries	-	-	-	352,843	352,843	352,843
Investments in joint venture	336,506	299,459	351,355	-	-	-
Non current financial assets	600,000	600,000	600,000	600,000	600,000	600,000
	7,299,451	7,277,210	7,329,536	7,315,788	7,330,594	7,331,024
Current assets						
Inventories	36,660	32,879	35,481	36,660	32,879	35,481
Trade & other receivables	77,180	52,053	113,982	77,180	52,053	113,982
Related party receivables	849,004	640,331	830,526	849,004	640,331	830,526
Cash & cash equivalents	5,874	25,293	7,692	5,839	25,161	7,656
	968,719	750,556	987,681	968,683	750,424	987,645
TOTAL ASSETS	8,268,170	8,027,766	8,317,217	8,284,471	8,081,018	8,318,669
EQUITY AND LIABILITIES						
Equity						
Stated capital	16,750	16,750	16,750	16,750	16,750	16,750
Revaluation reserves	5,906,437	6,290,557	5,913,736	5,798,364	6,200,183	5,805,663
Retained earnings	951,897	793,680	960,444	1,076,447	937,387	1,070,055
Total equity	6,875,084	7,100,987	6,890,929	6,891,562	7,154,320	6,892,469
Non current liabilities						
Interest bearing borrowings	508,700	600,000	508,700	508,700	600,000	508,700
Deferred tax liabilities	571,009	200,030	569,665	571,009	200,030	569,665
Retirement benefit obligations	5,231	4,933	5,158	5,231	4,933	5,158
	1,084,940	804,963	1,083,523	1,084,940	804,963	1,083,523
Current liabilities						
Interest bearing loans & borrowings	89,130	-	91,300	89,130	-	91,300
Trade and other payables	113,751	100,625	116,588	113,574	100,543	116,501
Amounts due to related companies	11,843	2,405	11,608	11,843	2,405	11,608
Income tax payable	7,345	18,787	13,335	7,345	18,787	13,335
Bank overdrafts	86,077	-	109,934	86,077	0	109,934
	308,146	121,816	342,765	307,969	121,735	342,678
TOTAL EQUITY AND LIABILITIES	8,268,170	8,027,766	8,317,217	8,284,471	8,081,018	8,318,669
Net assets per share (Rs.)	40.0	41.3	40.1	40.1	41.6	40.1

Note : The above figures for the Three Months ended 30th June 2018 are provisional and subject to Audit

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

Sgd.

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P Sivatheesh

Financial Controller

Sgd.

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Lakshman Samarasinghe

Director

Sgd.

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Priyantha Maddumage

Director

THE KANDY HOTELS CO.(1938) PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 30th June 2018

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 2017	16,750	6,294,672	3,840	764,981	7,080,244
Profit for the period				224,220	224,220
Other comprehensive income				(164)	(164)
Share of other comprehensive income attributable to joint venture, net of tax		17,699		(0.1)	17,699
Income tax effect on revaluation of land		(373,281)			(373,281)
Total Comprehensive Income	16,750	5,939,090	3,840	989,036	6,948,717
Dividends - (15% Cumulative preference shares)				(38)	(38)
Transfer to retained earnings		(29,195)		29,195	-
Dividends paid				(57,750)	(57,750)
Balance as at 31st March 2018	16,750	5,909,895	3,840	960,444	6,890,929
Profit for the period				(15,846)	(15,846)
Total comprehensive income	16,750	5,909,895	3,840	944,598	6,875,083
Transfer to retained earnings		(7,299)		7,299	-
Balance as at 30th June 2018	16,750	5,902,597	3,840	951,897	6,875,083

