

JOHN KEELLS HOTELS PLC
Interim Condensed Financial Statements
Twelve months ended 31st March 2019



John Keells Hotels PLC - Interim Financial Statements

CONSOLIDATED INCOME STATEMENT

	Quarter ended 31st March			Twelve months ended 31st March		
	2019	2018	% change	2019	2018	% change
Revenue from contracts with customers	3,666,865	3,775,191	(3)	11,032,715	11,614,376	(5)
Cost of sales	(906,320)	(1,072,853)	16	(3,439,138)	(4,020,790)	14
Gross profit	2,760,545	2,702,338	2	7,593,577	7,593,586	(0)
Other operating income	2,711	7,377	(63)	17,702	103,865	(83)
Administrative expenses	(1,337,470)	(1,183,502)	(13)	(4,751,463)	(4,768,996)	0
Distribution expenses	(107,159)	(137,764)	22	(349,112)	(386,029)	10
Other operating expenses (Note 07)	(280,196)	(321,561)	13	(1,423,645)	(1,218,806)	(17)
Results from operating activities	1,038,431	1,066,888	(3)	1,087,059	1,323,620	(18)
Finance expenses	(68,781)	(51,427)	(34)	(251,103)	(255,519)	2
Finance income	37,838	67,944	(44)	190,262	283,494	(33)
Net finance income/(expenses)	(30,943)	16,517	(287)	(60,841)	27,975	(317)
Change in fair value of investment property	52,398	-	100	52,398	-	100
Share of results of equity accounted investees	1,782	(322)	653	1,169	(881)	233
Profit before tax	1,061,668	1,083,083	(2)	1,079,785	1,350,714	(20)
Tax expense	(155,366)	(28,122)	(452)	(248,090)	(220,116)	(13)
Profit for the period	906,302	1,054,961	(14)	831,695	1,130,598	(26)
Attributable to:						
Equity holders of the parent	896,749	1,045,649	(14)	816,810	1,118,951	(27)
Non-controlling interests	9,553	9,312	3	14,885	11,647	28
	906,302	1,054,961	(14)	831,695	1,130,598	(26)
	Rs.	Rs.		Rs.	Rs.	
Earnings/(Loss) per share	0.62	0.72		0.56	0.77	
Dividend per share	-	-		0.15	0.40	

Note: All values are in Rupees thousands, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures relating to the fourth quarter are not audited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March			Twelve months ended 31st March		
	2019	2018	% change	2019	2018	% change
Profit/(Loss) for the period	906,302	1,054,961	(14)	831,695	1,130,598	(26)
Other comprehensive income						
Other comprehensive income to be reclassified to income statement in subsequent periods						
Currency translation of foreign operations	(565,371)	201,775	(380)	1,490,982	306,933	386
Other comprehensive income not to be reclassified to income statement in subsequent periods						
Revaluation of land and buildings	503,023	951,480	(47)	503,023	951,480	(47)
Share of other comprehensive income of equity accounted investee	(204)	4,010	(105)	(204)	4,010	(105)
Re-measurement gain/(loss) on defined benefit plans	853	1,770	(52)	853	1,770	(52)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	(1)	(2)	(50)	(4)	(1)	(300)
Tax on other comprehensive income	(67,886)	(371,468)	82	(67,886)	(386,143)	82
Other comprehensive income for the period, net of tax	(129,586)	787,565	(116)	1,926,764	878,049	119
Total comprehensive income for the period, net of tax	776,716	1,842,526	(58)	2,758,459	2,008,647	37
Attributable to:						
Equity holders of the parent	763,530	1,827,726	(58)	2,739,941	1,992,197	38
Non-controlling interests	13,186	14,800	(11)	18,518	16,450	13
	776,716	1,842,526	(58)	2,758,459	2,008,647	37

