

**Interim Financial Statements**  
**Period ended 31<sup>st</sup> December 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](http://www.queenshotel.lk)/[www.hotelsuisse.lk](http://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 31 <sup>st</sup> December		Nine Months Ended 31 <sup>st</sup> December		Three Months Ended 31 <sup>st</sup> December		Nine Months Ended 31 <sup>st</sup> December		
	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	2019 Rs. '000'	2018 Rs. '000'	
<b>Revenue (Note 03)</b>	96,319	169,834	281,169	474,124	96,319	169,834	281,169	474,124	(41)
Cost of sales	(29,669)	(52,253)	(99,743)	(145,864)	(29,669)	(52,253)	(99,743)	(145,864)	(32)
<b>Gross profit</b>	66,650	117,581	181,426	328,260	66,650	117,581	181,426	328,260	(45)
Administrative expenses	(51,436)	(60,482)	(164,112)	(177,098)	(51,401)	(60,475)	(163,939)	(177,000)	(7)
Selling & distribution expenses	(5,239)	(7,231)	(13,755)	(18,918)	(5,239)	(7,231)	(13,755)	(18,918)	(27)
<b>Results from operating activities</b>	9,975	49,868	3,559	132,244	10,010	49,875	3,732	132,342	(97)
Finance expenses	(20,979)	(23,529)	(61,989)	(68,485)	(20,979)	(23,529)	(61,989)	(68,485)	(9)
Finance income	19,285	18,208	60,955	54,694	19,285	18,208	60,955	54,694	11
Net finance cost	(1,694)	(5,321)	(1,034)	(13,792)	(1,694)	(5,321)	(1,034)	(13,792)	(93)
Share of (loss) of Joint venture	(5,094)	(50,394)	(39,671)	(96,705)	-	-	-	-	(59)
<b>Profit/(Loss) before taxation</b>	3,187	(5,846)	(37,146)	21,748	8,317	44,554	2,699	118,550	(271)
Income tax	5,586	(8,842)	(7,350)	(23,307)	5,586	(8,842)	(7,350)	(23,307)	68
<b>Profit/(Loss) for the period</b>	8,774	(14,688)	(44,496)	(1,559)	13,903	35,712	(4,651)	95,244	2,755
<b>Other comprehensive income</b>	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	8,774	(14,688)	(44,496)	(1,559)	13,903	35,712	(4,651)	95,244	2,755
<b>Earnings/(Losses) per share for the period</b>	0.02	(0.03)	(0.08)	(0.00)	0.02	0.06	(0.01)	0.16	

Note : The above figures for the Period ended 31<sup>st</sup> December 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		
	31.12.2019 Rs. '000'	31.12.2018 Rs. '000'	31.03.2019 Rs. '000'	31.12.2019 Rs. '000'	31.12.2018 Rs. '000'	31.03.2019 Rs. '000'
<b>ASSETS</b>						
<b>Non Current Assets</b>						
Property, plant & equipment	6,259,906	6,309,987	6,300,285	6,259,906	6,309,987	6,300,285
Intangible assets	22,602	28,899	26,198	22,602	28,899	26,198
Investment in subsidiary	-	-	-	352,843	352,843	352,843
Investment in joint venture	261,869	254,650	301,540	-	-	-
Investment in equity securities	600,000	600,000	600,000	600,000	600,000	600,000
	<b>7,144,377</b>	<b>7,193,536</b>	<b>7,228,023</b>	<b>7,235,351</b>	<b>7,291,729</b>	<b>7,279,326</b>
<b>Current Assets</b>						
Inventories	38,359	40,392	39,538	38,359	40,392	39,538
Trade and other receivables	81,890	99,493	132,595	81,890	99,493	132,595
Amounts due from related party	978,557	854,667	901,662	978,557	854,667	901,662
Cash and cash equivalents	21,872	38,464	11,795	21,766	38,436	11,754
	<b>1,120,678</b>	<b>1,033,016</b>	<b>1,085,590</b>	<b>1,120,572</b>	<b>1,032,988</b>	<b>1,085,549</b>
<b>TOTAL ASSETS</b>	<b>8,265,055</b>	<b>8,226,552</b>	<b>8,313,613</b>	<b>8,355,923</b>	<b>8,324,717</b>	<b>8,364,875</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Stated capital	16,750	16,750	16,750	16,750	16,750	16,750
Revaluation Reserves	5,859,564	5,899,138	5,882,781	5,751,492	5,791,066	5,774,708
Retained earnings	1,033,172	915,732	1,054,451	1,232,589	1,122,147	1,214,024
<b>Total Equity</b>	<b>6,909,486</b>	<b>6,831,620</b>	<b>6,953,982</b>	<b>7,000,831</b>	<b>6,929,963</b>	<b>7,005,482</b>
<b>Non-Current Liabilities</b>						
Interest bearing borrowings	442,300	508,700	525,300	442,300	508,700	525,300
Retirement benefit obligations	4,852	5,284	4,920	4,852	5,284	4,920
Deferred taxation	570,117	564,045	565,751	570,117	564,045	565,751
	<b>1,017,269</b>	<b>1,078,029</b>	<b>1,095,971</b>	<b>1,017,269</b>	<b>1,078,029</b>	<b>1,095,971</b>
<b>Current Liabilities</b>						
Interest bearing borrowings	74,700	44,734	-	74,700	44,734	-
Trade and other payables	167,511	149,681	108,309	167,294	149,504	108,171
Amounts due to related companies	16,609	12,056	10,947	16,349	12,056	10,847
Contract liabilities	11,994	9,358	15,870	11,994	9,358	15,870
Income tax payable	4	19,535	8,644	4	19,534	8,643
Bank overdrafts	67,481	81,539	119,890	67,481	81,539	119,890
	<b>338,300</b>	<b>316,903</b>	<b>263,660</b>	<b>337,823</b>	<b>316,725</b>	<b>263,422</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,265,055</b>	<b>8,226,552</b>	<b>8,313,613</b>	<b>8,355,923</b>	<b>8,324,717</b>	<b>8,364,875</b>
<b>Net Assets per Share (Rs.)</b>	<b>12.0</b>	<b>11.8</b>	<b>12.0</b>	<b>12.1</b>	<b>12.0</b>	<b>12.1</b>

