

**Interim Financial Statement  
Six Months Ended 30th September 2016**

**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 September		Six Month Months Ended 30th September		Three Months Ended 30th September		Six Month Months Ended 30th September		
	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	2016 Rs. '000'	2015 Rs. '000'	
<b>Revenue</b>	198,453	178,295	322,413	287,649	198,453	178,295	322,413	287,649	12
Cost of Sales	(50,541)	(50,147)	(98,536)	(91,155)	(50,541)	(50,147)	(98,536)	(91,155)	(8)
<b>Gross Profit</b>	147,912	128,148	223,877	196,494	147,912	128,148	223,877	196,494	14
Other Operating Income	51	1,805	141	1,916	51	1,805	141	1,916	(93)
Administrative Expenses	(53,169)	(53,099)	(101,210)	(106,000)	(53,077)	(53,099)	(101,118)	(105,999)	5
Selling & Distribution Expenses	(7,017)	(7,466)	(12,429)	(12,577)	(7,017)	(7,466)	(12,429)	(12,577)	1
<b>Results from Operating Activities</b>	87,777	69,389	110,378	79,833	87,870	69,389	110,471	79,835	38
Finance Expenses	0		-	-	-	-	-	-	-
Finance Income	1,637	4,363	10,223	9,578	1,637	4,363	10,223	9,578	7
Net Finance Cost	1,637	4,363	10,223	9,578	1,637	4,363	10,223	9,578	7
Share of Profit of Joint Venture	5,760		(5,906)	(60,921)	-	-	-	-	90
<b>Profit before Tax</b>	95,174	73,752	114,695	28,491	89,506	73,752	120,693	89,412	303
Income Tax Expenses	(10,068)	(10,276)	(17,947)	(11,299)	(10,068)	(10,276)	(17,947)	(11,299)	(59)
<b>Profit for the Year</b>	85,106	63,476	96,749	17,192	79,439	63,476	102,747	78,113	463
<b>Attributable to:</b>									
Equity Holders of the Parent	-	-	-	-	-	-	-	-	-
Non Controlling Interest									
	85,106	63,476	96,749	17,192	79,439	63,476	102,747	78,113	463
<b>Basic Earnings per Share (Rs)</b>	0.15	0.11	0.17	0.03	0.14	0.11	0.18	0.14	463
<b>Dividend per Share (Rs)</b>	0.25	-	0.25	-	0.25	-	0.25	-	-

Note : The above figures for the Six Months ended 30th September 2016 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 September		Six Months Ended 30th September		Three Months Ended 30th September		Six Months Ended 30th September	
	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')	2016 (Rs. '000')	2015 (Rs. '000')
Profit for the period	85,106	63,476	96,749	17,192	79,439	63,476	102,747	78,113
<b>Other Comprehensive Income</b>								
Effect of Revaluation of property, plant and equipment	-	-	-	-	-	-	-	-
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-
Income tax on other comprehensive income	-	-	-	-	-	-	-	-
Deferred tax on revaluation surplus	-	-	-	-	-	-	-	-
Total Other Comprehensive Income for the year, net of tax	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the year, net of tax</b>	<b>85,106</b>	<b>63,476</b>	<b>96,749</b>	<b>17,192</b>	<b>79,439</b>	<b>63,476</b>	<b>102,747</b>	<b>78,113</b>
<b>Attributable to:</b>								
Equity Holders of the Parent	85,106	63,476	96,749	17,192	79,439	63,476	102,747	78,113