Note: All values are in Rupees thousands, unless otherwise stated.
Figures in brackets indicate deductions.
The above figures relating to the fourth quarter are not audited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	31.03.2019	31.03.2018
Assets		
Non-current assets		
Property, plant and equipment	17,563,154	14,083,594
Lease rentals paid in advance	11,449,766	10,587,355
Investment property	1,626,196	1,573,798
Intangible assets	670,407	670,407
Investments in equity accounted investees	496,602	75,077
Non-current financial assets	183,967	185,632
Deferred tax assets	140,627	93,833
Other non-current assets	980	1,213
	32,131,699	27,270,909
Current assets		
Inventories	179,215	170,268
Trade and other receivables	1,139,121	959,581
Amounts due from related parties	129,805	100,072
Other current assets	1,301,277	347,342
Income tax recoverable	116,026	221,757
Short term investments	1,523,651	3,225,312
Cash in hand and at bank	729,673	940,599
	5,118,768	5,964,931
Total assets	37,250,467	33,235,840
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	9,500,247	9,500,247
Revenue reserve	9,695,525	9,075,560
Other components of equity	9,564,193	7,633,178
	28,759,965	26,208,985
Non-controlling interests	136,602	144,503
Total equity	28,896,567	26,353,488
Non-current liabilities		
Interest bearing borrowings	3,207,504	2,764,218
Deferred tax liabilities	761,366	659,227
Employee benefit liability	213,580	191,449
Other deferred liabilities	209,754	154,622
	4,392,204	3,769,516
Current liabilities		
Trade and other payables	761,245	722,525
Amounts due to related parties	144,654	128,412
Other current liabilities	640,697	499,555
Income tax liabilities	167,389	282,416
Interest bearing borrowings	979,403	1,220,753
Bank overdrafts	1,268,308	259,175
	3,961,696	3,112,836
Total equity and liabilities	37,250,467	33,235,840
	Rs.	Rs.
Net assets per share	19.75	18.00

Note: All values are in Rupees thousands, unless stated otherwise.

I certify that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

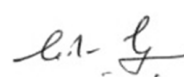


C L P Gunawardane
Chief Financial Officer

The Board of Directors is responsible for these financial statements.



J R Gunaratne
Director



J G A Cooray
Director

24-May-19

John Keells Hotels PLC - Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent								
	Stated Capital	Revaluation Reserve	Exchange Equalisation Reserve	Fair Value Reserve of Financial Assets at FVOCI	ESOP Reserve	Revenue Reserves	Total	Non-controlling Interest	Total Equity
As at 1st April 2017	9,500,247	3,845,799	2,870,943	(3)	32,693	8,531,777	24,781,456	139,392	24,920,848
Profit for the period	-	-	-	-	-	1,118,951	1,118,951	11,647	1,130,598
Other comprehensive income	-	564,675	306,933	(1)	-	1,639	873,246	4,803	878,049
Total comprehensive income	-	564,675	306,933	(1)	-	1,120,590	1,992,197	16,450	2,008,647
Share based payment	-	-	-	-	11,359	-	11,359	63	11,422
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	(5,193)	(5,193)
Interim dividend paid - 2017/18	-	-	-	-	-	(582,459)	(582,459)	-	(582,459)
Acquisition, disposal and changes in non controlling interest	-	766	-	-	14	5,652	6,432	(6,209)	223
As at 31st March 2018	9,500,247	4,411,240	3,177,876	(4)	44,066	9,075,560	26,208,985	144,503	26,353,488
Profit/(Loss) for the period	-	-	-	-	-	816,810	816,810	14,885	831,695
Other comprehensive income	-	431,915	1,490,982	(4)	-	238	1,923,131	3,633	1,926,764
Total comprehensive income	-	431,915	1,490,982	(4)	-	817,048	2,739,941	18,518	2,758,459
Share based payment	-	-	-	-	8,987	-	8,987	70	9,057
Transfer to the revenue reserve	-	(9,505)	-	-	-	9,505	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	(6,337)	(6,337)
Interim dividend paid - 2018/19	-	-	-	-	-	(218,422)	(218,422)	-	(218,422)
Acquisition, disposal and changes in non controlling interest	-	8,622	-	-	18	11,834	20,474	(20,152)	322
As at 31st March 2019	9,500,247	4,842,272	4,668,858	(8)	53,071	9,695,525	28,759,965	136,602	28,896,567

Note: All values are in Rupees thousands, unless otherwise stated.
 Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF CASH FLOWS

