

Interim Financial Statements
Year ended 30th June 2021

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
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 30th June		Three months ended 30th June		
	2021 Rs. '000'	2020 Rs. '000'	2021 Rs. '000'	2020 Rs. '000'	
Revenue	29,135	7,809	29,135	7,809	273
Cost of sales	(15,584)	(12,929)	(15,584)	(12,929)	21
Gross profit	13,551	(5,120)	13,551	(5,120)	(365)
Other Operating Income	-	-	-	-	-
Administrative expenses	(34,329)	(28,216)	(34,199)	(28,072)	22
Selling & distribution expenses	(515)	(672)	(515)	(672)	(23)
Other operating expenses	-	(575.00)	-	(575.00)	100
Results from operating activities	(21,293)	(34,582)	(21,163)	(34,439)	(38)
Finance expenses	(13,280)	(21,464)	(13,280)	(21,464)	(38)
Finance income	18,085	18,284	18,085	18,284	(1)
Net finance cost	4,805	(3,180)	4,805	(3,180)	(251)
Share of profit / (loss) of Joint venture	(17,801)	(21,700)	-	-	(18)
Profit/(Loss) before taxation	(34,289)	(59,462)	(16,358)	(37,619)	(42)
Income tax	3,219	(2,216)	3,219	(2,216)	245
Profit/(Loss) for the period	(31,070)	(61,678)	(13,139)	(39,835)	(50)
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period, net of tax	(31,070)	(61,678)	(13,139)	(39,835)	(50)
Earnings/(Losses) per share for the period (Rs.)	(0.05)	(0.11)	(0.02)	(0.07)	

Note : The above figures for the Three months ended 30th June 2021 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		
	30.06.2021 Rs. '000'	30.06.2020 Rs. '000'	31.03.2021 Rs. '000'	30.06.2021 Rs. '000'	30.06.2020 Rs. '000'	31.03.2021 Rs. '000'
ASSETS						
Non Current Assets						
Property, plant & equipment	7,445,653	7,511,123	7,461,021	7,445,653	7,511,123	7,461,021
Intangible assets	15,606	20,219	16,777	15,606	20,219	16,777
Investment in subsidiary	-	-	-	352,843	352,843	352,843
Investment in joint venture	90,183	184,966	107,984	-	-	-
Investment in equity securities	525,000	525,000	525,000	525,000	525,000	525,000
	8,076,442	8,241,308	8,110,782	8,339,102	8,409,185	8,355,641
Current Assets						
Inventories	33,838	35,487	33,589	33,838	35,487	33,589
Trade and other receivables	45,809	35,709	36,133	45,809	35,709	36,133
Amounts due from related party	1,088,998	997,152	1,073,576	1,088,998	997,152	1,073,576
Cash and cash equivalents	61,592	62,691	52,081	61,563	62,586	52,052
	1,230,237	1,131,040	1,195,378	1,230,207	1,130,934	1,195,349
TOTAL ASSETS	9,306,679	9,372,348	9,306,160	9,569,309	9,540,119	9,550,990
EQUITY AND LIABILITIES						
Equity						
Stated capital	16,750	16,750	16,750	16,750	16,750	16,750
Reserves	6,870,055	7,029,873	6,879,430	6,741,988	6,921,801	6,751,363
Retained earnings	824,126	783,549	845,820	1,215,442	1,060,003	1,219,206
Total Equity	7,710,930	7,830,172	7,742,000	7,974,180	7,998,554	7,987,319
Non-Current Liabilities						
Interest bearing borrowings	545,691	542,872	551,031	545,691	542,872	551,031
Retirement benefit obligations	5,173	4,151	4,554	5,173	4,151	4,554
Deferred taxation	730,454	737,106	715,597	730,454	737,106	715,597
	1,281,318	1,284,129	1,271,181	1,281,318	1,284,129	1,271,181
Current Liabilities						
Interest bearing borrowings	168,551	117,330	168,551	168,551	117,330	168,551
Trade and other payables	92,886	111,988	90,843	92,527	111,637	90,601
Amounts due to related companies	30,781	19,713	15,397	30,521	19,453	15,150
Contract liabilities	4,761	6,496	4,725	4,761	6,496	4,725
Income tax payable	17,426	2,520	13,462	17,426	2,520	13,462
Bank overdrafts	25	-	-	25	-	-
	314,430	258,047	292,979	313,811	257,436	292,490
TOTAL EQUITY AND LIABILITIES	9,306,678	9,372,348	9,306,160	9,569,309	9,540,119	9,550,990
Net Assets per Share (Rs.)	13.4	13.6	13.4	13.8	13.9	13.8

Note : The above figures for the Three months ended 30th June 2021 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