# The Kandy Hotels Company (1938) PLC

## BALANCE SHEET

As at 30th September

	Group			Company		
	30.09.2016 Rs. '000'	30.09.2015 Rs. '000'	31.03.2016 Rs. '000'	30.09.2016 Rs. '000'	30.09.2015 Rs. '000'	31.03.2016 Rs. '000'
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property, Plant & Equipment	5,719,875	5,770,431	5,743,337	5,719,875	5,770,431	5,743,337
Intangible Assets	431	1,140	760	431	1,140	760
Investment in Subsidiary	-	-	-	345,218	345,218	345,218
Investment in Joint Venture	299,827	247,474	305,733	-	-	-
	<b>6,020,133</b>	<b>6,019,044</b>	<b>6,049,830</b>	<b>6,065,524</b>	<b>6,116,788</b>	<b>6,089,315</b>
<b>Current Assets</b>						
Inventories	35,001	29,416	29,188	35,001	29,416	29,188
Trade and Other Receivables	54,614	51,154	96,014	54,614	51,154	96,014
Amounts Due from Related Party	224,361	354,280	404,335	231,987	361,906	419,334
Investment in REPO	321,556	-	-	321,556	-	-
Cash and Cash Equivalents	11,152	40,209	10,396	11,012	39,844	10,172
	<b>646,685</b>	<b>475,059</b>	<b>539,933</b>	<b>654,171</b>	<b>482,321</b>	<b>554,707</b>
<b>TOTAL ASSETS</b>	<b>6,666,818</b>	<b>6,494,104</b>	<b>6,589,763</b>	<b>6,719,695</b>	<b>6,599,109</b>	<b>6,644,022</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	5,583,242	5,524,689	5,599,152	5,492,869	5,524,689	5,508,779
Retained Earnings	599,122	623,864	630,838	742,455	728,944	768,174
<b>Total Equity</b>	<b>6,199,114</b>	<b>6,165,303</b>	<b>6,246,740</b>	<b>6,252,074</b>	<b>6,270,383</b>	<b>6,293,702</b>
<b>Non Current Liabilities</b>						
Retirement Benefit Obligations	5,236	4,611	4,402	5,236	4,611	4,402
Deferred Taxation	239,578	245,044	239,656	239,578	245,044	239,656
	<b>244,815</b>	<b>249,655</b>	<b>244,057</b>	<b>244,815</b>	<b>249,655</b>	<b>244,057</b>
<b>Current Liabilities</b>						
Trade and Other Payables	77,828	61,041	79,280	77,744	60,966	79,205
Amounts Due to Related Companies	272	316	368	272	316	7,740
Income Tax Payable	9,133	8,196	14,883	9,133	8,196	14,883
Bank Overdraft	135,656	9,593	4,433	135,656	9,593	4,433
	<b>222,889</b>	<b>79,146</b>	<b>98,965</b>	<b>222,805</b>	<b>79,071</b>	<b>106,262</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,666,818</b>	<b>6,494,104</b>	<b>6,589,763</b>	<b>6,719,695</b>	<b>6,599,109</b>	<b>6,644,022</b>
<b>Net Assets per Share (Rs)</b>	<b>10.73</b>	<b>10.68</b>	<b>10.82</b>	<b>10.83</b>	<b>10.86</b>	<b>10.90</b>

The above figures for the Six Months ended 30th September 2016 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.

.....  
**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,

Lakshman Samarasinghe  
**Director**

Priyantha Maddumage  
**Director**

Kandy 31st October 2016

# 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>	<b>16,750</b>	<b>5,540,598</b>	<b>-</b>	<b>590,763</b>	<b>6,148,111</b>
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	-
<b>Balance as at 31st March 2016</b>	<b>16,750</b>	<b>5,599,152</b>	<b>-</b>	<b>630,838</b>	<b>6,246,740</b>
Profit for the period	-	-	-	96,749	96,749
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	96,749	96,749
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
Dividends (15% Cumulative preference shares)	-	-	-	-	-
Transfer to Retained Earnings	-	(15,910)	-	15,910	-
<b>Balance as at 30th September 2016</b>	<b>16,750</b>	<b>5,583,242</b>	<b>-</b>	<b>599,122</b>	<b>6,199,114</b>

## 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 01 April 2015</b>	<b>16,750</b>	<b>5,540,598</b>	<b>-</b>	<b>634,921</b>	<b>6,192,269</b>
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)
<b>Balance as at 31st March 2016</b>	<b>16,750</b>	<b>5,508,779</b>	<b>-</b>	<b>768,174</b>	<b>6,293,702</b>
Profit for the period	-	-	-	102,747	102,747
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	102,747	102,747
Dividends (15% Cumulative preference shares)	-	-	-	-	-
Transfer to Retained Earnings	-	(15,910)	-	15,910	-
Dividends paid (2015 & 2016)	-	-	-	(144,375)	(144,375)
<b>Balance as at 30th September 2016</b>	<b>16,750</b>	<b>5,492,869</b>	<b>-</b>	<b>742,455</b>	<b>6,252,074</b>

Note : The above figures for the Six Months ended 30th September 2016 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 March 2014</b>	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)
<b>Balance as at 31st March 2015</b>	16,750	5,540,598	-	590,763	6,148,111
Profit for the period	-	-	-	17,192	17,192
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	17,192	17,192
Transfers to Retained Earnings	-	(15,910)	-	15,910	-
Dividends-(15% Cumulative preference shares)	-	-	-	-	-
Dividends paid (2014 & 2015)	-	-	-	-	-
<b>Balance as at 30th September 2015</b>	16,750	5,524,689	-	623,864	6,165,303

