

Interim Financial Statements
Period ended 30th September 2020

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 | | |
| | 2020 Rs. '000' | 2019 Rs. '000' | 2020 Rs. '000' | 2019 Rs. '000' | 2020 Rs. '000' | 2019 Rs. '000' | 2020 Rs. '000' | 2019 Rs. '000' | |
| Revenue | 29,540 | 110,092 | 37,350 | 184,851 | 29,540 | 110,092 | 37,350 | 184,851 | (80) |
| Cost of sales | (21,541) | (37,846) | (34,470) | (70,074) | (21,541) | (37,847) | (34,470) | (70,075) | (51) |
| Gross profit | 7,999 | 72,246 | 2,880 | 114,776 | 7,999 | 72,246 | 2,880 | 114,776 | (97) |
| Administrative expenses | (29,875) | (54,592) | (58,091) | (112,676) | (29,875) | (54,592) | (57,947) | (112,538) | (48) |
| Selling & distribution expenses | (773) | (5,493) | (2,020) | (8,516) | (773) | (5,492) | (2,020) | (8,516) | (76) |
| Results from operating activities | (22,649) | 12,161 | (57,232) | (6,416) | (22,649) | 12,161 | (57,088) | (6,278) | 792 |
| Finance expenses | (14,202) | (18,403) | (35,666) | (41,010) | (14,202) | (18,403) | (35,666) | (41,010) | (13) |
| Finance income | 16,391 | 20,992 | 34,675 | 41,670 | 16,391 | 20,992 | 34,675 | 41,670 | (17) |
| Net finance cost | 2,188 | 2,589 | (991) | 660 | 2,188 | 2,588 | (991) | 660 | (250) |
| Share of profit / (loss) of Joint venture | (23,705) | (23,817) | (45,405) | (34,577) | - | - | - | - | 31 |
| Profit/(Loss) before taxation | (44,166) | (9,067) | (103,628) | (40,333) | (20,461) | 14,750 | (58,079) | (5,618) | 157 |
| Income tax | (4,473) | (5,806) | (6,688) | (12,936) | (4,473) | (5,806) | (6,688) | (12,936) | 48 |
| Profit/(Loss) for the period | (48,639) | (14,873) | (110,316) | (53,269) | (24,933) | 8,944 | (64,767) | (18,554) | 107 |
| Other comprehensive income | | | - | - | | | - | - | |
| Total comprehensive income for the period, net of tax | (48,639) | (14,873) | (110,316) | (53,269) | (24,933) | 8,944 | (64,767) | (18,554) | 107 |
| Earnings/(Losses) per share for the period (Rs.) | (0.08) | (0.03) | (0.19) | (0.09) | (0.04) | 0.02 | (0.11) | (0.03) | |

Note : The above figures for the six months ended 30th September 2020 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