Twelve months ended 31st March

	2019	2018
Cash flows from operating activities		
Profit/(Loss) before tax	1,079,785	1,350,714
Adjustments for		
Depreciation of property, plant and equipment	982,156	1,131,849
Provision for employee benefit costs	46,515	38,199
Share based payment expense	9,057	11,422
Amortisation of lease rentals paid in advance	441,654	401,474
Finance expenses	251,103	255,519
Amortisation of grant received	(1,078)	(1,469)
Finance income	(190,262)	(283,494)
(Profit)/Loss on disposal of property, plant and equipment	208,831	(48,024)
Change in fair value of investment property	(52,398)	-
Share of results of equity accounted investees	(1,169)	881
Provision for slow moving inventories	411	1,147
Provision/(Reversal) for impairment losses	(43,528)	50,714
Provision for deferred liabilities	56,209	36,084
Unrealised (gain)/loss on foreign exchange (net)	8,588	(8,686)
Operating profit before working capital changes	2,795,874	2,936,330
(Increase)/decrease in inventories	(9,358)	18,851
(Increase)/decrease in trade and other receivables	59,963	(17,253)
(Increase)/decrease in other assets	(981,839)	103,106
(Increase)/decrease in amounts due from related parties	(29,733)	65,280
Increase/(decrease) in amounts due to related parties	16,242	(10,904)
Increase/(decrease) in other liabilities	141,142	41,415
Increase/(decrease) in trade and other payables	38,720	4,506
Cash generated from operations	2,031,011	3,141,331
Finance expenses paid	(251,103)	(255,519)
Finance income received	190,262	283,494
Tax paid	(241,789)	(139,424)
Gratuity paid/transfers	(23,531)	(32,778)
Net cash from/(used in) operating activities	1,704,850	2,997,104
Cash flows from/(used in) investing activities		
Purchase and construction of property, plant and equipment	(3,917,327)	(1,525,967)
Proceeds from sale of property, plant and equipment	90,469	109,416
(Investment)/withdrawal in short term investments (net)	454,495	851,412
(Purchase) / disposal of non-current financial assets (net)	1,661	(909)
Increase in interest in equity accounted investees	(420,560)	(1,612)
Net cash flows from/(used in) investing activities	(3,791,262)	(567,660)
Cash flows from/(used in) financing activities		
Dividend paid to equity holders of parent	(218,422)	(582,459)
Repayment of borrowings	(1,281,475)	(2,581,145)
Proceeds from borrowings	1,125,099	2,834,971
Changes in non controlling interest	322	223
Subsidiary dividend to non-controlling interest	(6,337)	(5,193)
Net cash flows from/(used in) financing activities	(380,813)	(333,603)
Net increase/(decrease) in cash and cash equivalents	(2,467,225)	2,095,841
Cash and cash equivalents at the beginning of the period	3,299,699	1,203,858
Cash and cash equivalents at the end of the period	832,474	3,299,699
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	1,371,109	2,618,275
Cash in hand and at bank	729,673	940,599
Bank overdrafts	(1,268,308)	(259,175)
Total cash and cash equivalents	832,474	3,299,699

Note: All values are in Rupees thousands, unless stated otherwise.
Figures in brackets indicate deductions.

John Keells Hotels PLC - Interim Financial Statements

COMPANY INCOME STATEMENT

	Quarter ended 31st March			Twelve months ended 31st March		
	2019	2018	% Change	2019	2018	% Change
Revenue from contracts with customers	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Dividend income	12,156	-	100	317,691	1,371,046	(77)
Other operating income	714	227	215	761	1,981	(62)
Administrative expenses	5,887	(4,369)	235	(25,343)	(26,883)	(6)
Other operating expenses	(24)	(88)	73	(108)	(536)	80
Results from operating activities	18,733	(4,230)	(543)	293,001	1,345,608	(78)
Finance expenses	(8,554)	-	(100)	(8,556)	(2)	(>100)
Finance income	9,748	28,499	(66)	45,450	137,979	(67)
Net finance income	1,194	28,499	(96)	36,894	137,977	(73)
Profit before tax	19,927	24,269	(18)	329,895	1,483,585	(78)
Tax expense	(4,187)	(7,946)	47	(5,428)	(39,092)	86
Profit for the period	15,740	16,323	(4)	324,467	1,444,493	(78)

Note: All values are in Rupees thousands, unless otherwise stated.
 Figures in brackets indicate deductions.
 The above figures relating to the fourth quarter are not audited.