The above figures for the Period ended 31<sup>st</sup> December 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.

.....  
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**

11<sup>th</sup> February 2020

**THE KANDY HOTELS COMPANY (1938) PLC**  
**STATEMENT OF CHANGES IN EQUITY**

Period ended 31<sup>st</sup> December 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)
<b>Adjusted Balance as at 01 April 2018</b>	<b>16,750</b>	<b>5,913,736</b>	<b>955,764</b>	<b>6,886,250</b>
Profit for the period	-	-	125,625	125,625
<b>Other comprehensive income</b>				
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)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>125,519</b>	<b>125,519</b>
Transfers to retained earnings	-	(30,955)	30,955	-
Dividends-(15% Cumulative preference shares)	-	-	(38)	(38)
Dividends paid	-	-	(57,750)	(57,750)
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>16,750</b>	<b>5,882,781</b>	<b>1,054,451</b>	<b>6,953,982</b>
Profit / (Loss) for the period	-	-	(44,496)	(44,496)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(44,496)</b>	<b>(44,496)</b>
Transfers to retained earnings	-	(23,216)	23,216	-
<b>Balance as at 31<sup>st</sup> December 2019</b>	<b>16,750</b>	<b>5,859,564</b>	<b>1,033,172</b>	<b>6,909,486</b>

**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)
<b>Adjusted Balance as at 01 April 2018</b>	<b>16,750</b>	<b>5,805,663</b>	<b>1,065,376</b>	<b>6,887,789</b>
Profit for the period	-	-	175,443	175,443
<b>Other comprehensive income</b>				
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
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>175,481</b>	<b>175,481</b>
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	-
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>16,750</b>	<b>5,774,708</b>	<b>1,214,024</b>	<b>7,005,482</b>
Profit / (Loss) for the period	-	-	(4,651)	(4,651)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(4,651)</b>	<b>(4,651)</b>
Transfers to retained earnings	-	(23,216)	23,216	-
<b>Balance as at 31<sup>st</sup> December 2019</b>	<b>16,750</b>	<b>5,751,492</b>	<b>1,232,589</b>	<b>7,000,831</b>

Note : The above figures for the Period ended 31<sup>st</sup> December 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 31<sup>st</sup> December 2018**

**Group**

**Balance as at 01<sup>st</sup> April 2017**

Profit for the period  
Income tax effect on revaluation of land  
Share of other comprehensive income attributable to joint venture, net of tax  
Total other comprehensive income for the period, net of tax  
Total Comprehensive Income

Transfers to retained earnings  
Dividends (15% Cumulative preference shares)  
Dividends paid

**Balance as at 31<sup>st</sup> March 2018**

Profit for the period  
Total Comprehensive Income

Dividends paid (2016/2017)  
Transfer to retained earnings

**Balance as at 31<sup>st</sup> December 2018**

	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 2017</b>	<b>16,750</b>	<b>6,298,512</b>	<b>764,981</b>	<b>7,080,243</b>
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)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(355,582)</b>	<b>224,056</b>	<b>(131,526)</b>
Transfers to retained earnings	-	(29,195)	29,195	-
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Dividends paid	-	-	(57,750)	(57,750)
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>16,750</b>	<b>5,913,735</b>	<b>960,444</b>	<b>6,890,929</b>
Profit for the period	-	-	(1,559)	(1,559)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(1,559)</b>	<b>(1,559)</b>
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Transfer to retained earnings	-	(14,597)	14,597	-
<b>Balance as at 31<sup>st</sup> December 2018</b>	<b>16,750</b>	<b>5,899,138</b>	<b>915,732</b>	<b>6,831,620</b>