| | Group | | | Company | | |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 30.09.2020 Rs. '000' | 30.09.2019 Rs. '000' | 31.03.2020 Rs. '000' | 30.09.2020 Rs. '000' | 30.09.2019 Rs. '000' | 31.03.2020 Rs. '000' |
| As at | | | | | | |
| ASSETS | | | | | | |
| Non Current Assets | | | | | | |
| Property, plant & equipment | 7,497,877 | 6,275,952 | 7,523,970 | 7,497,877 | 6,275,952 | 7,523,970 |
| Intangible assets | 19,127 | 23,908 | 21,512 | 19,127 | 23,908 | 21,512 |
| Investment in subsidiary | - | - | - | 352,843 | 352,843 | 352,843 |
| Investment in joint venture | 177,016 | 266,963 | 222,421 | - | - | - |
| Investment in equity securities | 525,000 | 600,000 | 525,000 | 525,000 | 600,000 | 525,000 |
| | 8,219,020 | 7,166,823 | 8,292,903 | 8,394,847 | 7,252,703 | 8,423,325 |
| Current Assets | | | | | | |
| Inventories | 34,922 | 36,774 | 37,709 | 34,922 | 36,774 | 37,709 |
| Trade and other receivables | 45,807 | 56,514 | 72,550 | 45,807 | 56,514 | 72,551 |
| Amounts due from related party | 1,072,506 | 955,470 | 903,770 | 1,072,506 | 955,470 | 903,770 |
| Cash and cash equivalents | 7,315 | 10,025 | 130,693 | 7,210 | 9,984 | 130,587 |
| | 1,160,550 | 1,058,783 | 1,144,722 | 1,160,445 | 1,058,742 | 1,144,617 |
| TOTAL ASSETS | 9,379,570 | 8,225,606 | 9,437,625 | 9,555,292 | 8,311,445 | 9,567,942 |
| EQUITY AND LIABILITIES | | | | | | |
| Equity | | | | | | |
| Stated capital | 16,750 | 16,750 | 16,750 | 16,750 | 16,750 | 16,750 |
| Reserves | 6,863,431 | 5,867,303 | 6,879,430 | 6,735,364 | 5,759,231 | 6,751,363 |
| Retained earnings | 919,515 | 1,016,660 | 1,013,870 | 1,223,915 | 1,210,948 | 1,272,721 |
| Total Equity | 7,799,696 | 6,900,713 | 7,910,050 | 7,976,029 | 6,986,928 | 8,040,834 |
| Non-Current Liabilities | | | | | | |
| Interest bearing borrowings | 605,710 | 467,200 | 629,844 | 605,710 | 467,200 | 629,844 |
| Retirement benefit obligations | 4,406 | 4,968 | 4,281 | 4,406 | 4,968 | 4,281 |
| Deferred taxation | 735,112 | 575,612 | 736,755 | 735,112 | 575,612 | 736,755 |
| Government grants | 382 | - | 2,056 | 382 | - | 2,056 |
| | 1,345,610 | 1,047,780 | 1,372,936 | 1,345,610 | 1,047,780 | 1,372,936 |
| Current Liabilities | | | | | | |
| Interest bearing borrowings | 51,489 | 49,800 | - | 51,489 | 49,800 | - |
| Trade and other payables | 128,746 | 128,594 | 102,916 | 128,395 | 128,317 | 102,709 |
| Amounts due to related companies | 25,268 | 13,786 | 21,183 | 25,008 | 13,686 | 20,923 |
| Contract liabilities | 6,347 | 11,782 | 9,508 | 6,347 | 11,782 | 9,508 |
| Income tax payable | 13,381 | 98 | 9,748 | 13,381 | 98 | 9,748 |
| Government grants | 3,798 | - | 4,113 | 3,798 | - | 4,113 |
| Bank overdrafts | 5,236 | 73,054 | 7,172 | 5,236 | 73,054 | 7,172 |
| | 234,264 | 277,113 | 154,639 | 233,653 | 276,737 | 154,172 |
| TOTAL EQUITY AND LIABILITIES | 9,379,570 | 8,225,606 | 9,437,625 | 9,555,292 | 8,311,445 | 9,567,942 |
| Net Assets per Share (Rs.) | 13.5 | 11.9 | 13.7 | 13.8 | 12.1 | 13.9 |

Note : The above figures for the six months ended 30th September 2020 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.)

.....
Lakshman Sirimanne
Director

11th November 2020

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

Period ended 30th September 2020

Group

| | Stated Capital Rs. '000' | FVOCI Reserve Rs. '000' | Revaluation Reserves Rs. '000' | Retained Earnings Rs. '000' | Total Equity Rs. '000' |
|---|-----------------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------|
| Balance as at 31st March 2019 | 16,750 | - | 5,882,638 | 1,054,594 | 6,953,982 |
| Net Profit / (Loss) for the year | - | - | - | (72,550) | (72,550) |
| Other comprehensive income | | | | | |
| Actuarial gains on defined benefit plans | - | - | - | (157) | (157) |
| Total other comprehensive income for the year net of tax | - | (75,000) | 1,083,653 | 22 | 1,008,675 |
| Share of other comprehensive income attributable to joint venture | - | - | 20,137 | - | 20,137 |
| Total Comprehensive Income | - | (75,000) | 1,103,790 | (72,685) | 956,105 |
| Transfers to retained earnings | - | - | (31,998) | 31,998 | - |
| Dividends-(15% Cumulative preference shares) | - | - | - | (38) | (38) |
| Balance as at 30th March 2020 | 16,750 | (75,000) | 6,954,430 | 1,013,870 | 7,910,050 |
| Profit / (Loss) for the period | - | - | - | (110,316) | (110,316) |
| Total comprehensive income | - | - | - | (110,316) | (110,316) |
| Transfer to retained earnings | - | - | (15,999) | 15,999 | - |
| Dividends-(15% Cumulative preference shares) | - | - | - | (38) | (38) |
| Balance as at 30th September 2020 | 16,750 | (75,000) | 6,938,431 | 919,515 | 7,799,696 |