John Keells Hotels PLC - Interim Financial Statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March			Twelve months ended 31st March		
	2019	2018	% change	2019	2018	% change
Profit for the period	15,740	16,323	(4)	324,467	1,444,493	(78)
Other comprehensive income						
Other comprehensive income not to be reclassified to income statement in subsequent periods						
Net gain/(loss) on equity instruments at fair value through other comprehensive income	(1)	(2)	-	(4)	(1)	300
Other comprehensive income for the period, net of tax	(1)	(2)	-	(4)	(1)	300
Total comprehensive income for the period, net of tax	15,739	16,321	(4)	324,463	1,444,492	(78)

Note: All values are in Rupees thousands, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures relating to the fourth quarter are not audited.

COMPANY STATEMENT OF FINANCIAL POSITION

As at	31.03.2019	31.03.2018
Assets		
Non-current assets		
Investments in subsidiaries	12,208,992	11,438,036
Investments in equity accounted investees	486,797	66,237
Non-current financial assets	5	9
	12,695,794	11,504,282
Current assets		
Amounts due from related parties	5,398	647
Other current assets	3,807	15,356
Income tax recoverable	-	5,175
Short term investments	385,516	1,055,378
Cash in hand and at bank	17,431	51,790
	412,152	1,128,346
Total assets	13,107,946	12,632,628
Equity and liabilities		
Equity attributable to equity holders of the parent		
Stated capital	9,500,247	9,500,247
Revenue reserve	3,170,093	3,064,048
Other components of equity	(8)	(4)
Total equity	12,670,332	12,564,291
Current liabilities		
Trade and other payables	14,326	14,818
Amounts due to related parties	6,108	2,069
Income tax liabilities	30,374	51,437
Bank overdrafts	386,806	13
	437,614	68,337
Total equity and liabilities	13,107,946	12,632,628

	Rs.	Rs.
Net assets per share	8.70	8.63

Note: All values are in Rupees thousands, unless stated otherwise.

I certify that the financial statements comply with the requirements of the Companies Act No. 07 of 2007.

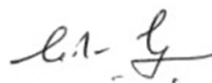


C L P Gunawardane
Chief Financial Officer

The Board of Directors is responsible for these financial statements.



J R Gunaratne
Director



J G A Cooray
Director

24-May-19

John Keells Hotels PLC - Interim Financial Statements

COMPANY STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Revenue Reserves	Total Equity
As at 1st April 2017	9,500,247	(3)	2,202,014	11,702,258
Profit for the period	-	-	1,444,493	1,444,493
Other comprehensive income	-	(1)	-	(1)
Total comprehensive income	-	(1)	1,444,493	1,444,492
Interim dividend paid - 2017/18	-	-	(582,459)	(582,459)
As at 31st March 2018	9,500,247	(4)	3,064,048	12,564,291
Profit for the period	-	-	324,467	324,467
Other comprehensive income	-	(4)	-	(4)
Total comprehensive income	-	(4)	324,467	324,463
Interim dividend paid - 2018/19	-	-	(218,422)	(218,422)
As at 31st March 2019	9,500,247	(8)	3,170,093	12,670,332

Note: All values are in Rupees thousands, unless otherwise stated.
Figures in brackets indicate deductions.

John Keells Hotels PLC - Interim Financial Statements

COMPANY STATEMENT OF CASH FLOWS

Twelve months ended 31st March

Cash flows from operating activities

Profit before tax

Adjustments for

Finance expense

Dividend received

Finance income

Operating loss before working capital changes

(Increase)/decrease in other current assets

(Increase)/decrease in amounts due from related parties

Increase/(decrease) in amounts due to related parties

Increase/(decrease) in trade and other payables

Cash generated from/(used in) operations

Finance expenses paid

Tax paid

Finance income received

Dividend received

Net cash from/(used in) operating activities

Cash flows from/(used in) investing activities

(Investment)/withdrawal in short term investments (net)

Increase in interest in subsidiaries (net)

