

Interim Financial Statements
Year ended 31st March 2019

The Kandy Hotels Company (1938) PLC

A Member of the Galle Face Hotel 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

Lakshman Samarasinghe

Priyantha Maddumage

Charitha Ratwatte

Lakshman Sirimanne

Nahil Wijesuriya

Chandra Mohotti

Pradeep Nilanga Dela

Ranjith Gunatilleke

Mr. Shalike Karunasena (Alternative 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 31 st March		Year Ended 31 st March		Three Months Ended 31 st March		Year Ended 31 st March		
	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	229,383	205,537	703,507	685,380	229,383	205,537	703,507	685,380	3
Cost of sales	(59,768)	(54,102)	(205,632)	(196,138)	(59,768)	(54,102)	(205,632)	(196,138)	5
Gross Profit	169,615	151,435	497,875	489,242	169,615	151,435	497,875	489,242	2
Other operating income	-	-	-	-	-	(271)	-	-	0
Administrative expenses	(63,383)	(55,479)	(240,481)	(221,780)	(63,320)	(55,199)	(240,320)	(221,679)	8
Selling & distribution expenses	(7,052)	(7,250)	(25,970)	(29,443)	(7,052)	(7,250)	(25,970)	(29,443)	(12)
Results from Operating Activities	99,179	88,707	231,424	238,018	99,243	88,715	231,585	238,120	(3)
Finance expenses	(26,032)	(22,853)	(94,518)	(75,560)	(26,032)	(22,853)	(94,518)	(75,560)	25
Finance income	18,333	17,599	73,027	69,206	18,333	17,599	73,027	69,206	6
Net finance cost	(7,699)	(5,254)	(21,491)	(6,354)	(7,699)	(5,254)	(21,491)	(6,354)	238
Share of profit / (loss) of Joint venture (Note 07)	46,648	(3,125)	(50,057)	29,499	-	-	-	-	(270)
Profit before taxation	138,128	80,327	159,876	261,163	91,544	83,461	210,094	231,766	(39)
Tax expense	(2,787)	(11,982)	(26,093)	(36,944)	(2,787)	(11,982)	(26,093)	(36,944)	29
Profit for the period / year	135,341	68,346	133,783	224,220	88,757	71,480	184,001	194,822	(40)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Actuarial gains and losses on defined benefit	-	(191)	-	(191)	-	(191)	-	(191)	100
Income tax on other comprehensive income	-	27	-	27	-	27	-	27	100
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)	-	(373,281)	-	(373,281)	100
Share of other comprehensive income attributable to joint venture	-	17,699	-	17,699	-	-	-	-	100
Total comprehensive income for the period / year, net of tax	135,341	(305,100)	133,783	(131,527)	88,757	(301,966)	184,001	(178,623)	(202)
Earnings per share for the period / year (Rs.)	0.23	(0.53)	0.23	(0.23)	0.15	(0.52)	0.32	(0.31)	

