

**Interim Financial Statements**  
**Year ended 31<sup>st</sup> March 2018**

**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

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

### 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 31 <sup>st</sup> March		Year ended 31 <sup>st</sup> March		Three months ended 31 <sup>st</sup> March		Year ended 31 <sup>st</sup> March		
	2018 Rs. '000'	2017 Rs. '000'	2018 Rs. '000'	2017 Rs. '000'	2018 Rs. '000'	2017 Rs. '000'	2018 Rs. '000'	2017 Rs. '000'	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	
<b>Revenue</b>	205,266	201,616	685,380	681,174	205,266	201,616	685,380	681,174	1
Cost of sales	(53,953)	(51,995)	(195,989)	(195,517)	(53,953)	(51,995)	(195,989)	(195,517)	(0)
<b>Gross profit</b>	151,313	149,621	489,391	485,658	151,313	149,621	489,391	485,658	1
Other operating income	0	0	-	34	0	0	-	34	100.00
Administrative expenses	(56,248)	(50,488)	(222,820)	(214,131)	(56,240)	(50,488)	(222,719)	(214,032)	(4)
Selling & distribution expenses	(6,200)	(8,531)	(29,444)	(31,851)	(6,200)	(8,531)	(29,444)	(31,851)	8
<b>Results from Operating Activities</b>	88,865	90,602	237,127	239,710	88,873	90,602	237,228	239,809	(1)
Finance expenses	(22,854)	(1.23)	(75,560)	(1)	(22,854)	(1)	(75,560)	(1)	(6,133,394)
Finance income	17,622	21,743	69,229	51,303	17,622	21,743	69,229	51,303	35%
Net finance costs	(5,232)	21,742	(6,332)	51,302	(5,232)	21,742	(6,332)	51,302	(112)
Share of profit of joint venture	(3,125)	1,191	29,499	(1,561)	-	-	-	-	1,990
<b>Profit before tax</b>	80,508	113,535	260,294	289,451	83,641	112,345	230,896	291,111	(10)
Income tax expenses	(11,872)	(15,876)	(36,834)	(43,274)	(11,872)	(15,876)	(36,834)	(43,274)	15
<b>Profit for the Period</b>	68,636	97,659	223,460	246,177	71,770	96,468	194,063	247,837	(9)
<b>Basic earnings per share (Rs)</b>	0.12	0.17	0.39	0.43	0.12	0.17	0.34	0.43	(9)
<b>Dividend per share (Rs)</b>	-	-	-	-	0.10	0.25	0.10	0.25	(60)

Note : The above figures for the year ended 31<sup>st</sup> March 2018 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 COMPREHENSIVE INCOME

	Group				Company			
	Three Months Ended 31 <sup>st</sup> March		Year Ended 31 <sup>st</sup> March		Three Months Ended 31 <sup>st</sup> March		Year Ended 31 <sup>st</sup> March	
	2018 (Rs. '000') Unaudited	2017 (Rs. '000') Audited	2018 (Rs. '000') Unaudited	2017 (Rs. '000') Audited	2018 (Rs. '000') Unaudited	2017 (Rs. '000') Audited	2018 (Rs. '000') Unaudited	2017 (Rs. '000') Audited
Profit for the period	68,636	97,659	223,460	246,177	71,770	96,468	194,063	247,837
Effect of Revaluation of property, plant and equipment		696,240		696,240				696,240
Actuarial gains and losses on defined benefit plans		652		652				652
Income tax on other comprehensive income	-	34,861		34,861				34,861
Deferred tax on revaluation surplus	(373,281)	-	(373,281)	-	(373,281)	-	(373,281)	-
Share of other comprehensive income attributable to joint venture	(12,653)		(12,653)	(15)				
Total Other Comprehensive Income for the period, net of tax	(317,298)	829,412	(162,474)	977,915	(301,511)	96,468	(179,218)	979,590
<b>Total Comprehensive Income for the period, net of tax</b>	<b>(317,298)</b>	<b>829,412</b>	<b>(162,474)</b>	<b>977,915</b>	<b>(301,511)</b>	<b>96,468</b>	<b>(179,218)</b>	<b>979,590</b>
<b>Attributable to:</b>								
Equity Holders of the Parent	(317,298)	829,412	(162,474)	977,915	(301,511)	96,468	(179,218)	979,590

