

Interim Financial Statements
Period ended 30th September 2019

The Kandy Hotels Company (1938) PLC

A Member of the Galle Face 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
Charitha Ratwatte
Lakshman Samarasinghe
Priyantha Maddumage
Lakshman Sirimanne
Ranjith Gunatilleke
Nahil Wijesuriya
Chandra Mohotti
Nilanga Dela
Shalike Karunasena (Alternate Director to Mr. Priyantha Maddumage)

Secretaries

Accounting Systems Secretarial Services (Pvt) Ltd
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
No. 327, Union Place, Colombo 02
Company Registration No. PQ 201

Hotel Reservations

Ceylon Hotels Corporation PLC
Regency Wing - Galle Face Hotel
No. 02, Galle Road, Colombo 03
Tel: 011 5585858 Fax : 011 5345882
Email : sales@ceylonhotels.net
Website : www.queenshotel.lk/www.hotelsuisse.lk

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		
	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	
Revenue (Note 03)	110,092	192,247	184,851	304,290	110,092	192,247	184,851	304,290	(39)
Cost of sales	(37,846)	(51,782)	(70,074)	(93,611)	(37,846)	(51,782)	(70,074)	(93,611)	(25)
Gross profit	72,246	140,465	114,776	210,679	72,246	140,465	114,776	210,679	(46)
Administrative expenses	(54,592)	(60,707)	(112,676)	(116,616)	(54,592)	(60,707)	(112,538)	(116,525)	(3)
Selling & distribution expenses	(5,493)	(6,582)	(8,516)	(11,687)	(5,493)	(6,582)	(8,516)	(11,687)	(27)
Results from operating activities	12,161	73,175	(6,416)	82,376	12,161	73,176	(6,278)	82,467	(108)
Finance expenses	(18,403)	(22,173)	(41,010)	(44,956)	(18,403)	(22,173)	(41,010)	(44,956)	(9)
Finance income	20,992	17,985	41,670	36,485	20,992	17,985	41,670	36,485	14
Net finance cost	2,589	(4,188)	660	(8,471)	2,589	(4,188)	660	(8,471)	(108)
Share of profit/(loss) of Joint venture	(23,817)	(31,462)	(34,577)	(46,311)	-	-	-	-	(25)
Profit/(Loss) before taxation	(9,067)	37,525	(40,333)	27,594	14,750	68,988	(5,618)	73,996	(246)
Income tax	(5,806)	(8,550)	(12,936)	(14,465)	(5,806)	(8,550)	(12,936)	(14,465)	11
Profit/(Loss) for the period	(14,873)	28,975	(53,269)	13,129	8,944	60,438	(18,554)	59,532	(506)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	(14,873)	28,975	(53,269)	13,129	8,944	60,438	(18,554)	59,532	(506)
Earnings/(Losses) per share for the period	(0.03)	0.05	(0.09)	0.02	0.02	0.10	(0.03)	0.10	