Increase in interest in equity accounted investees

Net cash flows from/(used in) investing activities

Cash flows from/(used in) financing activities

Dividend paid to equity holders of parent

Net cash flows from/(used in) financing activities

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

ANALYSIS OF CASH AND CASH EQUIVALENTS

Short term investments

Cash in hand and at bank

Bank overdrafts

Total cash and cash equivalents

	2019	2018
Cash flows from operating activities		
Profit before tax	329,895	1,483,585
<i>Adjustments for</i>		
Finance expense	8,556	2
Dividend received	(317,691)	(1,371,046)
Finance income	(45,450)	(137,979)
Operating loss before working capital changes	(24,690)	(25,438)
(Increase)/decrease in other current assets	11,549	(2,802)
(Increase)/decrease in amounts due from related parties	(4,751)	1,254
Increase/(decrease) in amounts due to related parties	4,039	(523)
Increase/(decrease) in trade and other payables	(492)	1,234
Cash generated from/(used in) operations	(14,345)	(26,275)
Finance expenses paid	(8,556)	(2)
Tax paid	(21,316)	(22,211)
Finance income received	45,450	137,979
Dividend received	317,691	1,371,046
Net cash from/(used in) operating activities	318,924	1,460,537
Cash flows from/(used in) investing activities		
(Investment)/withdrawal in short term investments (net)	-	100,446
Increase in interest in subsidiaries (net)	(770,956)	(772,537)
Increase in interest in equity accounted investees	(420,560)	(1,612)
Net cash flows from/(used in) investing activities	(1,191,516)	(673,703)
Cash flows from/(used in) financing activities		
Dividend paid to equity holders of parent	(218,422)	(582,459)
Net cash flows from/(used in) financing activities	(218,422)	(582,459)
Net increase/(decrease) in cash and cash equivalents	(1,091,014)	204,375
Cash and cash equivalents at the beginning of the period	1,107,155	902,780
Cash and cash equivalents at the end of the period	16,141	1,107,155
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	385,516	1,055,378
Cash in hand and at bank	17,431	51,790
Bank overdrafts	(386,806)	(13)
Total cash and cash equivalents	16,141	1,107,155

Note: All values are in Rupees thousands, unless stated otherwise.
Figures in brackets indicate deductions.

John Keells Hotels PLC - Interim Financial Statements

OPERATING SEGMENTS

The following tables present revenue, profit information, assets and liabilities based on the Group's operating segments.

Quarter ended 31st March	Sri Lanka		Maldives		Group Total	
	2019	2018	2019	2018	2019	2018
Total revenue from contracts with customers						
Services transferred over time	1,884,341	1,719,678	1,861,079	2,083,550	3,745,420	3,803,228
Less: inter segment revenue	(23,096)	(1,911)	(55,459)	(26,126)	(78,555)	(28,037)
Net revenue from contracts with customers	1,861,245	1,717,767	1,805,620	2,057,424	3,666,865	3,775,191
Segment operating profit	581,128	533,646	454,592	525,865	1,035,720	1,059,511
Other operating income	2,016	2,307	695	5,070	2,711	7,377
Finance expenses	(26,085)	(28,071)	(42,696)	(23,356)	(68,781)	(51,427)
Finance income	37,674	71,871	164	(3,927)	37,838	67,944
Change in fair value of investment property	52,398	-	-	-	52,398	-
Share of results of equity accounted investees	1,782	(322)	-	-	1,782	(322)
Profit before tax	648,913	579,431	412,755	503,652	1,061,668	1,083,083
Tax expense	(92,747)	24,049	(62,619)	(52,171)	(155,366)	(28,122)
Profit for the period	556,166	603,480	350,136	451,481	906,302	1,054,961
Other Information						
Purchase and construction of property, plant and equipment	504,396	192,110	1,046,921	84,119	1,551,317	276,229
Depreciation of property, plant and equipment	143,366	136,879	106,811	119,909	250,177	256,788
Amortisation of lease rentals paid in advance	789	773	116,587	100,479	117,376	101,252
Provision for employee benefit costs	9,335	6,866	-	-	9,335	6,866

Note: All values are in Rupees thousands, unless otherwise stated.

Figures in brackets indicate deductions.

The above figures relating to the fourth quarter are not audited.

In addition to Segment revenue/segment result, other segment data is disclosed for better presentation.

John Keells Hotels PLC - Interim Financial Statements

OPERATING SEGMENTS

The following tables present revenue, profit, assets and liabilities based on the Group's operating segments.