# The Kandy Hotels Company (1938) PLC

## STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31.03.2018 Rs. '000'	31.03.2017 Rs. '000'	31.03.2018 Rs. '000'	31.03.2017 Rs. '000'
<b>As at</b>				
<b>ASSETS</b>	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>Non Current Assets</b>				
Property, plant & equipment	6,348,836	6,389,610	6,348,836	6,389,610
Intangible assets	29,344	46	29,344	46
Investment in subsidiary	-	-	352,843	352,843
Investment in joint venture	321,003	304,157	-	-
Non current financial assets	600,000	-	600,000	-
	<b>7,299,184</b>	<b>6,693,813</b>	<b>7,331,023</b>	<b>6,742,499</b>
<b>Current Assets</b>				
Inventories	35,481	34,114	35,481	34,114
Trade and other receivables	113,983	91,432	113,983	91,432
Amounts due from related party	830,548	549,892	830,548	549,892
Short term deposits	-	19,939	-	19,939
Cash and cash equivalents	7,692	14,889	7,656	14,755
	<b>987,704</b>	<b>710,267</b>	<b>987,668</b>	<b>710,133</b>
<b>TOTAL ASSETS</b>	<b>8,286,887</b>	<b>7,404,079</b>	<b>8,318,691</b>	<b>7,452,631</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Stated capital	16,750	16,750	16,750	16,750
Revaluation reserves	5,883,383	6,298,512	5,805,663	6,208,138
Retained earnings	959,849	764,981	1,069,461	903,991
<b>Total equity</b>	<b>6,859,982</b>	<b>7,080,243</b>	<b>6,891,874</b>	<b>7,128,879</b>
<b>Non-Current Liabilities</b>				
Interest Bearing borrowings	508,700	-	508,700	-
Retirement benefit obligations	5,836	4,449	5,836	4,449
Deferred taxation	569,570	201,746	569,570	201,746
	<b>1,084,106</b>	<b>206,194</b>	<b>1,084,106</b>	<b>206,194</b>
<b>Current Liabilities</b>				
Interest Bearing loans and Borrowings	91,300	-	91,300	0.00
Trade and other payables	116,610	88,250	116,523	88,167
Amounts due to related companies	11,608	174	11,608	174
Income tax payable	13,347	20,093	13,347	20,093
Bank overdraft	109,934	9,124	109,934	9,124
	<b>342,799</b>	<b>117,641</b>	<b>342,712</b>	<b>117,558</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,286,887</b>	<b>7,404,079</b>	<b>8,318,691</b>	<b>7,452,631</b>
<b>Net Assets per Share (Rs)</b>	<b>11.88</b>	<b>12.26</b>	<b>11.93</b>	<b>12.34</b>

Note: The above figures for the year ended 31<sup>st</sup> March 2018 are provisional and subject to Audit.

Figures in brackets indicate deductions.

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 c

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**

24<sup>th</sup> May 2018

# The Kandy Hotels Company (1938) PLC

## STATEMENT OF CHANGES IN EQUITY

Year ended 31<sup>st</sup> March 2018

Group	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 01<sup>st</sup> April 2016</b>	<b>16,750</b>	<b>5,599,152</b>	<b>630,838</b>	<b>6,246,740</b>
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>	<b>-</b>	<b>731,179</b>	<b>246,736</b>	<b>977,915</b>
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 31<sup>st</sup> March 2017</b>	<b>16,750</b>	<b>6,298,512</b>	<b>764,981</b>	<b>7,080,243</b>
Profit for the period	-	-	223,460	223,460
Share of other comprehensive income attributable to joint venturers	-	(12,653)	-	(12,653)
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
<b>Total comprehensive income</b>	<b>-</b>	<b>(385,934)</b>	<b>223,460</b>	<b>(162,474)</b>
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(29,195)	29,195	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>16,750</b>	<b>5,883,383</b>	<b>959,849</b>	<b>6,859,982</b>

## STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 01<sup>st</sup> April 2016</b>	<b>16,750</b>	<b>5,508,779</b>	<b>768,174</b>	<b>6,293,702</b>
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>	<b>-</b>	<b>731,179</b>	<b>248,411</b>	<b>979,590</b>
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 31<sup>st</sup> March 2017</b>	<b>16,750</b>	<b>6,208,138</b>	<b>903,991</b>	<b>7,128,879</b>
Profit for the period	-	-	194,063	194,063
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(373,281)</b>	<b>194,063</b>	<b>(179,218)</b>
Dividends (15% cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(29,195)	29,195	-
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>16,750</b>	<b>5,805,663</b>	<b>1,069,461</b>	<b>6,891,874</b>

Note : The above figures for the twelve months ended 31<sup>st</sup> March 2018 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

Year ended 31<sup>st</sup> March 2017

Group

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 01<sup>st</sup> April 2015</b>	<b>16,750</b>	<b>5,540,598</b>	<b>590,763</b>	<b>6,148,111</b>
Profit for the period			123,913	123,913
Total other comprehensive income for the year net of tax		90,373	(119)	90,254
<b>Total Comprehensive Income</b>	<b>-</b>	<b>90,373</b>	<b>123,794</b>	<b>214,167</b>
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 31<sup>st</sup> March 2016</b>	<b>16,750</b>	<b>5,599,152</b>	<b>630,839</b>	<b>6,246,741</b>
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>	<b>-</b>	<b>731,179</b>	<b>246,736</b>	<b>977,915</b>
Dividends to equity holders - First and final 2015-16	-	-	(38)	(38)
Transfers to retained earnings	-	(29,195)	29,195	-
Dividends paid (2015/2016)	-	-	(144,375)	(144,375)
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>16,750</b>	<b>6,301,136</b>	<b>762,357</b>	<b>7,080,244</b>

## STATEMENT OF CHANGES IN EQUITY

Company

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
<b>Balance as at 01<sup>st</sup> April 2015</b>	<b>16,750</b>	<b>5,540,598</b>	<b>634,921</b>	<b>6,192,269</b>
Profit for the period			217,090	217,090
Total other comprehensive income for the year net of tax			(119)	(119)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>216,971</b>	<b>216,971</b>
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 31<sup>st</sup> March 2016</b>	<b>16,750</b>	<b>5,508,779</b>	<b>768,174</b>	<b>6,293,702</b>
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>	<b>-</b>	<b>731,179</b>	<b>248,411</b>	<b>979,590</b>
Dividends-(15% cumulative preference shares)	-	-	-	-
Dividends Paid ( 2015/2016)	-	-	(144,375)	(144,375)
Transfers to retained earnings	-	(31,820)	31,820	-
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>16,750</b>	<b>6,208,138</b>	<b>904,029</b>	<b>7,128,917</b>