**Company**

**Balance as at 01<sup>st</sup> April 2017**

Profit for the period  
Income tax effect on revaluation of land  
Total other comprehensive income for the period, net of tax  
**Total Comprehensive Income**

Dividends (15% Cumulative preference shares)  
Transfer to retained earnings  
Dividends paid (2015/2016)

**Balance as at 31<sup>st</sup> March 2018**

Profit for the period  
**Total Comprehensive Income**

Dividends (15% Cumulative preference shares)  
Transfer to retained earnings  
Dividends paid (2016/2017)

**Balance as at 31<sup>st</sup> December 2018**

	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 2017</b>	<b>16,750</b>	<b>6,208,139</b>	<b>903,991</b>	<b>7,128,880</b>
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)
<b>Total Comprehensive Income</b>	<b>-</b>	<b>(373,281)</b>	<b>194,658</b>	<b>(178,623)</b>
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(29,195)	29,195	-
Dividends paid (2015/2016)	-	-	(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>1,070,056</b>	<b>6,892,469</b>
Profit for the period	-	-	95,244	95,244
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>95,244</b>	<b>95,244</b>
Dividends (15% Cumulative preference shares)	-	-	-	-
Transfer to retained earnings	-	(14,597)	14,597	-
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
<b>Balance as at 31<sup>st</sup> December 2018</b>	<b>16,750</b>	<b>5,791,066</b>	<b>1,122,147</b>	<b>6,929,963</b>

Note : The above figures for the Period ended 31<sup>st</sup> December 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 Period ended 31<sup>st</sup> December

**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

Proceeds from disposal of property, plant and equipment

**Cash generated from/(used in) investing activities**

**Cash flows from/ (used in) financing activities**

Dividend paid

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 31<sup>st</sup> December**

**Analysis of Net Cash & Cash Equivalents as at 31<sup>st</sup> December**

Cash & cash equivalents

Bank Overdrafts

**Net cash & cash equivalents as at 31<sup>st</sup> December**

	Group		Company	
	2019 Rs.'000'	2018 Rs.'000'	2019 Rs.'000'	2018 Rs.'000'
Profit before tax	(37,146)	21,748	2,699	118,550
<b>Adjustments for:</b>				
Finance income	(60,955)	(54,694)	(60,955)	(54,694)
Finance expenses	61,989	68,485	61,989	68,485
Share of results of equity accounted investee	39,671	96,705	-	-
Depreciation of property, plant and equipment	46,889	46,771	46,889	46,771
Amortisation of intangible assets	3,597	445	3,597	445
Loss on disposal of property, plant and equipment	-	77	-	77
Gratuity provision and related costs	1,195	1,332	1,195	1,332
<b>Operating profit before working capital changes</b>	<b>55,239</b>	<b>180,869</b>	<b>55,413</b>	<b>180,966</b>
(Increase)/decrease in inventories	1,179	(4,911)	1,179	(4,911)
(Increase)/decrease in trade and other receivables	50,705	14,490	50,705	14,490
(Increase)/decrease in amount due from related parties	(76,895)	(24,141)	(76,895)	(24,141)
Increase/(decrease) in trade and other payables	(283)	42,451	(362)	42,361
Increase/(decrease) in amount due to related parties	5,662	448	5,502	448
<b>Cash generated from/ (used in) operations</b>	<b>35,606</b>	<b>209,205</b>	<b>35,542</b>	<b>209,212</b>
Finance expenses paid	(6,381)	(68,485)	(6,381)	(68,485)
Income tax paid	(11,622)	(22,727)	(11,622)	(22,727)
Gratuity paid	(1,263)	(1,205)	(1,263)	(1,205)
<b>Cash generated from/(used in) operating activities</b>	<b>16,341</b>	<b>116,787</b>	<b>16,276</b>	<b>116,794</b>
<b>Cash flows from investing activities</b>				
Interest received	60,955	54,694	60,955	54,694
Purchase and construction of property, plant and equipment	(6,510)	(8,080)	(6,510)	(8,080)
Proceeds from disposal of property, plant and equipment	-	82	-	82
<b>Cash generated from/(used in) investing activities</b>	<b>54,445</b>	<b>46,696</b>	<b>54,445</b>	<b>46,696</b>
<b>Cash flows from/ (used in) financing activities</b>				
Dividend paid	-	(57,750)	-	(57,750)
Increase / (Repayment) in Interest bearing borrowings	(8,300)	(46,566)	(8,300)	(46,566)
<b>Net cash flow from / (used in) financing activities</b>	<b>(8,300)</b>	<b>(104,316)</b>	<b>(8,300)</b>	<b>(104,316)</b>
<b>Net Increase/(Decrease) in Cash and cash equivalents</b>	<b>62,486</b>	<b>59,167</b>	<b>62,421</b>	<b>59,175</b>
Cash and cash equivalents at the beginning of the period	(108,095)	(102,242)	(108,136)	(102,278)
<b>Net cash &amp; cash equivalents as at 31<sup>st</sup> December</b>	<b>(45,609)</b>	<b>(43,075)</b>	<b>(45,715)</b>	<b>(43,103)</b>
<b>Analysis of Net Cash &amp; Cash Equivalents as at 31<sup>st</sup> December</b>				
Cash & cash equivalents	21,872	38,464	21,766	38,436
Bank Overdrafts	(67,481)	(81,539)	(67,481)	(81,539)
<b>Net cash &amp; cash equivalents as at 31<sup>st</sup> December</b>	<b>(45,609)</b>	<b>(43,075)</b>	<b>(45,715)</b>	<b>(43,103)</b>