Note : The above figures for the six months ended 30th September 2019 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	Group			Company		
	30.09.2019 Rs. '000'	30.09.2018 Rs. '000'	31.03.2019 Rs. '000'	30.09.2019 Rs. '000'	30.09.2018 Rs. '000'	31.03.2019 Rs. '000'
ASSETS						
Non Current Assets						
Property, plant & equipment	6,275,952	6,319,959	6,300,285	6,275,952	6,319,959	6,300,285
Intangible assets	23,908	27,088	26,198	23,908	27,088	26,198
Investment in subsidiary	-	-	-	352,843	352,843	352,843
Investment in joint venture	266,963	305,044	301,540	-	-	-
Non current financial assets	600,000	600,000	600,000	600,000	600,000	600,000
	7,166,823	7,252,091	7,228,023	7,252,703	7,299,890	7,279,326
Current Assets						
Inventories	36,774	38,965	39,538	36,774	38,965	39,538
Trade and other receivables	56,514	92,913	132,595	56,514	92,913	132,595
Amounts due from related party	955,470	871,039	901,662	955,470	871,039	901,662
Cash and cash equivalents	10,025	47,014	11,795	9,984	46,980	11,754
	1,058,783	1,049,932	1,085,590	1,058,742	1,049,897	1,085,549
TOTAL ASSETS	8,225,606	8,302,023	8,313,613	8,311,445	8,349,787	8,364,875
EQUITY AND LIABILITIES						
Equity						
Stated capital	16,750	16,750	16,750	16,750	16,750	16,750
Revaluation Reserves	5,867,303	5,899,138	5,882,781	5,759,230	5,791,066	5,774,708
Retained earnings	1,016,660	930,421	1,054,451	1,210,948	1,086,435	1,214,025
Total Equity	6,900,713	6,846,309	6,953,982	6,986,928	6,894,251	7,005,482
Non-Current Liabilities						
Interest bearing borrowings	467,200	508,700	525,300	467,200	508,700	525,300
Retirement benefit obligations	4,968	5,255	4,920	4,968	5,255	4,920
Deferred taxation	575,612	565,848	565,751	575,612	565,848	565,751
	1,047,780	1,079,803	1,095,971	1,047,780	1,079,803	1,095,971
Current Liabilities						
Interest bearing borrowings	49,800	66,400	-	49,800	66,400	-
Trade and other payables	128,594	105,521	108,309	128,318	113,177	108,171
Amounts due to related companies	13,786	12,500	10,947	13,686	12,500	10,847
Contract liabilities	11,782	7,833	15,870	11,782	-	15,870
Income tax payable	98	10,153	8,643	98	10,153	8,643
Dividends payable	-	57,750	-	-	57,750	-
Bank overdrafts	73,054	115,754	119,890	73,054	115,753	119,890
	277,113	375,910	263,660	276,737	375,733	263,421
TOTAL EQUITY AND LIABILITIES	8,225,606	8,302,023	8,313,613	8,311,445	8,349,787	8,364,875
Net Assets per Share (Rs.)	11.9	11.9	12.0	12.1	11.9	12.1

The above figures for the six months ended 30th September 2019 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.

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Janaka Ganegoda
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

13th November 2019

THE KANDY HOTELS COMPANY (1938) PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 30th September 2019

Group	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 31st March 2018	16,750	5,913,736	960,444	6,890,929
Adjustment on initial application of SLFRS 09			(4,679)	(4,679)
Adjusted Balance as at 01 April 2018	16,750	5,913,736	955,764	6,886,250
Profit for the period	-	-	125,625	125,625
Other comprehensive income				
Actuarial gains on defined benefit plans	-	-	43	43
Share of other comprehensive income attributable to joint venture, net of tax	-	-	(143)	(143)
Deferred tax effect on actuarial gain	-	-	(6)	(6)
Total other comprehensive income for the year, net of tax	-	-	(106)	(106)
Total Comprehensive Income	-	-	125,519	125,519
Transfers to retained earnings	-	(30,955)	30,955	-
Dividends-(15% Cumulative preference shares)	-	-	(38)	(38)
Dividends paid	-	-	(57,750)	(57,750)
Balance as at 31st March 2019	16,750	5,882,781	1,054,451	6,953,982
Profit / (Loss) for the period	-	-	(53,269)	(53,269)
Total Comprehensive Income	-	-	(53,269)	(53,269)
Transfers to retained earnings	-	(15,478)	15,478	-
Balance as at 30th September 2019	16,750	5,867,303	1,016,660	6,900,713