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 2017	16,750	6,208,139	-	903,991	7,128,880
Profit for the period				194,822	194,822
Actuarial gains and losses on defined benefit plans				(191)	(191)
Income tax on other comprehensive income				27	27
Income tax effect on revaluation of land		(373,281)		-	(373,281)
Total Comprehensive Income	16,750	5,834,858	-	1,098,648	6,950,256
Dividends - (15% Cumulative preference shares)				(38)	(38)
Transfer to retained earnings		(29,195)		29,195	-
Dividends paid				(57,750)	(57,750)
Balance as at 31st March 2018	16,750	5,805,663	-	1,070,055	6,892,469
Profit for the period				(907)	(907)
Total comprehensive income	16,750	5,805,663	-	1,069,149	6,891,562
Transfer to retained earnings		(7,299)		7,299	-
Balance as at 30th June 2018	16,750	5,798,364	-	1,076,447	6,891,562

Note : The above figures for the Three Months ended 30th June 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

All values are in Rupees Thousands unless otherwise stated.

THE KANDY HOTELS CO.(1938) PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 30th June 2017

Group	Stated Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
	-	-	-	-	-
Balance as at 31st March 2016	16,750	5,595,312.21	3,840	630,838	6,246,741
Profit for the period				246,177	246,177
Other comprehensive income		731,179		559	731,738
Total comprehensive income	16,750	6,326,491	3,840	877,574	7,224,656
Dividends - (15% Cumulative preference shares)				(38)	(38)
Transfer to retained earnings		(31,820)		31,820	-
Dividends paid				(144,375)	(144,375)
Balance as at 31st March 2017	16,750	6,294,672	3,840	764,981	7,080,244
Profit for the period				20,744	20,744
Total Comprehensive Income	16,750	6,294,672	3,840	785,725	7,100,988
Transfer to retained earnings		(7,955)		7,955	-
Balance as at 30th June 2017	16,750	6,286,717	3,840	793,680	7,100,988

STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital	Revaluation Reserves	Other Reserves	Retained Earnings	Total Equity
	-	-	-	-	-
Balance as at 31st March 2016	16,750	5,508,779	(0)	768,173	6,293,702
Profit for the period				247,837	247,837
Other comprehensive income		731,179		574	731,753
Total comprehensive income	16,750	6,239,958	(0)	1,016,584	7,273,292
Dividends - (15% Cumulative preference shares)				(38)	(38)
Transfer to retained earnings		(31,820)		31,820	-
Dividends paid				(144,375)	(144,375)
Balance as at 31st March 2017	16,750	6,208,138	(0)	903,991	7,128,879
Profit for the period				25,441	25,441
Total comprehensive income	16,750	6,208,138	(0)	929,432	7,154,320
Transfer to retained earnings		(7,955)		7,955	-
Balance as at 30th June 2017	16,750	6,200,183	(0)	937,387	7,154,320

Note : The above figures for the Three Months ended 30th June 2018 are provisional and subject to Audit.
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THE KANDY HOTELS CO.(1938) PLC

