

**Interim Condensed Financial Statements
Twelve Months Ended 31st March 2022**

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
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
839/2, Peradeniya Road, Kandy

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 31st March		Twelve Months Ended 31st March		Three Months Ended 31st March		Twelve Months Ended 31st March		
	2022 Rs. '000'	2021 Rs. '000'	2022 Rs. '000'	2021 Rs. '000'	2022 Rs. '000'	2021 Rs. '000'	2022 Rs. '000'	2021 Rs. '000'	
Revenue	75,906	71,343	179,405	145,045	75,906	71,343	179,405	145,045	24
Cost of sales	(28,870)	(25,989)	(79,192)	(77,797)	(28,869)	(25,989)	(79,192)	(77,797)	2
Gross profit	47,036	45,354	100,213	67,248	47,037	45,354	100,213	67,248	49
Administrative expenses	(44,333)	(28,873)	(150,852)	(126,774)	(220,740)	(28,867)	(327,119)	(126,676)	19
Selling & distribution expenses	(3,865)	(4,964)	(6,214)	(8,327)	(3,865)	(4,964)	(6,214)	(8,327)	(25)
Results from operating activities	(1,162)	11,517	(56,853)	(67,853)	(177,568)	11,523	(233,120)	(67,755)	(16)
Finance expenses	(20,878)	(25,158)	(62,078)	(72,346)	(20,878)	(25,158)	(62,078)	(72,346)	(14)
Finance income	21,194	27,047	78,875	87,182	21,194	27,047	78,875	87,182	(10)
Net finance income	316	1,889	16,797	14,836	316	1,889	16,797	14,836	13
Share of loss of Joint venture	(40,651)	(52,669)	(107,984)	(114,525)	-	-	-	-	(6)
Loss before taxation	(41,497)	(39,263)	(148,040)	(167,542)	(177,252)	13,412	(216,323)	(52,919)	(12)
Income tax	(1,023)	11,984	(22)	(154)	(1,023)	11,984	(22)	(154)	85
Profit / (Loss) for the period	(42,520)	(27,279)	(148,062)	(167,696)	(178,275)	25,396	(216,345)	(53,073)	(12)
Other comprehensive income									
Items that will never be reclassified to profit or loss									
Revaluation of Property, Plant and Equipment	1,171,601	-	1,171,601	-	1,171,601	-	1,171,601	-	
Deferred tax effect on Revaluation of Property, Plant and Equipment	(164,024)	-	(164,024)	-	(164,024)	-	(164,024)	-	
Actuarial gains/(losses) on defined benefit plans	-	(705)	-	(705)	-	(705)	-	(705)	
Deferred tax effect on actuarial loss	-	99	-	99	-	99	-	99	
Share of other comprehensive income of joint venture	-	88	-	88	-	-	-	-	
Total other comprehensive income	1,007,577	(518)	1,007,577	(518)	1,007,577	(606)	1,007,577	(606)	
Total comprehensive income for the period, net of tax	965,057	(27,797)	859,515	(168,214)	829,302	24,790	791,232	(53,679)	
Earnings / (Losses) per share for the period (Rs.)	(0.07)	(0.05)	(0.26)	(0.29)	(0.31)	0.04	(0.37)	(0.09)	

Entire profit and total comprehensive income is attributable to equity holders of the parent.