13th August 2021

THE KANDY HOTELS COMPANY (1938) PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 30th June 2021

Group

	Stated Capital Rs. '000'	FVOCI Reserve Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 31 st March 2020	16,750	(75,000)	6,954,430	1,013,870	7,910,050
Profit / (Loss) for the period	-	-	-	(167,524)	(167,524)
Other comprehensive income					
Actuarial loss on defined benefit plans (net of tax)				(606)	(606)
Share of other comprehensive income attributable to joint venture				88	88
Total Comprehensive Income	-	-	-	(168,042)	(168,042)
Dividends - (15% Cumulative preference shares)	-	-	-	(8)	(8)
Balance as at 31 st March 2021	16,750	(75,000)	6,954,430	845,820	7,742,000
Profit / (Loss) for the period	-	-	-	(31,070)	(31,070)
Total comprehensive income	-	-	-	(31,070)	(31,070)
Transfer to retained earnings	-	-	(9,375)	9,375	-
Balance as at 30 th June 2021	16,750	(75,000)	6,945,055	824,126	7,710,930

Company

	Stated Capital Rs. '000'	FVOCI Reserve Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 31 st March 2020	16,750	(75,000)	6,826,363	1,272,721	8,040,834
Profit / (Loss) for the period				(52,901)	(52,901)
Other comprehensive income					
Actuarial loss on defined benefit plans (net of tax)				(606)	(606)
Total comprehensive income	-	-	-	(53,508)	(53,508)
Dividends-(15% Cumulative preference shares)				(8)	(8)
Balance as at 31 st March 2021	16,750	(75,000)	6,826,363	1,219,206	7,987,319
Profit / (Loss) for the period				(13,139)	(13,139)
Total comprehensive income	-	-	-	(13,139)	(13,139)
Transfer to retained earnings	-	-	(9,375)	9,375	-
Balance as at 30 th June 2021	16,750	(75,000)	6,816,988	1,215,442	7,974,180

Note : The above figures for the Three months ended 30th June 2021 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 June 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 31 st March 2019	16,750	-	5,882,780	1,054,452	6,953,982
Net Profit / (Loss) for the year	-	-	-	(71,033)	(71,033)
Other comprehensive income					
Actuarial gains on defined benefit plans	-	-	-	(157)	(157)
Total other comprehensive income for the year net of tax	-	(75,000)	1,260,787	(176,532)	1,009,255
Share of other comprehensive income attributable to joint venture	-	-	-	(159)	(159)
Total Comprehensive Income	-	(75,000)	1,260,787	(247,882)	937,905
Transfers to retained earnings	-	-	(30,955)	30,955	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Balance as at 31st March 2020	16,750	(75,000)	7,112,612	837,488	7,891,849
Profit / (Loss) for the period	-	-	-	(61,678)	(61,678)
Share of other comprehensive income attributable to joint venture	-	-	-	-	-
Total comprehensive income	-	-	-	(61,678)	(61,678)
Transfer to retained earnings	-	-	(7,739)	7,739	-
Balance as at 30th June 2020	16,750	(75,000)	7,104,873	783,549	7,830,171

Company

	Stated Capital Rs. '000'	FVOCI Reserve Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 31 st March 2019	16,750	-	5,774,708	1,214,025	7,005,483
Net Profit / (Loss) for the year	-	-	-	23,846	23,846
Other comprehensive income					
Actuarial gains on defined benefit plans	-	-	-	(157)	(157)
Total other comprehensive income for the year net of tax	-	(75,000)	1,260,787	(176,532)	1,009,255
Total Comprehensive Income	-	(75,000)	1,260,787	(152,843)	1,032,944
Transfers to retained earnings	-	-	(30,955)	30,955	-
Dividends-(15% Cumulative preference shares)	-	-	-	(38)	(38)
Balance as at 31st March 2020	16,750	(75,000)	7,004,540	1,092,099	8,038,389
Profit / (Loss) for the period	-	-	-	(39,835)	(39,835)
Total comprehensive income	-	-	-	(39,835)	(39,835)
Transfer to retained earnings	-	-	(7,738.78)	7,739	-
Balance as at 30th June 2020	16,750	(75,000)	6,996,801	1,060,003	7,998,554

Note : The above figures for the Three months ended 30th June 2021 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