STATEMENT OF CASH FLOWS

For the Three Months ended 30th June 2018

	Group		Company	
	2018 (Rs.'000')	2017 (Rs. '000')	2018 (Rs.'000')	2017 (Rs. '000')
Net Profit /(loss) before taxation	(9,931)	26,024	5,008	30,721
Adjustments for:				
Depreciation	14,791	14,000	14,791	14,000
Provision for gratuity	900	530	900	530
Finance cost	22,783	7,684	22,783	7,684
Profit on transfer of Property, plant & equipment	129		129	
Share of results of equity accounted investee	14,849	4,697		
Interest income	(18,500)	(14,303)	(18,500)	(14,303)
Amotization of intangible assets	1,122	7	1,122	7
Operating profit before working capital changes	26,143	38,639	26,233	38,639
(Increase) / decrease in inventories	(1,179)	1,236	(1,179)	1,236
(Increase) / decrease in trade debtors & other receivables	18,323	(51,061)	18,323	(51,061)
Increase / (decrease) in trade creditors & other payables	(2,570)	14,607	(2,696)	14,607
Cash generated from operations	40,717	3,421	40,682	3,421
Income tax paid	(10,560)	(8,302)	(10,560)	(8,302)
Finance expenses paid	(22,783)	(7,684)	(22,783)	(7,684)
Other operating income				
Gratuity paid	(827)	(45)	(827)	(45)
Net cash inflow from operating activities	6,548	(12,610)	6,512	(12,610)
Cash flow from/(used in) investing activities				
Acquisition of property, plant & equipment	(802)	(1,770)	(802)	(1,770)
Interest received	18,500	14,303	18,500	14,303
Proceeds from fisposal of property plant & equipment	-	(333)	-	(333)
Net cash inflow/(outflow) before financing activities	17,698	12,200	17,698	12,200
Net cash inflow/(outflow) before financing activities	24,246	(410)	24,210	(410)
Cash flow from/(used in) financing activities				
Repayment /increase in interest bearing borrowings	(2,170)	-	(2,170)	-
Net cash flow from (used in) financing activities	(2,170)	-	(2,170)	-
Net increase/(decrease) in cash & cash equivalents	22,076	(410)	22,040	(410)
Net cash & cash equivalents at the beginning of the period	(102,278)	25,571	(102,278)	25,571
Net cash & cash equivalents as at 30th June 2018.	(80,203)	25,161	(80,238)	25,161
Analysis of Net Cash & Cash Equivalents as at 30th June 2018				
Cash & cash equivalents	5,874	25,161	5,839	25,161
Bank Overdraft	(86,077)	-	(86,077)	-
Net cash & cash equivalents as at 30th June 2018.	(80,203)	25,161	(80,238)	25,161

Note : The above figures for the Three Months ended 30th June 2018 are provisional and subject to Audit
 Figures in brackets indicate deductions.
 All values are in Rupees Thousands unless otherwise stated.

THE KANDY HOTELS CO.(1938) PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

1) Basis of preparation

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard (SLAS) LKAS 34-Interim Financial Reporting. These interim statements should be read in conjunction with the annual financial statements for the year ended 31st March 2017.

2) Stated capital

The Number of shares representing the Stated Capital 577,500,000 Ordinary Shares and 50,000 fully paid Preference shares @ 15% as at 30th June 2018.

3) Operating segment

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.

4) Non current financial assets

In May 2017, Company acquired 16.11% stake with total investment of LKR 600 Mn in United Hotels Co Ltd, which is a subsidiary of Ceylon Hotels Corporation PLC.

5) Contingent liabilities

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.

6) Subsequent events

There were no material events taken place after the Balance Sheet date which would require adjustments or disclosure in the Interim Financial Statement.

THE KANDY HOTELS CO.(1938) PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

SHARE INFORMATION

1. The Public holdings as at 30th June 2018 - 27.7%
2. Number of Public shareholders as at 30th June 2018 - 1,888
3. Directors shareholding as at 30th June 2018

Directors Shareholdings		30-Jun-18	
		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	43,611

4. Top 20 ordinary shareholders as at 30th June 2018

	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	Mr P.R.F Collas,C/o.Executor Mr.C.Keith.	1,965,250	0.34
7	Mrs. L Rathwatthe	1,853,000	0.32
8	Mrs. M.F. Gunasekera	1,750,000	0.30
9	Mr P.V. Gunasekera	1,750,000	0.30
10	Mrs. A U R Pethiyagoda	1,500,000	0.26
11	Mr M Chevallaz	1,496,250	0.26
12	Mr P Chevallaz	1,496,250	0.26
13	Mr A Chevallaz	1,496,250	0.26
14	Mr J Laravoire	1,496,250	0.26
15	Mr E Laravoire	1,496,250	0.26
16	Ms H Sauties	1,496,250	0.26
17	Mr J P Sauties	1,496,250	0.26
18	Mr H A Van Starrex	1,075,451	0.19
19	Mr F D M Badcock	1,034,250	0.18
	Balance held by others	26,805,353	4.64
	Total number of shares	577,500,000	100.00

- 5) Market price per share for the quarter ended 30th June 2018.

	2018	2017
	(Rs.)	(Rs.)
Highest Market Price	5.70	6.60
Lowest Market Price	5.00	4.80
Last Traded Price	5.20	6.20