Company

| | Stated Capital Rs. '000' | FVOCI Reserve Rs. '000' | Revaluation Reserves Rs. '000' | Retained Earnings Rs. '000' | Total Equity Rs. '000' |
|--|-----------------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------|
| Balance as at 31st March 2019 | 16,750 | - | 5,774,708 | 1,214,025 | 7,005,483 |
| Net Profit / (Loss) for the year | - | - | - | 26,871 | 26,871 |
| Other comprehensive income | | | | | |
| Actuarial gains on defined benefit plans | - | - | - | (157) | (157) |
| Total other comprehensive income for the year net of tax | - | (75,000) | 1,083,653 | 22 | 1,008,675 |
| Total Comprehensive Income | - | (75,000) | 1,083,653 | 26,735 | 1,035,389 |
| Transfers to retained earnings | - | - | (31,998) | 31,998 | - |
| Dividends-(15% Cumulative preference shares) | - | - | - | (38) | (38) |
| Balance as at 31st March 2020 | 16,750 | (75,000) | 6,826,363 | 1,272,721 | 8,040,834 |
| Profit / (Loss) for the period | - | - | - | (64,767) | (64,767) |
| Total comprehensive income | - | - | - | (64,767) | (64,767) |
| Transfer to retained earnings | - | - | (15,999) | 15,999 | - |
| Dividends-(15% Cumulative preference shares) | - | - | - | (38) | (38) |
| Balance as at 30th September 2020 | 16,750 | (75,000) | 6,810,364 | 1,223,915 | 7,976,029 |

Note : The above figures for the six months ended 30th September 2020 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 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 |
| Net profit for the year | - | - | 125,625 | 125,625 |
| Other comprehensive income | - | - | - | - |
| Actuarial gains on defined benefit plans | - | - | 43 | 43 |
| Share of other comprehensive income attributable to joint venture | - | - | (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 | 16,750 | 5,913,736 | 125,519 | 125,519 |
| Transfer of excess depreciation on revaluation | - | (30,955) | 30,955 | - |
| Dividends-(15% Cumulative preference shares) | - | - | (38) | (38) |
| Dividends to equity holders - First and final 2017/2018 | - | - | (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) |
| Transfer 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

| | 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 | 1,070,056 | 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 | 1,065,377 | 6,887,790 |
| Other comprehensive income | - | - | - | - |
| Net profit for the year | - | - | 175,443 | 175,443 |
| Actuarial gains on defined benefit plans | - | - | 43 | 43 |
| Deferred tax effect on actuarial gain | - | - | (6) | (6) |
| Total Comprehensive Income | - | - | 175,480 | 175,480 |
| Dividends-(15% Cumulative preference shares) | - | - | (38) | (38) |
| Transfer of excess depreciation on revaluation | - | (30,955) | 30,955 | - |
| Dividends to equity holders - First and final 2017/2018 | - | - | (57,750) | (57,750) |
| Balance as at 31st March 2019 | 16,750 | 5,774,708 | 1,214,024 | 7,005,482 |
| Profit / (Loss) for the period | - | - | (18,554) | (18,554) |
| Total comprehensive income | 16,750 | 5,774,708 | 1,195,470 | 6,986,928 |
| Transfer to retained earnings | - | (15,478) | 15,478 | - |
| Balance as at 30th September 2019 | 16,750 | 5,759,231 | 1,210,948 | 6,986,928 |

Note : The above figures for the six months ended 30th September 2020 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