Note : The above figures for the twelve months ended 31st March 2022 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	
	31.03.2022 Rs. '000'	31.03.2021 Rs. '000'	31.03.2022 Rs. '000'	31.03.2021 Rs. '000'
As at				
ASSETS				
Non Current Assets				
Property, plant & equipment	8,555,575	7,461,021	8,555,575	7,461,021
Intangible assets	12,086	16,777	12,086	16,777
Investment in subsidiary	-	-	176,421	352,843
Investment in joint venture	-	107,984	-	-
Investment in equity securities	600,000	525,000	600,000	525,000
	9,167,661	8,110,782	9,344,082	8,355,641
Current Assets				
Inventories	33,623	33,589	33,622	33,589
Trade and other receivables	56,741	36,133	56,741	36,133
Amounts due from related parties	1,171,582	1,073,576	1,171,582	1,073,576
Cash and cash equivalents	16,119	52,081	16,309	52,052
	1,278,065	1,195,379	1,278,254	1,195,350
TOTAL ASSETS	10,445,725	9,306,161	10,622,336	9,550,991
EQUITY AND LIABILITIES				
Equity				
Stated capital	16,750	16,750	16,750	16,750
Reserves	7,962,007	6,815,579	7,706,239	6,687,512
Retained earnings	697,518	909,469	1,130,323	1,282,855
Total Equity	8,676,275	7,741,798	8,853,312	7,987,117
Non-Current Liabilities				
Interest bearing borrowings	527,787	547,616	527,787	547,616
Retirement benefit obligations	3,107	4,554	3,107	4,554
Deferred taxation	860,885	715,768	860,885	715,768
Government grants	3,414	3,414	3,414	3,414
	1,395,193	1,271,352	1,395,193	1,271,352
Current Liabilities				
Interest bearing borrowings	245,966	163,894	245,966	163,894
Trade and other payables	88,290	90,874	88,112	90,632
Amounts due to related companies	15,476	15,397	15,228	15,150
Contract liabilities	8,400	4,726	8,400	4,726
Income tax payable	11,468	13,462	11,468	13,463
Government grants	4,657	4,657	4,657	4,657
Bank overdrafts	-	-	-	-
	374,257	293,010	373,832	292,522
TOTAL EQUITY AND LIABILITIES	10,445,725	9,306,161	10,622,336	9,550,991
Net Assets per Share (Rs.)	15.02	13.41	15.33	13.83

Note : The above figures for the date of 31st March 2022 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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Nilani De Silva
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.)

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Sanjeev Gardiner
Chairman

(Sgd.)

.....
Lakshman Samarasinghe
Director

31st May 2022

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

Period ended 31st March 2022

Group

	Stated Capital Rs. '000'	FVOCI Reserve Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2020	16,750	(75,000)	6,954,430	1,013,870	7,910,050
Loss for the period	-	-	-	(167,696)	(167,696)
Other comprehensive income					
Actuarial gain/(loss) on retirement benefit obligation net of tax	-	-	-	(606)	(606)
Share of other comprehensive income attributable to joint venture	-	-	-	88	88
Total comprehensive income/(loss) for the period	-	-	-	(168,214)	(168,214)
Transaction with owners of the company					
Transfer to retained earnings	-	-	(63,851)	63,851	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Total transaction with owners of the company	-	-	(63,851)	63,813	(38)
Balance as at 31st March 2021	16,750	(75,000)	6,890,579	909,469	7,741,798
Balance as at 01st April 2021	16,750	(75,000)	6,890,579	909,469	7,741,798
Loss for the period	-	-	-	(148,062)	(148,062)
Other comprehensive income					
Revaluation of property , plant and equipment	-	-	1,171,601	-	1,171,601
Deferred tax effect on revaluation of property , plant and equipments	-	-	(164,024)	-	(164,024)
Changes in equity instruments designated at FVTOCI	-	75,000	-	-	-
Total comprehensive loss for the period	-	75,000	1,007,577	(148,062)	859,515
Transaction with owners of the company					
Transfer to retained earnings	-	-	63,851	(63,851)	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Total transaction with owners of the company	-	-	63,851	(63,888)	(38)
Balance as at 31st March 2021	16,750	-	7,962,007	697,518	8,601,276