Twelve months ended 31st March	Sri Lanka		Maldives		Group Total	
	2019	2018	2019	2018	2019	2018
Total revenue from contracts with customers						
Services transferred over time	5,712,310	5,481,095	5,487,577	6,249,470	11,199,887	11,730,565
Less: inter segment revenue	(28,091)	(12,406)	(139,081)	(103,783)	(167,172)	(116,189)
Net revenue from contracts with customers	5,684,219	5,468,689	5,348,496	6,145,687	11,032,715	11,614,376
Segment operating profit	777,565	507,345	344,190	712,410	1,121,755	1,219,755
Other operating income	3,921	119,021	13,781	(15,156)	17,702	103,865
Finance expenses	(93,615)	(133,295)	(157,488)	(122,224)	(251,103)	(255,519)
Finance income	182,615	261,700	7,647	21,794	190,262	283,494
Change in fair value of investment property	52,398	-	-	-	52,398	-
Share of results of equity accounted investees	1,169	(881)	-	-	1,169	(881)
Profit before tax	871,655	753,890	208,130	596,824	1,079,785	1,350,714
Tax expense	(207,761)	(146,011)	(40,329)	(74,105)	(248,090)	(220,116)
Profit for the period	663,894	607,879	167,801	522,719	831,695	1,130,598
Assets						
Segment assets	17,868,319	16,897,786	18,711,741	15,667,647	36,580,060	32,565,433
Goodwill					670,407	670,407
Total assets					37,250,467	33,235,840
Liabilities						
Segment liabilities	3,133,452	3,042,800	5,220,448	3,839,552	8,353,900	6,882,352
Total liabilities					8,353,900	6,882,352
Other Information						
Purchase and construction of property, plant and equipment	1,200,401	458,025	2,716,926	1,067,942	3,917,327	1,525,967
Depreciation of property, plant and equipment	561,368	766,198	420,788	365,651	982,156	1,131,849
Amortisation of lease rentals paid in advance	3,139	3,093	438,515	398,381	441,654	401,474
Provision for employee benefit costs	46,515	38,199	-	-	46,515	38,199

Note: All values are in Rupees thousands, unless stated otherwise.

Figures in brackets indicate deductions.

In addition to Segment revenue/segment result, other segment data is disclosed for better presentation.

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate Information

John Keells Hotels PLC, is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business of the Company is located at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 02.

2 Interim Condensed Financial Statements

The financial statements for the period ended 31st March 2019, includes “the Company” referring to John Keells Hotels PLC, as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

3 Approval of Financial Statements

The interim condensed financial statements of the Group and the Company for the twelve months ended 31st March 2019 were authorised for issue by the Board of Directors on 24th May 2019.

4 Basis of Preparation and Changes to the Group's Accounting Policies

4.1 Basis of Preparation

The interim condensed consolidated financial statements for the twelve months ended 31st March 2019 have been prepared in accordance with LKAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31st March 2018.

There was no liability to management fees or any other similar expenditure not provided for in the interim financial statements.

The interim condensed financial statements are presented in Sri Lankan Rupees and all values are rounded to the nearest thousand except when otherwise indicated.

4.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st March 2018, except for the adoption of new standards effective as of 1st April 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments that require restatement of previous financial statements. As required by LKAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed the Group concluded that SLFRS 15 does not have a material impact on Group's consolidated financial statements.

Rendering of services

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1st April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied SLFRS 9 retrospectively, with the initial application date of 1st April 2018. The Group has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

NOTES TO THE FINANCIAL STATEMENTS

4.2 New standards, interpretations and amendments adopted by the Group (contd.)

Classification and measurement

Except for certain trade receivables, under SLFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The new classification and measurement of the Group's debt financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under Other non-current financial assets.

Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under LKAS 39, the Group's quoted debt instruments were classified as available-for-sale (AFS) financial assets.

Other financial assets are classified and subsequently measured, as follows:

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under SLFRS 9. Under LKAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under LKAS 39, the Group's quoted equity securities were classified as AFS financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1st April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1st April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under LKAS 39. Similar to the requirements of LKAS 39, SLFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the Income Statement.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of SLFRS 9 had no significant impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

5 Operating Segment

The Group's internal organisation and management is structured based on the Group's geographical spread of operations. Sri Lanka and Maldives are the two reportable operating segments for the Group.

6 Related Party Transactions

Twelve months ended 31st March In Rs. '000	Group		Company	
	2019	2018	2019	2018
Ultimate parent				
Receiving of services	(65,609)	(67,035)	(4,002)	(5,662)
Directors fees paid	(11,577)	(21,524)	(4,569)	(4,730)
Companies Under Common Control				
Purchase of goods	(22,331)	(55,661)	-	-
Rendering of services	419,497	364,794	-	-
Receiving of services	(858,311)	(895,921)	(1,652)	(523)
Equity accounted investees				
Joint ventures				
(Receiving) / Rendering of services	-	-	-	-
Key management personnel (KMP)				
(Purchase)/sale of goods	-	-	-	-
Close family members of KMP				
(Purchase)/sale of goods	-	-	-	-
Post employment benefit plan				
Contributions to the provident fund	2,746	3,472	-	-

7 Other operating expenses

Other operating expenses for the twelve months ended 31st March 2019 include the effect of non-recurring expense amounting to Rs. 182 million arising from impairment loss of non-financial assets due to the closure of Cinnamon Hakuraa Huraa Maldives for refurbishment, with effect from 1st May 2018.