Amortization of intangible assets

Provision for retirement benefit plans - gratuity

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

(Increase)/decrease in interest bearing loans due from related parties

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 September

Analysis of net Cash & cash equivalents as at 30th September

Cash & cash equivalents

Bank Overdrafts

Net Cash & cash equivalents as at 30th September

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2020 Rs.'000' | 2019 Rs.'000' | 2020 Rs.'000' | 2019 Rs.'000' |
| Cash Flows from Operating Activities | | | | |
| Profit before tax | (103,628) | (40,333) | (58,079) | (5,618) |
| Adjustments for: | | | | |
| Finance income | (34,675) | (41,670) | (34,675) | (41,670) |
| Finance expenses | 35,666 | 41,010 | 35,666 | 41,010 |
| Share of results of equity accounted investee | 45,405 | 34,577 | - | - |
| Depreciation of property, plant and equipment | 25,826 | 31,117 | 25,826 | 31,117 |
| Amortization of intangible assets | 2,385 | 2,392 | 2,385 | 2,392 |
| Provision for retirement benefit plans - gratuity | - | 391 | - | 391 |
| Operating profit before working capital changes | (29,021) | 27,484 | (28,877) | 27,622 |
| (Increase)/decrease in inventories | 2,787 | 2,763 | 2,787 | 2,763 |
| (Increase)/decrease in trade and other receivables | 26,744 | 76,081 | 26,744 | 76,081 |
| (Increase)/decrease in amount due from related parties | (42,021) | 46,698 | (42,021) | 46,698 |
| Increase/(decrease) in trade and other payables | 20,943 | (18,335) | 20,799 | (18,474) |
| Increase/(decrease) in amount due to related parties | 4,085 | 2,838 | 4,085 | 2,838 |
| Cash generated from/ (used in) operations | (16,484) | 137,529 | (16,484) | 137,529 |
| Finance expenses paid | (35,666) | (6,381) | (35,666) | (6,381) |
| Income tax paid | (4,698) | (11,622) | (4,698) | (11,622) |
| Gratuity paid | 125 | (439) | 125 | (439) |
| Cash generated from/(used in) operating activities | (56,723) | 119,087 | (56,723) | 119,086 |
| Cash flows from investing activities | | | | |
| Interest received | 34,675 | 41,670 | 34,675 | 41,670 |
| Purchase and construction of property, plant and equipment | (33) | (6,784) | (33) | (6,784) |
| Acquisition of intangible assets | - | (102) | - | (102) |
| (Increase)/decrease in interest bearing loans due from related parties | (126,715) | (100,506) | (126,715) | (100,506) |
| Cash generated from/(used in) investing activities | (92,073) | (65,721) | (92,073) | (65,721) |
| Cash flows from/ (used in) financing activities | | | | |
| Increase / (Repayment) in Interest bearing borrowings | 27,354 | (8,300) | 27,354 | (8,300) |
| Net cash flow from / (used in) financing activities | 27,354 | (8,300) | 27,354 | (8,300) |
| Net Increase/(Decrease) in Cash and cash equivalents | (121,442) | 45,066 | (121,442) | 45,066 |
| Cash and cash equivalents at the beginning of the period | 123,521 | (108,095) | 123,416 | (108,136) |
| Net Cash & cash equivalents as at 30th September | 2,079 | (63,029) | 1,974 | (63,070) |
| Analysis of net Cash & cash equivalents as at 30th September | | | | |
| Cash & cash equivalents | 7,315 | 10,025 | 7,210 | 9,984 |
| Bank Overdrafts | (5,236) | (73,054) | (5,236) | (73,054) |
| Net Cash & cash equivalents as at 30th September | 2,079 | (63,029) | 1,974 | (63,070) |

Note : The above figures for the six months ended 30th September 2020 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 of the Company and those consolidated 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 2020.

02) Interim Condensed Financial Statements

The financial statements for the period ended 30th September 2020, includes "the Company" referring to The Kandy Hotels Company (1938) PLC, as the holding company and "the Group" referring to the companies whose accounts have been consolidated therein.

03) Accounting Policies

The Accounting policies are in line with the policies published in the annual financial statements for the year ended 31st March 2020.

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 September 2020.

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) Status of Operation

As communicated in previous interim results, COVID-19 pandemic has severely impacted the business of the Company and the Group during the period under review. Arrival of tourists to the country will likely take place when global travel and tourism returns to normalcy. Therefore, until a concrete solution in terms of a vaccine or treatment is discovered and executed, international travel restrictions are likely to remain.