Company

Company	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 31st March 2018	16,750	5,805,663	1,070,055	6,892,469
Adjustment on initial application of SLFRS 09			(4,679)	(4,679)
Adjusted Balance as at 01 April 2018	16,750	5,805,663	1,065,376	6,887,789
Profit for the period	-	-	175,443	175,443
Other comprehensive income				
Actuarial gains on defined benefit plans	-	-	43	43
Deferred tax effect on actuarial gain	-	-	(6)	(6)
Total other comprehensive income for the year, net of tax	-	-	37	37
Total Comprehensive Income	-	-	175,481	175,481
Dividends-(15% Cumulative preference shares)	-	-	(38)	(38)
Dividends to equity holders - First and final 2017/2018	-	-	(57,750)	(57,750)
Transfers to retained earnings	-	(30,955)	30,955	-
Balance as at 31st March 2019	16,750	5,774,708	1,214,025	7,005,482
Profit / (Loss) for the period	-	-	(18,554)	(18,554)
Total Comprehensive Income	-	-	(18,554)	(18,554)
Transfers to retained earnings	-	(15,478)	15,478	-
Balance as at 30th September 2019	16,750	5,759,230	1,210,948	6,986,928

Note : The above figures for the six months ended 30th September 2019 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

Period ended 30th September 2018

Group

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2017	16,750	6,298,512	764,981	7,080,243
Profit for the period	-	-	224,220	224,220
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
Share of other comprehensive income attributable to joint venture, net of tax	-	17,699	-	17,699
Total other comprehensive income for the period, net of tax	-	-	(164)	(164)
Total Comprehensive Income	-	(355,582)	224,056	(131,526)
Transfers to retained earnings	-	(29,195)	29,195	-
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Dividends paid	-	-	(57,750)	(57,750)
Balance as at 31st March 2018	16,750	5,913,735	960,444	6,890,929
Profit for the period	-	-	13,129	13,129
Total Comprehensive Income	-	-	13,129	13,129
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Transfer to retained earnings	-	(14,597)	14,597	-
Balance as at 30th September 2018	16,750	5,899,138	930,421	6,846,309

Company

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2017	16,750	6,208,139	903,991	7,128,880
Profit for the period	-	-	194,822	194,822
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
Total other comprehensive income for the period, net of tax	-	-	(164)	(164)
Total Comprehensive Income	-	(373,281)	194,658	(178,623)
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(29,195)	29,195	-
Dividends paid (2015/2016)	-	-	(57,750)	(57,750)
Balance as at 31st March 2018	16,750	5,805,663	1,070,056	6,892,469
Profit for the period	-	-	59,532	59,532
Total Comprehensive Income	-	-	59,532	59,532
Dividends (15% Cumulative preference shares)	-	-	-	-
Transfer to retained earnings	-	(14,597)	14,597	-
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Balance as at 30th September 2018	16,750	5,791,066	1,086,435	6,894,251

Note : The above figures for the six months ended 30th September 2019 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 CASH FLOWS

For the Six Months ended 30th September

Cash Flows from 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

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 amount due from related parties