Note : The above figures for the Period ended 31<sup>st</sup> December 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 31<sup>st</sup> March 2019.

### 02) Accounting Policies

The Accounting policies are in line with the policies published in the annual financial statements for the year ended 31<sup>st</sup> March 2019, except for the adoption of new standards effective as of 01<sup>st</sup> 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 31<sup>st</sup> December 2019.

### 03) Revenue

The group has recorded a drop in revenue of 41% during the nine months ended 31<sup>st</sup> December 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 31<sup>st</sup> December 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 31<sup>st</sup> 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 31<sup>st</sup> December 2019 would not significantly deviated from its indicative fair value as at 31<sup>st</sup> 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. 46.1 Mn has been accrued during the period ending Dec 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 Period ended 31<sup>st</sup> December  
In LKR '000**

	Note	Company 2019	2018
<b>Transactions with Parent Company</b>			
<b>Ceylon Hotels Corporation PLC</b>			
Expenses paid by CHC on behalf of company	A	994	530
Interest Charged by company	C	61,280	54,912
Settlement of Expenses paid by CHC on behalf of company		1,683	558
Temporary advance to CHC	B	11,719	30,735
<b>Transactions with companies under common control &amp; Joint venture of parent</b>			
<b>United Hotels Company Ltd (UHCL)</b>			
Expenses paid by UHCL on behalf of company	A	785	2,045
Reimbursement of expenses paid by UHCL		4,235	2,475
<b>CHC Foods (Pvt) Ltd</b>			
Reimbursement of expenses paid	B	88	-
<b>CHC Rest Houses (Pvt) Ltd</b>			
Expenses paid by CHC Rest Houses on behalf of KHCL	A	-	41
Reimbursement of expenses		-	74

**Non recurrent Related Party Transactions**

There are no non-recurrent related party transactions for the period ended 31<sup>st</sup> December 2019.

**Note :**

**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
The Kandy Hotels Company (1938) PLC	Lender	On Demand	AWDR p.a
Ceylon Hotels 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 31<sup>st</sup> 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 31<sup>st</sup> Dec 2019 - 159,952,739 (27.70%)
2. Number of Public shareholders as at 31<sup>st</sup> Dec 2019 - 1,927.
3. Directors shareholding as at 31<sup>st</sup> Dec 2019

Directors Shareholdings		31-Dec-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 31<sup>st</sup> Dec 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	Mr. G.C.Goonetilleke	1,557,435	0.27
11	Mrs. A.U.R. Pethiyagoda	1,500,000	0.26
12	Ms. H. Sauties	1,496,250	0.26
13	Mr. J. P. Sauties	1,496,250	0.26
14	Mr. J. Laravoire	1,496,250	0.26
15	Mr. E. Laravoire	1,496,250	0.26
16	Mr. M. Chevallaz	1,496,250	0.26
17	Mr. P. Chevallaz	1,496,250	0.26
18	Mr. A. Chevallaz	1,496,250	0.26
19	Mr. J.F.C. Badcock	1,034,250	0.18
20	Mr. F.D.M. Badcock	1,034,250	0.18
	<b>Sub total</b>	<b>552,363,597</b>	<b>95.65</b>
	Balance held by others	25,136,403	4.35
	<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> Dec 2019.

	2019 (Rs.)	2018 (Rs.)
Highest Market Price	6.50	5.50
Lowest Market Price	5.00	4.70
Last Traded Price	5.60	4.80

6. The float adjusted market capitalisation as at 31<sup>st</sup> Dec 2019 was Rs. 895,818,000/- 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.