Note : The above figures for the year ended 31st March 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	
	31.03.2019 Rs. '000'	31.03.2018 Rs. '000'	31.03.2019 Rs. '000'	31.03.2018 Rs. '000'
ASSETS				
Non-Current Assets				
Property, plant & equipment	6,300,285	6,348,836	6,300,285	6,348,836
Intangible assets	26,198	29,344	26,198	29,344
Investment in subsidiary	-	-	352,843	352,843
Investment in joint venture	301,298	351,355	-	-
Investment in equity securities	600,000	600,000	600,000	600,000
	7,227,781	7,329,536	7,279,326	7,331,024
Current Assets				
Inventories	39,541	35,481	39,541	35,481
Trade and other receivables	140,053	113,983	140,053	113,982
Amounts due from related company	913,045	830,526	913,045	830,526
Cash and cash equivalents	5,250	7,692	5,209	7,656
	1,097,889	987,681	1,097,848	987,645
TOTAL ASSETS	8,325,670	8,317,217	8,377,174	8,318,669
EQUITY AND LIABILITIES				
Equity				
Stated capital	16,750	16,750	16,750	16,750
Revaluation reserve	5,884,540	5,913,735	5,776,468	5,805,663
Retained earnings	1,065,672	960,444	1,225,502	1,070,056
Total Equity	6,966,962	6,890,929	7,018,720	6,892,469
Non-Current Liabilities				
Interest bearing loans and borrowings	508,700	508,700	508,700	508,700
Employee benefit liabilities	5,612	5,158	5,612	5,158
Deferred tax liability	561,423	569,665	561,423	569,665
	1,075,735	1,083,523	1,075,735	1,083,523
Current Liabilities				
Interest bearing loans and borrowings	19,834	91,300	19,834	91,300
Trade and other payables	125,246	116,588	125,091	116,501
Amounts due to related companies	10,948	11,608	10,848	11,608
Income tax payable	13,600	13,335	13,600	13,335
Bank overdraft	113,345	109,934	113,345	109,934
	282,973	342,765	282,719	342,678
TOTAL EQUITY AND LIABILITIES	8,325,670	8,317,217	8,377,174	8,318,669
Net Assets per Share (Rs.)	12.06	11.93	12.15	11.94

The above figures for the year ended 31st March 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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P Sivatheesh

Financial Controller
Ceylon Hotels Corporation Group

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

28th May 2019

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

Year ended 31st March 2019

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
Net profit for the year	-	-	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	0.1	17,699
Total other comprehensive income for the year, 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
Net profit for the year	-	-	133,783	133,783
Total Comprehensive Income	-	-	133,783	133,783
Dividends Paid - 2017/18	-	-	(57,750)	(57,750)
Transfers to retained earnings	-	(29,195)	29,195	-
Balance as at 31st March 2019	16,750	5,884,540	1,065,672	6,966,962

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
Net profit for the year	-	-	194,822	194,822
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
Total other comprehensive income for the year, net of tax	-	-	(164)	(164)
Total Comprehensive Income	-	(373,281)	194,658	(178,623)
Dividends-(15% Cumulative preference shares)	-	-	(38)	(38)
Dividends paid	-	-	(57,750)	(57,750)
Transfers to retained earnings	-	(29,195)	29,195	-
Balance as at 31st March 2018	16,750	5,805,663	1,070,056	6,892,469
Net profit for the year	-	-	184,001	184,001
Total Comprehensive Income	-	-	184,001	184,001
Dividends Paid - 2017/18	-	-	(57,750)	(57,750)
Transfers to retained earnings	-	(29,195)	29,195	-
Balance as at 31st March 2019	16,750	5,776,468	1,225,502	7,018,720

Note : The above figures for the year ended 31st March 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

Year ended 31st March 2018

Group

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2016	16,750	5,599,152	630,838	6,246,740
Net profit for the year	-	-	246,177	246,177
Total other comprehensive income for the year, net of tax	-	731,179	559	731,738
Total Comprehensive Income	-	731,179	246,736	977,915
Dividends paid (2015/2016)	-	-	(144,375)	(144,375)
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(31,820)	31,820	-
Balance as at 31st March 2017	16,750	6,298,512	764,981	7,080,243
Net profit for the year	-	-	224,220	224,220
Other Comprehensive Income				
Actuarial gains and losses on defined benefit plans	-	-	(191)	(191)
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
Income tax on other comprehensive income	-	-	27	27
Share of other comprehensive income attributable to joint venture, net of tax	-	17,699	0.1	17,699
Total Comprehensive Income	-	(355,582)	224,055	(131,527)
Dividends paid (2016/2017)	-	-	(57,750)	(57,750)
Dividends-(15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(29,195)	29,195	-
Balance as at 31st March 2018	16,750	5,913,735	960,444	6,890,929