	Group		Company	
Period ended 30 th June 2021	2021 Rs.'000'	2020 Rs.'000'	2021 Rs.'000'	2020 Rs.'000'
Cash Flows from Operating Activities				
Profit before tax	(34,289)	(59,462)	(16,358)	(37,618)
Adjustments for:				
Finance income	(18,085)	(18,284)	(18,085)	(18,284)
Finance expenses	13,280	21,464	13,280	21,464
Share of results of equity accounted investee	17,801	21,700	-	-
Depreciation of property, plant and equipment	15,833	14,511	15,833	14,511
Amortization of intangible assets	1,171	1,191	1,171	1,191
Provision for retirement benefit plans - gratuity	619	-	619	-
Operating profit before working capital changes	(3,669)	(18,880)	(3,539)	(18,736)
(Increase)/decrease in inventories	(249)	2,273	(249)	2,273
(Increase)/decrease in trade and other receivables	(9,676)	47,530	(9,676)	47,530
(Increase)/decrease in amount due from related parties	(15,422)	(90,897)	(15,422)	(90,897)
Increase/(decrease) in trade and other payables	24,120	(11,485)	24,003	(11,629)
Increase/(decrease) in amount due to related parties	15,383	782	15,371	782
Cash generated from/ (used in) operations	10,488	(70,677)	10,488	(70,677)
Finance expenses paid	(13,280)	(21,464)	(13,280)	(22,607)
Income tax paid	-	-	-	(500)
Gratuity paid	-	(130)	-	(368)
Cash generated from/(used in) operating activities	(2,792)	(92,271)	(2,791)	(94,152)
Cash flows from investing activities				
Interest received	18,085	18,284	18,085	18,284
Purchase and construction of property, plant and equipment	(466)	(54)	(466)	(54)
Cash generated from/(used in) investing activities	17,619	18,231	17,619	18,231
Cash flows from/ (used in) financing activities				
Increase / (Repayment) in Interest bearing borrowings	(5,340)	16,460	(5,340)	16,460
Net cash flow from /(used in) financing activities	(5,340)	16,460	(5,340)	16,460
Net Increase/(Decrease) in Cash and cash equivalents	9,487	(57,581)	9,486	(57,580)
Cash and cash equivalents at the beginning of the year	52,081	120,272	52,052	120,167
Net Cash & cash equivalents as at 30th June	61,568	62,691	61,538	62,586
Analysis of net Cash & cash equivalents as at 30th June				
Cash & cash equivalents	61,592	62,691	61,563	62,586
Bank Overdrafts	(25)	-	(25)	-
Net Cash & cash equivalents as at 30th June	61,567	62,691	61,538	62,586

Note : The above figures for the Three months ended 30th June 2021 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 2021.

02) Interim Condensed Financial Statements

The financial statements for the period ended 30th June 2021, 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 30th June 2021.

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

The Kandy Hotels Company (1938) PLC continues to rely on the domestic travel segment during this period. During the period under review Suisse Hotel operated as a paid quarantining facility for repatriates. However, this uncertain phase also presents several challenges to the domestic travel segment as well, given its vulnerability to the spread 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 is carried at fair value.

08) Interest bearing loans & borrowings

Company received a capital and interest moratorium (from April 2020 to Sept 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 Year ended 31th March
 In LKR '000

	Note	Company	
		2021	2020
Recurrent Related Party Transactions			
Transactions with Parent Company			
Ceylon Hotels Corporation PLC			
Expenses paid by CHC on behalf of company	A	429	104
Interest Charged by company on related party loans	B	18,085	18,283
Settlement of Expenses/interest paid by CHC		2,663	-
Loan Advances to CHC	B	-	64,000
Transactions with Other Related Company			
Galle Face Group (Pvt) Ltd			
Net Expenses paid by GFG on behalf of company	A	1,550,249	-

Non recurrent Related Party Transactions

There are no non-recurrent related party transactions for the period ended 31st June 2021.

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

10) 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.

11) 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 June 2021 - 157,180,941 (27.20%)
2. Number of Public shareholders as at 30th June 2021 - 1,933.
3. Directors shareholding as at 30th June 2021.

Directors Shareholdings		30-Jun-21	
		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	Nil	Nil

4. Top 20 ordinary shareholders as at 30th June 2021

	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	36,582,097	6.33
4	Hotel International (Pvt) Ltd	17,906,619	3.10
5	Mr. N.V.S. Saackville	4,368,000	0.76
6	Mr. P.R.F Collas	1,965,250	0.34
7	Mr. G.C.Goonetilleke	1,924,755	0.33
8	Mrs. L. Ratwatte	1,853,000	0.32
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	553,154,840	95.78
	Balance held by others	24,345,160	4.22
	Total number of shares	577,500,000	100.00

5. Market price per share for the quarter ended 30th June 2021.

	2021 (Rs.)	2020 (Rs.)
Highest Market Price	5.4	4.7
Lowest Market Price	4.5	3.1
Last Traded Price	4.9	4.3

6. The float adjusted market capitalisation as at 30th June 2021 was Rs. 769,692,000/- 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. 2.9 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.