Increase/(decrease) in trade and other payables

Increase/(decrease) in amount due to related parties

Cash generated from/ (used in) operations

Finance expenses paid

Income tax paid

Gratuity paid

Cash generated from/(used in) operating activities

Cash flows from investing activities

Interest received

Purchase and construction of property, plant and equipment

Acquisition of intangible assets

Proceeds from disposal of property, plant and equipment

Cash generated from/(used in) investing activities

Cash flows from/ (used in) financing activities

Increase / (Repayment) 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

Net cash & cash equivalents as at 30th Sep 2019

Analysis of Net Cash & Cash Equivalents as at 30th Sep 2019

Cash & cash equivalents

Bank Overdrafts

Net cash & cash equivalents as at 30th Sep 2019

	Group		Company	
	2019 Rs.'000'	2018 Rs.'000'	2019 Rs.'000'	2018 Rs.'000'
Profit before tax	(40,333)	27,594	(5,618)	73,996
Adjustments for:				
Finance income	(41,670)	(36,485)	(41,670)	(36,485)
Finance expenses	41,010	44,956	41,010	44,956
Share of results of equity accounted investee	34,577	46,311	-	-
Depreciation of property, plant and equipment	31,117	31,603	31,117	31,603
Amortisation of intangible assets	2,392	2,256	2,392	2,256
Loss on disposal of property, plant and equipment	-	77	-	77
Gratuity provision and related costs	391	956	391	956
Operating profit before working capital changes	27,484	117,268	27,622	117,359
(Increase)/decrease in inventories	2,763	(3,484)	2,763	(3,484)
(Increase)/decrease in trade and other receivables	76,081	21,070	76,081	21,070
(Increase)/decrease in amount due from related parties	(53,808)	(40,514)	(53,808)	(40,514)
Increase/(decrease) in trade and other payables	(18,335)	(3,235)	(18,474)	(3,324)
Increase/(decrease) in amount due to related parties	2,838	892	2,838	892
Cash generated from/ (used in) operations	37,022	91,997	37,023	91,998
Finance expenses paid	(6,381)	(44,956)	(6,381)	(44,956)
Income tax paid	(11,622)	(21,463)	(11,622)	(21,463)
Gratuity paid	(439)	(859)	(439)	(859)
Cash generated from/(used in) operating activities	18,581	24,719	18,581	24,720
Cash flows from investing activities				
Interest received	41,670	36,485	41,670	36,485
Purchase and construction of property, plant and equipment	(6,784)	(2,884)	(6,784)	(2,884)
Acquisition of intangible assets	(102)	-	(102)	-
Proceeds from disposal of property, plant and equipment	-	82	-	82
Cash generated from/(used in) investing activities	34,784	33,683	34,784	33,683
Cash flows from/ (used in) financing activities				
Increase / (Repayment) in Interest bearing borrowings	(8,300)	(24,900)	(8,300)	(24,900)
Net cash flow from / (used in) financing activities	(8,300)	(24,900)	(8,300)	(24,900)
Net Increase/(Decrease) in Cash and cash equivalents	45,065	33,502	45,066	33,504
Cash and cash equivalents at the beginning of the period	(108,095)	(102,242)	(108,136)	(102,278)
Net cash & cash equivalents as at 30th Sep 2019	(63,029)	(68,740)	(63,070)	(68,774)
Analysis of Net Cash & Cash Equivalents as at 30th Sep 2019				
Cash & cash equivalents	10,025	47,014	9,984	46,980
Bank Overdrafts	(73,054)	(115,754)	(73,054)	(115,753)
Net cash & cash equivalents as at 30th Sep 2019	(63,029)	(68,740)	(63,070)	(68,774)

Note : The above figures for the six months ended 30th September 2019 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

NOTES TO INTERIM FINANCIAL STATEMENTS

01) Basis of preparation

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2019.

02) Accounting Policies

The Accounting policies are in line with the policies published in the annual financial statements for the year ended 31st March 2019, except for the adoption of new standards effective as of 01st April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The Group applies SLFRS 16 Leases for the first time and no impact to the financial statements from SLFRS 16 due to the Group does not carries any Lease agreements (as Lessee) as at 30th Sep 2019.

03) Revenue

The group has recorded a drop in revenue of 41% during the six months ended 30th September 2019. The decline is due to the challenging industry conditions faced in the aftermath of the Easter Attacks in April 2019.

04) 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 Sep 2019.

05) 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.

06) Investment in equity securities

Investment in equity securities represent 16.11% stake in United Hotels Co Ltd, which is a subsidiary of Ceylon Hotels Corporation PLC.

Fair value of unquoted equity Investment

Fair valuation carried out as of 31st March 2019 for unquoted equity investment classified as Level 3 within the fair value hierarchy according to fair valuation methodology. The management has decided that carrying value as of 30th Sep 2019 would not significantly deviated from its' indicative fair value as at 31st March 2019.

07) Interest bearing loans & borrowings

Company received a capital and interest moratorium (from April 2019 to March 2020) on the existing term loan and overdrafts in accordance with the financial relief package announced by the Government of Sri Lanka to the Tourism industry, in the aftermath of the Easter attack in April 2019.

Accordingly there will be no capital repayment due within the 12 months period from April 2019 to March 2020 and interest expense of Rs. 49.8 Mn has been accrued during the period ending Sep 2019.