## 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 2014</b>	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	-
<b>Balance as at 31st March 2015</b>	16,750	5,540,598	-	634,921	6,192,269
Profit for the period	-	-	-	78,113	78,113
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	-	-	-	78,113	78,113
Dividends-(15% Cumulative preference shares)	-	-	-	-	-
Dividends Paid ( 2014 & 2015)	-	-	-	-	-
Transfers to Retained Earnings	-	(15,910)	-	15,910	-
<b>Balance as at 30th September 2015</b>	16,750	5,524,689	-	728,944	6,270,383

# The Kandy Hotels Company (1938) PLC

## CASH FLOW STATEMENT

For the Six Months ended 30th September

### 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

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**

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

Investment in REPO

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

**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	
	2016 Rs.'000'	2015 Rs.'000'	2016 Rs.'000'	2015 Rs.'000'
Profit before tax	114,695	28,491	120,693	89,412
<b>Adjustments for:</b>				
Finance Income	(10,223)	(9,578)	(10,223)	(9,578)
Share of results of equity accounted investee	5,906	60,921	-	-
Depreciation of property, plant and equipment	32,252	32,245	32,252	32,245
Amortisation of intangible assets	384	380	384	380
Loss on disposal of property, plant and equipment	-	1,519	-	1,519
Gratuity provision and related costs	1,120	1,425	1,120	1,425
Operating profit before working capital changes	144,134	115,403	144,226	115,404
(Increase)/decrease in inventories	(5,814)	(3,721)	(5,814)	(3,721)
(Increase)/decrease in trade and other receivables	221,374	(83,784)	228,746	(83,785)
Increase/(decrease) in trade and other creditors	(1,548)	(15,230)	(8,929)	(15,183)
<b>Cash generated from/ (used in) operations</b>	<b>358,145</b>	<b>12,667</b>	<b>358,229</b>	<b>12,715</b>
Finance expenses paid	-	-	-	-
Income tax paid	(23,774)	(17,654)	(23,774)	(17,654)
Gratuity paid	(285)	(967)	(285)	(967)
<b>Net cash flow from/(used in) operating activities</b>	<b>334,086</b>	<b>(5,954)</b>	<b>334,170</b>	<b>(5,906)</b>
<b>Cash flows from/ (used in) investing activities</b>				
Interest received	10,223	9,578	10,223	9,578
Purchase and construction of property, plant and equipment	(8,844)	(3,736)	(8,844)	(3,736)
Investment in REPO	(321,556)	-	(321,556)	-
Proceeds from Disposal of Property, Plant and Equipment	-	440	-	440
<b>Net cash flow from/(used in) investing activities</b>	<b>(320,178)</b>	<b>6,282</b>	<b>(320,178)</b>	<b>6,282</b>
<b>Cash flows from/ (used in) financing activities</b>				
Dividend paid	(144,375)	-	(144,375)	-
<b>Net cash flow from/(used in) financing activities</b>	<b>(144,375)</b>	<b>-</b>	<b>(144,375)</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(130,467)</b>	<b>328</b>	<b>(130,382)</b>	<b>376</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>5,962</b>	<b>30,287</b>	<b>5,738</b>	<b>29,874</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>(124,504)</b>	<b>30,615</b>	<b>(124,644)</b>	<b>30,250</b>

Note : The above figures for the Six Months ended 30th September 2016 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 2016

	<b>2016 (Rs.)</b>	<b>2015 (Rs.)</b>
Highest Market Price	8.70	9.20
Lowest Market Price	6.00	7.90
Last Traded Price	7.70	8.10

- 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 September 2016 - 21.05%
2. Number of Public Shareholders as at 30th September 2016 - 1,695
3. Directors Share Holding as at 30th September 2016

Directors Share Holdings	30th September 2016	
	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 2016

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Progruss Investments Limited	69,300,000	12.00
3	Ceylon Hotels Holdings (Pvt) Ltd	27,610,454	4.78
4	Hotel International Ltd	17,866,628	3.09
5	Cyril Gardiner 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	Hans Anton Van Starrex	1,954,948	0.34
9	Mrs. Lilamanie Rathwatthe	1,853,000	0.32
10	Mrs. M.F. Gunasekera	1,750,000	0.30
11	P.V. Gunasekera	1,750,000	0.30
12	Ms. Helene Sauties	1,496,250	0.26
13	Edonard -Dec D -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	Jeane Laravoire	1,496,250	0.26
17	Paul Chevallaz	1,496,250	0.26
18	Albert Chevallaz	1,496,250	0.26
19	Mrs. Areenie Upendra Ratwatte Pethiyagoda	1,491,750	0.26
20	Francis David Micheal Badcock	1,034,250	0.18
	<b>Sub Total</b>	<b>551,105,280</b>	<b>95.43</b>
	Balance held by Others	26,394,720	4.57
	<b>Total number of Shares</b>	<b>577,500,000</b>	<b>100.00</b>