Company

	Stated Capital Rs. '000'	Revaluation Reserves Rs. '000'	Retained Earnings Rs. '000'	Total Equity Rs. '000'
Balance as at 01st April 2016	16,750	5,508,779	768,174	6,293,702
Net profit for the year	-	-	247,837	247,837
Total other comprehensive income for the year, net of tax	-	731,179	574	731,753
Total Comprehensive Income	-	731,179	248,411	979,590
Dividends (15% Cumulative preference shares)	-	-	(38)	(38)
Transfer to retained earnings	-	(31,820)	31,820	-
Dividends paid (2015/2016)	-	-	(144,375)	(144,375)
Balance as at 31st March 2017	16,750	6,208,138	903,991	7,128,879
Net profit for the year	-	-	194,822	194,822
Income tax effect on revaluation of land	-	(373,281)	-	(373,281)
Income tax on other comprehensive income	-	-	27	27
Actuarial gains and losses on defined benefit plans	-	-	(191)	(191)
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 (2016/2017)	-	-	(57,750)	(57,750)
Balance as at 31st March 2018	16,750	5,805,663	1,070,056	6,892,469

Note : The above figures for the year ended 31st March 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 Year ended 31st March

Cash Flows from/(used in) Operating Activities

Profit before tax

Adjustments for:

Finance income

Finance expenses

Share of results of equity accounted investee

Depreciation of property, plant and equipment

Provision / (Reversal) for bad & doubtful debts

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 creditors

Increase/(decrease) in amount due to related parties

Cash generated from/ (used in) operations

Finance expenses paid

Income tax paid

Gratuity paid

Net cash flow from/(used in) operating activities

Cash flows from/ (used in) investing activities

Interest received

Purchase and construction of property, plant and equipment

Acquisition of intangible assets

Investment in equity securities

Decrease in interest bearing loans due from related parties

Proceeds from disposal of property, plant and equipment

Net cash flow from/(used in) investing activities

Cash flows from/ (used in) financing activities

Dividend paid

Repayment / Increase 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 year

Cash and cash equivalents at the end of the year

Analysis of net Cash & cash equivalents as at 31st March

Cash & cash equivalents

Bank overdraft

Net Cash & cash equivalents as at 31st March

	Group		Company	
	2019 Rs.'000'	2018 Rs.'000'	2019 Rs.'000'	2018 Rs.'000'
Cash Flows from/(used in) Operating Activities				
Profit before tax	159,876	261,163	210,094	231,766
Adjustments for:				
Finance income	(73,027)	(68,691)	(73,027)	(68,691)
Finance expenses	94,518	75,560	94,518	75,560
Share of results of equity accounted investee	50,057	(29,499)	-	-
Depreciation of property, plant and equipment	61,977	57,287	61,977	57,287
Provision / (Reversal) for bad & doubtful debts	-	(14)	-	(14)
Amortisation of intangible assets	4,501	109	4,501	109
Loss on disposal of property, plant and equipment	77	42	77	42
Gratuity provision and related costs	1,849	1,295	1,849	1,295
Operating profit before working capital changes	299,827	297,253	299,988	297,355
(Increase)/decrease in inventories	(4,060)	(1,366)	(4,060)	(1,366)
(Increase)/decrease in trade and other receivables	(26,070)	(22,537)	(26,070)	(22,537)
(Increase)/decrease in amount due from related parties	(82,519)	(3,500)	(82,519)	(3,500)
Increase/(decrease) in trade and other creditors	8,658	28,338	8,591	28,334
Increase/(decrease) in amount due to related parties	(660)	11,434	(760)	11,434
Cash generated from/ (used in) operations	195,175	309,621	195,169	309,719
Finance expenses paid	(94,518)	(75,560)	(94,518)	(75,560)
Income tax paid	(34,070)	(49,037)	(34,070)	(49,037)
Gratuity paid	(1,394)	(777)	(1,394)	(777)
Net cash flow from/(used in) operating activities	65,193	184,246	65,187	184,344
Cash flows from/ (used in) investing activities				
Interest received	73,027	68,691	73,027	68,691
Purchase and construction of property, plant and equipment	(13,564)	(16,569)	(13,564)	(16,569)
Acquisition of intangible assets	(1,355)	(29,407)	(1,355)	(29,407)
Investment in equity securities	-	(600,000)	-	(600,000)
Decrease in interest bearing loans due from related parties	-	(277,133)	-	(277,133)
Proceeds from disposal of property, plant and equipment	61	13	61	13
Net cash flow from/(used in) investing activities	58,170	(854,406)	58,170	(854,406)
Cash flows from/ (used in) financing activities				
Dividend paid	(57,750)	(57,788)	(57,750)	(57,788)
Repayment / Increase in Interest bearing borrowings	(71,466)	600,000	(71,466)	600,000
Net cash flow from / (used in) financing activities	(129,216)	542,213	(129,216)	542,213
Net Increase/(Decrease) in Cash and cash equivalents	(5,853)	(127,947)	(5,859)	(127,849)
Cash and cash equivalents at the beginning of the year	(102,242)	25,705	(102,278)	25,571
Cash and cash equivalents at the end of the year	(108,095)	(102,242)	(108,136)	(102,278)
Analysis of net Cash & cash equivalents as at 31st March				
Cash & cash equivalents	5,250	7,692	5,209	7,656
Bank overdraft	(113,345)	(109,934)	(113,345)	(109,934)
Net Cash & cash equivalents as at 31st March	(108,095)	(102,242)	(108,136)	(102,278)