**THE KANDY HOTELS COMPANY (1938) PLC
NOTES TO INTERIM FINANCIAL STATEMENTS**

08) Related Party Transactions

The company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 the details of which are reported below.

**For the Six months ended 30th September
In LKR '000**

	Note	Company	
		2019	2018
Transactions with Parent Company			
Ceylon Hotels Corporation PLC			
Expenses paid by CHC on behalf of company	A	626	5,411
Interest Charged by company	C	41,537	36,728
Settlement of Expenses paid by CHC on behalf of company		677	247
Temporary advance to CHC	B	11,719	3,800
Transactions with companies under common control & Joint venture of parent			
United Hotels Company Ltd (UHCL)			
Expenses paid by UHCL on behalf of company	A	537	544
Reimbursement of expenses paid by UHCL		792	1,019
CHC Foods (Pvt) Ltd			
Reimbursement of expenses paid		1,266	-

Non recurrent Related Party Transactions

There are no non-recurrent related party transactions for the period ended 30th September 2019.

A) Transactions carried out in the ordinary course of business and charge at the face value of the expenses.

B) Temporary advances given in the ordinary course of business and no interest charge on the outstanding balances. Payable on demand and short.

C) Terms and conditions related to inter company borrowings/lendings :

Company	Party	Repayment	Interest Rate
Kandy Hotels Company (1938) PLC	Lender	On Demand	AWDR p.a
Ceylon Hotel Corporation PLC	Borrower		

09) 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 2019.

10) 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

NOTES TO INTERIM FINANCIAL STATEMENTS

SHARE INFORMATION

1. The Public holdings as at 30th Sep 2019 - 159,952,739 (27.70%)
2. Number of Public shareholders as at 30th Sep 2019 - 1,955.
3. Directors shareholding as at 30th Sep 2019

Directors Shareholdings		30-Sep-19	
		Preference	Ordinary
1	Mr. Sanjeev Gardiner	9,500	87,500
2	Mr. Charitha Ratwatte	Nil	175,000
3	Mr. Lakshman Samarasinghe	Nil	5,500
4	Mr. Priyantha Maddumage	Nil	Nil
5	Mr. Lakshman Sirimanne	Nil	3,500
6	Mr. Ranjith Gunathilleke	Nil	43,611
7	Mr. Nahil Wijesuriya	Nil	Nil
8	Mr. Chandra Mohotti	Nil	Nil
9	Mr. Nilanga Dela	Nil	Nil
10	Mr. Shalike Karunasena (Alternative Director to Mr. Priyantha Maddumage)	Nil	Nil

4. Top 20 ordinary shareholders as at 30th Sep 2019

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Progruss Investments Limited	69,445,619	12.03
3	Adiuvat Investment Fund	40,782,097	7.06
4	Hotel International (Pvt) Ltd	13,282,696	2.30
5	Mr. N.V.S. Saackville	4,368,000	0.76
6	Mr. P.R.F Collas	1,965,250	0.34
7	Mrs. L. Ratwatte	1,853,000	0.32
8	Mr. P.V. Gunasekera	1,750,000	0.30
9	Mr. M.F. 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. G.C.Goonetilleke	1,356,795	0.23
19	Mr. J.F.C. Badcock	1,034,250	0.18
20	Mr. F.D.M. Badcock	1,034,250	0.18
	Sub total	552,162,957	95.61
	Balance held by others	25,337,043	4.39
	Total number of shares	577,500,000	100.00

5. Market price per share for the quarter ended 30th Sep 2019.

	2019	2018
	(Rs.)	(Rs.)
Highest Market Price	5.90	5.50
Lowest Market Price	4.90	4.90
Last Traded Price	5.00	5.00

6. The float adjusted market capitalisation as at 30th Sep 2019 was Rs. 799,837,500/- with reference to the rule no. 7.6 (iv) of the listing rules of the Colombo Stock Exchange. As the float adjusted market capitalisation is less than Rs. 2.5 billion, The Kandy Hotels Company (1938) PLC complies under option 5 of the Listing Rules 7.13.1 (a) with the minimum public holding requirements.