Company

	Stated Capital Rs. '000'	FVOCI Reserve Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2020	16,750	(75,000)	6,826,363	1,272,721	8,040,834
Loss for the period	-	-	-	(53,073)	(53,073)
Other comprehensive income					
Actuarial gain/(loss) on retirement benefit obligation net of tax	-	-	-	(606)	(606)
Total comprehensive loss for the period	-	-	-	(53,679)	(53,679)
Transaction with owners of the company					
Transfer to retained earnings	-	-	(63,851)	63,851	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Total transaction with owners of the company	-	-	(63,851)	63,813	(38)
Balance as at 31st March 2021	16,750	(75,000)	6,762,512	1,282,855	7,987,117
Balance as at 01st April 2021	16,750	(75,000)	6,762,512	1,282,855	7,987,117
Loss for the period	-	-	-	(216,345)	(216,345)
Other comprehensive income					
Revaluation of property , plant and equipment	-	-	1,171,601	-	1,171,601
Deferred tax effect on revaluation of property , plant and equipments	-	-	(164,024)	-	(164,024)
Changes in equity instruments designated at FVTOCI	-	75,000	-	-	75,000
Total comprehensive loss for the period	-	75,000	1,007,577	(216,345)	866,232
Transaction with owners of the company					
Transfer to retained earnings	-	-	(63,851)	63,851	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Total transaction with owners of the company	-	-	(63,851)	63,813	(38)
Balance as at 31st March 2021	16,750	-	7,706,239	1,130,323	8,853,312

Note : The above figures for the twelve months ended 31st March 2022 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 Twelve Months ended 31st March

	Group		Company	
	2022 Rs.'000'	2021 Rs.'000'	2022 Rs.'000'	2021 Rs.'000'
Cash Flows from Operating Activities				
Loss before tax	(148,040)	(167,542)	(216,323)	(52,919)
Adjustments for:				
Finance income	(78,875)	(87,182)	(78,875)	(87,182)
Finance expenses	62,078	72,346	62,078	72,346
Share of results of equity accounted investee	107,984	114,525	-	-
Depreciation of property, plant and equipment	61,381	63,503	61,381	63,503
Provision for impairment	-	212	-	212
Reversal of provision for related party balances	(13,515)	-	(13,515)	-
Provision for investment impairment	-	-	176,422	-
Writeback of unclaimed dividend	-	(12,122)	-	(12,122)
Amortization of intangible assets	4,692	4,735	4,692	4,735
Provision for retirement benefit plans - gratuity	1,656	1,057	1,656	1,057
Operating loss before working capital changes	(2,639)	(10,468)	(2,484)	(10,370)
(Increase)/decrease in inventories	(34)	4,120	(34)	4,120
(Increase)/decrease in trade and other receivables	(20,609)	36,362	(20,609)	36,362
(Increase)/decrease in amount due from related parties	5,351	(69)	5,351	(69)
Increase/(decrease) in trade and other payables	1,052	(4,704)	16,784	(4,738)
Increase/(decrease) in amount due to related parties	78	(5,786)	78	(5,774)
Cash generated from operations	(16,801)	19,456	(914)	19,531
Income tax paid	(20,924)	(17,327)	(20,924)	(17,327)
Gratuity paid	(3,103)	(1,489)	(3,103)	(1,489)
Net Cash from/(used) in operating activities	(40,828)	640	(24,941)	715
Cash flows from/(used) in investing activities				
Interest received	78,876	87,182	78,875	87,183
Net movement in interest bearing loans due from related parties	(89,841)	(169,894)	(89,841)	(169,894)
Purchase/(disposal) of property, plant and equipment	-	(554)	-	(554)
Net Cash from/(used) in investing activities	(10,965)	(83,266)	(10,966)	(83,265)
Cash flows from/ (used) in financing activities				
Net movement in Interest bearing borrowings	164	11,186	164	11,186
Net cash generated from financing activities	164	11,186	164	11,186
Net Decrease in Cash and cash equivalents	(51,629)	(71,440)	(35,743)	(71,364)
Cash and cash equivalents at the beginning of the period	52,081	123,521	52,052	123,416
Net Cash & cash equivalents as at 31st March	452	52,081	16,309	52,052
Analysis of net Cash & cash equivalents as at 31st March				
Cash & cash equivalents	16,119	52,081	16,309	52,052
Bank Overdrafts	-	-	-	-
Net Cash & cash equivalents as at 31st March	16,119	52,081	16,309	52,052

Note : The above figures for the twelve months ended 31st March 2022 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 for the quarter ended 31st March 2022 have been prepared in accordance 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 2021.

02) Interim Condensed Financial Statements

The financial statements for the period ended 31st March 2022, 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 2021.

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 31st March 2022.

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

The management is of the view that fair value as of 31st March 2022 would not significantly deviated from its' carrying value as at 31st March 2022.