Note : The above figures for the year ended 31st March 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

1) 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 statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018.

The Accounting policies are in line with the policies published in the annual financial statements for the year ended 31st March 2018.

2) Dividend

The company paid a final ordinary dividend of Rs. 0.10 Per share for the year ended 31st March 2018 on 05th October 2018 after it was approved by Annual General Meeting held on 26th September 2018.

3) 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 2019.

4) 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.

5) Non current financial assets

In May 2017, Company acquired 16.11% stake with total investment of LKR 600 Mn in United Hotels Co Ltd, which is a subsidiary of Ceylon Hotels Corporation PLC.

6) 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 2018.

7) Share of loss of Joint Venture

Share of loss of Joint Venture for the year ended 31st March 2019 includes, Foreign currency translation loss of Rs. 69.4 Mn on the USD Borrowings of the Joint Venture company - Suisse Hotel Kandy (Pvt) Ltd.

8) 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 31st March 2019 - 27.70%
2. Number of Public shareholders as at 31st March 2019 - 1,940
3. Directors shareholding as at 31st March 2019

Directors Shareholdings		31-Mar-19	
		Preference	Ordinary
1	Mr. Sanjeev Gardiner	9,500	87,500
2	Mr. Lakshman Samarasinghe	Nil	5,500
3	Mr. Charitha Ratwatte	Nil	175,000
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 31st March 2019

	Name	No. of shares	%
1	Ceylon Hotels Corporation PLC	401,567,250	69.54
2	Progruss Investments Limited	69,300,000	12.00
3	Adiuvat Investment Fund	40,775,000	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	Mrs. M.F. Gunasekera	1,750,000	0.30
9	Mr. P.V. 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. H.A. Van Starrex	1,075,451	0.19
19	Mr. F.D.M. Badcock	1,034,250	0.18
20	Mr. J.F.C. Badcock	1,034,250	0.18
	Sub total	551,728,897	95.54
	Balance held by others	25,771,103	4.46
	Total number of shares	577,500,000	100.00

5. Market price per share for the quarter ended 31st March 2019.

	2019 (Rs.)	2018 (Rs.)
Highest Market Price	5.20	6.50
Lowest Market Price	4.40	5.20
Closing Market Price	4.50	5.30

6. The float adjusted market capitalisation as at 31st March 2019 was Rs. 719,853,750/- 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.