# The Kandy Hotels Company (1938) PLC

## STATEMENT OF CASH FLOWS

For the year ended 31<sup>st</sup> March

	Group		Company	
	2018 Rs. '000'	2017 Rs. '000'	2018 Rs. '000'	2017 Rs. '000'
	Unaudited	Audited	Unaudited	Audited
<b>Cash flows from/(used in) operating activities</b>				
Profit before tax	260,294	289,451	230,896	291,111
<b>Adjustments for:</b>				
Finance Income	(69,229)	(50,709)	(69,229)	(50,709)
Finance expenses	75,560		75,560	
Share of results of equity accounted investee	(29,499)	1,561	-	-
Depreciation of property, plant and equipment	57,287	63,470	57,287	63,470
Provision for bad & doubtful debtors	(14)	(9)	(14)	(9)
Loss on Disposal of Property Plant & Equipment	42	(34)	42	(34)
Amortisation of intangible assets	109	769	109	769
Gratuity provision and related costs	2,119	1,188	2,119	1,188
Operating profit before working capital changes	296,670	305,687	296,772	305,786
(Increase)/decrease in inventories	(1,366)	(4,927)	(1,366)	(4,927)
(Increase)/decrease in trade and other receivables	(22,537)	4,592	(22,537)	4,592
(Increase)/decrease in amount due from related parties	(280,657)	(145,557)	(280,657)	(138,184)
Increase/(decrease) in trade and other creditors	28,361	8,933	28,357	8,925
Increase/(decrease) in amount due to related parties	11,434	(194)	11,434	(7,566)
<b>Cash generated from/ (used in) operations</b>	<b>31,904</b>	<b>168,535</b>	<b>32,003</b>	<b>168,625</b>
Finance expenses paid	(75,560)	-	(75,560)	-
Income tax paid	(49,037)	(41,113)	(49,037)	(41,113)
Gratuity paid	(732)	(489)	(732)	(489)
<b>Net cash flow from/(used in) operating activities</b>	<b>(93,425)</b>	<b>126,933</b>	<b>(93,327)</b>	<b>127,023</b>
<b>Cash flows from/ (used in) investing activities:</b>				
Interest received	69,229	50,709	69,229	50,709
Purchase and construction of property, plant and equipment	(16,569)	(13,503)	(16,569)	(13,503)
Acquisition of intangible assets	(29,407)	(55)	(29,407)	(55)
Investment	(600,000)	(0)	(600,000)	-
Proceeds from Disposal of Property, Plant and Equipment	13	34	13	34
<b>Net cash flow from/(used in) investing activities</b>	<b>(576,735)</b>	<b>37,186</b>	<b>(576,735)</b>	<b>37,186</b>
<b>Cash flows from/ (used in) financing activities:</b>				
Dividend paid	(57,788)	(144,375)	(57,788)	(144,375)
Repayment / Increase in interest bearing borrowings	600,000	-	600,000	-
<b>Net cash flow from / (used in) financing activities</b>	<b>542,213</b>	<b>(144,375)</b>	<b>542,213</b>	<b>(144,375)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(127,947)</b>	<b>19,743</b>	<b>(127,849)</b>	<b>19,833</b>
<b>Cash and cash equivalents at the beginning of the year</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 year</b>	<b>(102,242)</b>	<b>25,705</b>	<b>(102,278)</b>	<b>25,571</b>
<b>Analysis of Net cash &amp; cash Equivalents as at 31st March</b>				
Cash & cash equivalents	7,692	34,829	7,656	34,695
Bank overdraft	(109,934)	(9,124)	(109,934)	(9,124)
<b>Net cash &amp; cash equivalents as at 31st March</b>	<b>(102,242)</b>	<b>25,705</b>	<b>(102,278)</b>	<b>25,571</b>

Note: The above figures for the year ended 31<sup>st</sup> March 2018 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

## 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 31<sup>st</sup> 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 31<sup>st</sup> March 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 31<sup>st</sup> 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 Company (1938) PLC

## SHARE INFORMATION

1. The Public holdings as at 31<sup>st</sup> March 2018 - 27.7%
2. Number of Public shareholders as at 31<sup>st</sup> March 2018 - 1,888
3. Directors shareholding as at 31<sup>st</sup> March 2018

Directors Shareholdings		31 <sup>st</sup> March 2018	
		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 31<sup>st</sup> March 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
20	Mr J F C Badcock	1,034,250	0.18
	<b>Sub Total</b>	<b>551,728,897</b>	<b>95.54</b>
	Balance held by others	25,771,103	4.46
	<b>Total number of shares</b>	<b>577,500,000</b>	<b>100.00</b>

- 5) Market price per share for the quarter ended 31<sup>st</sup> March 2018

	2018 (Rs.)	2017 (Rs.)
Highest Market Price	6.50	7.10
Lowest Market Price	5.20	4.70
Last Traded Price	5.30	5.00