The Kandy Hotels Company (1938) PLC continues to rely on the domestic travel segment during this period. However, this uncertain phase also presents several challenges to the domestic travel segment as well, given its vulnerability to any resurgence of COVID-19 within Sri Lanka.

Given these market conditions, the Company and the Group continuous to operate a lean business model whilst also prioritizing on health, safety and hygiene standards which is a core part of traveler expectations.

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

07) 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 30th September 2020 for the unquoted equity investment which is classified as Level 3 within the fair value hierarchy according to fair valuation methodology. The management is of the view that fair value as of 30th September 2020 would not significantly deviated from its' fair value as at 31st March 2020.

08) Interest bearing loans & borrowings

Company received a capital and interest moratorium (from April 2020 to March 2021) 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, amidst of the Covid-19 epidemic.

09) 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 30 th September In LKR '000 | Note | Company 2020 | 2019 |
|--|------|-----------------|--------|
| Recurrent Related Party Transactions | | | |
| Transactions with Parent Company | | | |
| Ceylon Hotels Corporation PLC | | | |
| Expenses paid by CHC on behalf of company | A | 72 | 626 |
| Interest Charged by company on related party loans | B | 35,781 | 41,537 |
| Settlement of Expenses paid by CHC on behalf of company | | - | 677 |
| Temporary advance to CHC | B | 126,138 | 11,719 |
| Transactions with Other Related Company | | | |
| Galle Face Group (Pvt) Ltd | | | |
| Expenses paid by GFG on behalf of company | A | 1,768 | - |
| Settlement of Expenses paid by GFG on behalf of company | | 4,473 | - |

Non recurrent Related Party Transactions

There are no non-recurrent related party transactions for the period ended 30th September 2020.

Note :

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

B) Terms and conditions related to inter company borrowings/lending's :

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

10) GOVERNMENT GRANTS

| | Group/Company | |
|--|---------------|-------------|
| | 2020 Rs. | 2019 Rs. |
| Recognized during the period | 7,155 | - |
| Setoff against interest expenses during the year | (2,975) | - |
| Closing balance | <u>4,180</u> | <u>-</u> |
| Current | <u>3,798</u> | <u>-</u> |
| Non-Current | <u>382</u> | <u>-</u> |

In 14th November 2019, the company has obtained a term loan facility under "Enterprise Sri Lanka" special interest subsidy loan scheme proposed by the government to strengthen the tourism industry. The interest subsidy will be paid to the banks by the Ministry of Finance. Hence, the interest differentials has been classified under Government Grants.

11) 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 2020.

12) 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 2020 - 159,524,441 (27.62%)
2. Number of Public shareholders as at 30th Sep 2020 - 1,964.
3. Directors shareholding as at 30th Sep 2020.

| Directors Shareholdings | | 30-Sep-20 | |
|-------------------------|--|------------|----------|
| | | 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 2020

| | Name | No. of shares | % |
|----|-------------------------------|--------------------|---------------|
| 1 | Ceylon Hotels Corporation PLC | 401,567,250 | 69.54 |
| 2 | Progruss Investments Limited | 69,445,619 | 12.03 |
| 3 | Aduivat Investment Fund | 40,782,097 | 7.06 |
| 4 | Hotel International (Pvt) Ltd | 13,706,619 | 2.37 |
| 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. G.C.Goonetilleke | 1,784,772 | 0.31 |
| 9 | Mr. P.V. Gunasekera | 1,750,000 | 0.30 |
| 10 | Mr. M.F. Gunasekera | 1,750,000 | 0.30 |
| 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 |
| | Sub total | 553,014,857 | 95.76 |
| | Balance held by others | 24,485,143 | 4.24 |
| | Total number of shares | 577,500,000 | 100.00 |

5. Market price per share for the quarter ended 30th Sep 2020.

| | 2020 (Rs.) | 2019 (Rs.) |
|----------------------|---------------|---------------|
| Highest Market Price | 5.20 | 5.90 |
| Lowest Market Price | 4.10 | 4.90 |
| Last Traded Price | 5.10 | 5.00 |

6. The float adjusted market capitalisation as at 30th Sep 2020 was Rs. 813,478,050/- 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.