NOTES TO THE FINANCIAL STATEMENTS

8 Share Information

8.1 Public shareholdings

The percentage of the shares held by the public as at 31st March 2019 was 19.68% (31st December 2018 - 19.64%).

The number of public shareholders as at 31st March 2019 was 6,510 (31st December 2018 - 6,512).

The float adjusted market capitalisation as at 31st March 2019 was Rs. 2,149,112,265 (31st December 2018 - Rs. 2,230,784,330) with reference to the rule 7.6 (iv) of the Listing Rules of the Colombo Stock Exchange. As the float adjusted market capitalisation is over Rs. 1 Bn, the company complies with option 1 of the Listing Rules 7.13.1(b).

8.2 Directors shareholdings

The number of shares held by the Board of Directors and spouses are as follows:

	31.03.2019	31.12.2018
1 S. C. Ratnayake - (resigned w.e.f. 31st December 2018)	N/A	550,311
2 K. N. J. Balendra (appointed as Chairman w.e.f 1st January 2019)	Nil	Nil
3 J. G. A. Cooray	Nil	Nil
4 J. R. Gunaratne	Nil	Nil
5 J. E. P. Kehelpannala	Nil	Nil
6 M H Singhawansa (appointed w.e.f 1st July 2018)	Nil	Nil
7 T. L. F. W. Jayasekera	Nil	Nil
8 N. B. Weerasekera	Nil	Nil
9 A. K. Moonesinghe	Nil	Nil

8.3 Twenty largest shareholders of the Company are as follows.

As at	31.03.2019		31.12.2018	
	No. of Shares	%	No. of Shares	%
1 John Keells Holdings PLC	1,169,598,478	80.32%	1,169,598,478	80.32%
2 Employees Provident Fund	78,474,454	5.39%	78,474,454	5.39%
3 Sri Lanka Insurance Corporation Ltd. - Life Fund	53,655,250	3.68%	67,055,250	4.60%
4 Citibank Newyork S/A Norges Bank account 2	21,380,056	1.47%	Nil	0.00%
5 Mercantile Investments PLC	13,000,000	0.89%	13,000,000	0.89%
6 Mr. D. J. M. Blackler	6,514,760	0.45%	6,514,760	0.45%
7 National Savings Bank	5,541,205	0.38%	5,541,205	0.38%
8 Mercantile Fortunes (Pvt) Ltd	3,800,000	0.26%	3,800,000	0.26%
9 Seylan Bank PLC - A/C No. 3	3,326,811	0.23%	3,326,811	0.23%
10 Bank of Ceylon - No. 2 A/C	2,725,266	0.19%	2,725,266	0.19%
11 Mr. R. T. Jinasena	2,516,765	0.17%	2,516,765	0.17%
12 Mr. T. R. Jinasena	2,351,568	0.16%	2,351,568	0.16%
13 Mr. K. D. A. Perera	2,044,600	0.14%	2,044,600	0.14%
14 Mr. U. G. Madanayake	2,000,000	0.14%	2,000,000	0.14%
15 Merrill J Fernando & Sons (Pvt) Ltd	1,911,573	0.13%	1,911,573	0.13%
16 E. W. Balasuriya & Co. (Pvt) Ltd	1,851,626	0.13%	1,851,626	0.13%
17 Mrs. V. Saraswathi	1,651,612	0.11%	1,459,602	0.13%
18 Mrs N. Weerasinghe	1,556,706	0.11%	1,556,706	0.13%
19 People's Leasing & Finance PLC - L.P. Hapangama	1,533,879	0.11%	1,533,879	0.13%
20 Mr. A.A.V. Amerasinghe	1,287,800	0.09%	1,287,800	0.13%

8.4 Stated capital

Stated capital is represented by number of shares in issue as given below:

As at	31.03.2019	31.12.2018
Ordinary shares	1,456,146,780	1,456,146,780

8.5 Net assets per share

Net assets per share has been calculated, for all periods, based on the number of shares in issue as at 31st March 2019.