07) Interest bearing loans & borrowings

Company received a capital and interest moratorium (from April 2021 to June 2022) 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 pandemic.

**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 31st March In LKR '000	Note	Company	
		2022	2021
Recurrent Related Party Transactions			
Transactions with Parent Company			
Expenses incurred on behalf of company	A	2,545	83,612
Interest Charged by company on related party loans	C	78,874	87,234
Equity investment company			
Expenses incurred on behalf of company	A	(1,252)	-
Reimbursement of expenses	A	1,090	-
Affiliate			
Expenses incurred on behalf of company	A	13,291	7,089
Reimbursement of expenses	A	(9,381)	1,402
Service provided (consist of management fee paid to GFH Mgt)	A	(7,155)	-

Non recurrent Related Party Transactions

There are no non-recurrent related party transactions for the period ended 31st March 2022.

Note :

- A) Transactions carried out in the ordinary course of business and charged at the face value of the expenses.
- B) Temporary advances given in the ordinary course of business and no interest is charged on the outstanding balances, Payable on demand and short term in nature.
- C) Terms and conditions related to inter company borrowings/lendings :

Party	Repayment	Interest Rate
Lender - The Kandy Hotels Company (1938) PLC Borrower - Ceylon Hotels Corporation PLC	On Demand	AWPLR + 2% for the balance up to Rs 100 Mn and AWDR + 1% for the remaining

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 2021.

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.

11) Comparative information

The classification of the financial statements of the previous period have been amended, where relevant for better presentation and to be compatible with those of the current year.

THE KANDY HOTELS COMPANY (1938) PLC

NOTES TO INTERIM FINANCIAL STATEMENTS

SHARE INFORMATION

1. The Public holdings as at 31st March 2022 - 120,290,003 (20.83%)
2. Number of Public shareholders as at 31st March 2022 - 1,944.
3. Directors shareholding as at 31st March 2022.

Directors Shareholdings		31-Mar-22	
		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. Ranjith Gunathilleke	Nil	43,611
6	Mr. Nahil Wijesuriya	Nil	Nil
7	Mr. Chandra Mohotti	Nil	Nil
8	Mr. Nilanga Dela	Nil	Nil
9	Mr. Shalike Karunasena (Alternative Director to Mr. Priyantha Maddumage)	Nil	Nil

4. Top 20 ordinary shareholders as at 31st March 2022

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Seylan Bank PLC/Hotel International (Pvt) Ltd	36,890,938	6.39
3	Adiuvat Investment Fund	36,582,097	6.33
4	Progruss Investments Limited	32,863,522	5.69
5	Hotel International (Private) Limited	17,906,619	3.10
6	Mr. N.V.S. Saackville	4,368,000	0.76
7	Mr. P.R.F. Collas	1,965,250	0.34
8	Mr. G.C. Goonetilleke	1,945,755	0.34
9	Mrs. L. Ratwatte	1,853,000	0.32
10	Mr. PV Gunasekera	1,750,000	0.30
11	Mrs. M.F. Gunasekera	1,750,000	0.30
12	Mrs. A.U.R. Pethiyagoda	1,500,000	0.26
13	Mr. J. Laravoire	1,496,250	0.26
14	Mr. E. Laravoire	1,496,250	0.26
15	Ms. M. Chevallaz	1,496,250	0.26
16	Mr. P. Chevallaz	1,496,250	0.26
17	Mr. A. Chevallaz	1,496,250	0.26
18	Ms. H. Sauties	1,496,250	0.26
19	Mr. J.P. Sauties	1,496,250	0.26
20	Mr. J.F.C. Badcock	1,034,250	0.18
	Sub total	552,450,431	95.66
	Balance held by others	25,049,569	4.34
	Total number of shares	577,500,000	100.00

5. Market price per share for the quarter ended 31st March 2022.

	2022	2021
	(Rs.)	(Rs.)
Highest Market Price	9.00	5.90
Lowest Market Price	6.00	4.70
Last Traded Price	6.90	5.30

6. The float adjusted market capitalisation as at 31st March 2022 was Rs. 830,001,020/- 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.