8.6 Market price per share

For the quarter ended 31st March	2019	2018
	Rs.	Rs.
Highest price (for the period)	7.90	10.10
Lowest price (for the period)	7.20	8.30
Last traded price (for the period)	7.50	9.30

NOTES TO THE FINANCIAL STATEMENTS

9 Redevelopment and refurbishments

9.1 Closure of Cinnamon Hakuraa Huraa Maldives hotel owned by Fantasea World Investments (Pte) Ltd

Cinnamon Hakuraa Huraa Maldives was temporarily closed for refurbishment from 1st May 2018.

9.2 Partial closure of Ellaidhoo Maldives by Cinnamon owned by Travel Club (Pte) Ltd

Ellaidhoo Maldives by Cinnamon was partially closed for refurbishment from June 2018 and the refurbishment project was completed on 20th October 2018.

9.3 Partial closure of Cinnamon Dhonveli Maldives owned by Tranquility (Pte) Ltd

Cinnamon Dhonveli Maldives was partially closed for refurbishment from 1st May 2019.

10 Investment in Bentota Beach by Cinnamon hotel owned by Ceylon Holiday Resorts Ltd

The Company increased its shareholdings in Ceylon Holiday Resorts Ltd from 99.09% to 99.31% with an investment of Rs. 817 million by subscribing to the rights issue in May 2018.

Investment in Indra Hotels & Resorts Kandy (Pvt) Ltd

In January 2019, the Group acquired a 40% stake with a total investment of LKR. 421 Mn in Indra Hotels & Resorts Kandy (Pvt) Ltd. This Company plans to develop a lean luxury hotel branded as “Cinnamon Red Kandy”.

11 Contingencies, capital and other commitments

Capital commitments contracted but not incurred in relation to Bentota Beach by Cinnamon Hotel project, Cinnamon Hakuraa Huraa Maldives and Cinnamon Dhonveli Maldives refurbishment projects in Maldives as at 31st March 2019, amounts to Rs. 1.8 billion, US\$ 10.0 million and US\$ 3.3 million respectively.

Capital commitments approved but not contracted for the Nuwara Eliya Hotel project, Bentota Beach by Cinnamon Hotel project and Cinnamon Dhonveli Maldives refurbishment projects in Maldives as at 31st March 2019, amounts to Rs. 3.72 billion, Rs. 1.6 billion and US\$ 1.4 million respectively.

Lease commitment of the Group as at 31st March 2019 on non-cancellable operating leases amounted to Rs. 11.4 Bn.

The Company does not have any commitment as at 31st March 2019 on account of guarantees issued on behalf of subsidiary companies.

There has been no other significant change in the nature of the contingencies and commitments, which were disclosed in the annual report for the year ended 31st March 2018.

12 Events after the reporting period

There have been no events occurring after the reporting date that require adjustment to or disclosure in the financial statements.

**INTERIM FINANCIAL STATEMENTS
CORPORATE INFORMATION**

Name of Company

John Keells Hotels PLC

Legal Form

Public Limited Liability Company incorporated in Sri Lanka on 1st October 1979

Stock Exchange Listing

The issued Shares of John Keells Hotels PLC are listed on the Colombo Stock Exchange

Company Registration No.

PQ 8

Directors

K N J Balendra – Chairman (appointed w.e.f 1st January 2019)

J G A Cooray

J R Gunaratne

J E P Kehelpannala

M H Singhawansa (appointed w.e.f 1st July 2018)

T L F W Jayasekera

N B Weerasekera

A K Moonesinghe (Ms.)

Secretaries and Registrars

Keells Consultants (Pvt) Ltd

117, Sir Chittampalam A. Gardiner Mawatha

Colombo 2

Auditors

Ernst & Young

Chartered Accountants

P.O. Box 101

Colombo

Bankers

Bank of Ceylon

Citi Bank N.A

Deutsche Bank A.G

Hongkong and Shanghai Banking Corporation

Nations Trust Bank

Hatton National Bank

Habib Bank

DFCC Bank

People's Bank

Commercial Bank of Ceylon

Sampath Bank

Head Office & Registered Office of the Company

117, Sir Chittampalam A. Gardiner Mawatha

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