

JOHN KEELLS HOTELS PLC

Interim Condensed Financial Statements

Twelve months ended 31st March 2020



John Keells Hotels PLC - Interim Financial Statements
CONSOLIDATED INCOME STATEMENT

	Quarter ended 31st March			Year ended 31st March		
	2020	2019	% change	2020	2019	% change
Revenue from contracts with customers	3,683,722	3,666,865	0	9,711,741	11,032,715	(12)
Cost of sales	(1,128,855)	(906,320)	(25)	(3,496,474)	(3,439,138)	(2)
Gross profit	2,554,867	2,760,545	(7)	6,215,267	7,593,577	(18)
Other operating income	14,758	2,711	444	28,481	17,702	61
Administrative expenses	(1,648,086)	(1,337,470)	(23)	(5,385,548)	(4,751,463)	(13)
Distribution expenses	(134,746)	(107,159)	(26)	(415,264)	(349,112)	(19)
Other operating expenses	(390,328)	(280,196)	(39)	(1,207,399)	(1,423,645)	15
Results from operating activities	396,465	1,038,431	(62)	(764,463)	1,087,059	(170)
Finance expenses	(273,023)	(68,781)	(297)	(653,104)	(251,103)	(160)
Finance income	16,485	37,838	(56)	88,824	190,262	(53)
Net finance expenses	(256,538)	(30,943)	(729)	(564,280)	(60,841)	(827)
Change in fair value of investment property	21,504	52,398	(59)	21,504	52,398	-
Share of results of equity accounted investees	358	1,782	(80)	282	1,169	(76)
Profit / (Loss) before tax	161,789	1,061,668	(85)	(1,306,957)	1,079,785	(221)
Tax reversal / (expense)	(65,828)	(155,366)	58	105,565	(248,090)	143
Profit / (Loss) for the period	95,961	906,302	(89)	(1,201,392)	831,695	(244)
Attributable to:						
Equity holders of the parent	91,031	896,749	(90)	(1,200,568)	816,810	(247)
Non-controlling interests	4,930	9,553	(48)	(824)	14,885	(106)
	95,961	906,302	(89)	(1,201,392)	831,695	(244)
	Rs.	Rs.		Rs.	Rs.	
Earnings/(Loss) per share	0.06	0.62		(0.82)	0.56	
Dividend per share	-	-		-	0.15	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March			Year ended 31st March		
	2020	2019	% change	2020	2019	% change
Profit/(Loss) for the period	95,961	906,302	(89)	(1,201,392)	831,695	(244)
Other comprehensive income						
Other comprehensive income to be reclassified to income statement in subsequent periods						
Currency translation of foreign operations	584,749	(565,371)	203	1,040,174	1,490,982	(30)
Other comprehensive income not to be reclassified to income statement in subsequent periods						
Revaluation of land and buildings	116,462	503,023	(77)	116,462	503,023	(77)
Share of other comprehensive income of equity accounted investee	324	(204)	259	324	(204)	259
Re-measurement gain/(loss) on defined benefit plans	28,346	853	>100	28,346	853	>100
Net gain/(loss) on equity instruments at fair value through other comprehensive income	2	(1)	300	3	(4)	175
Tax on other comprehensive income	(10,724)	(67,886)	84	(10,724)	(67,886)	84
Other comprehensive income for the period, net of tax	719,159	(129,586)	655	1,174,585	1,926,764	(39)
Total comprehensive income for the period, net of tax	815,120	776,716	5	(26,807)	2,758,459	(101)
Attributable to:						
Equity holders of the parent	810,213	763,530	6	(25,960)	2,739,941	(101)
Non-controlling interests	4,907	13,186	(63)	(847)	18,518	(105)
	815,120	776,716	5	(26,807)	2,758,459	(101)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

Assets

Non-current assets

Property, plant and equipment	26,692,178	17,563,154
Right of use asset	26,115,233	-
Lease rentals paid in advance	-	11,449,766
Investment property	1,647,700	1,626,196
Intangible assets	670,407	670,407
Investments in equity accounted investees	644,408	496,602
Non-current financial assets	186,491	183,967
Deferred tax assets	294,620	140,627
Other non-current assets	1,404	980

31.03.2020	31.03.2019
26,692,178	17,563,154
26,115,233	-
-	11,449,766
1,647,700	1,626,196
670,407	670,407
644,408	496,602
186,491	183,967
294,620	140,627
1,404	980
56,252,441	32,131,699

Current assets

Inventories	296,683	179,215
Trade and other receivables	1,472,111	1,139,121
Amounts due from related parties	63,201	129,805
Other current assets	932,250	1,301,277
Income tax recoverable	98,244	116,026
Short term investments	659,345	1,523,651
Cash in hand and at bank	801,809	729,673

296,683	179,215
1,472,111	1,139,121
63,201	129,805
932,250	1,301,277
98,244	116,026
659,345	1,523,651
801,809	729,673
4,323,643	5,118,768

Total assets

60,576,084	37,250,467
------------	------------

Equity and liabilities

Equity attributable to equity holders of the parent

Stated capital	9,500,247	9,500,247
Revenue reserve	8,523,704	9,695,525
Other components of equity	10,721,124	9,564,193

9,500,247	9,500,247
8,523,704	9,695,525
10,721,124	9,564,193
28,745,075	28,759,965

Non-controlling interests

127,318	136,602
---------	---------

Total equity

28,872,393	28,896,567
------------	------------

Non-current liabilities

Interest bearing borrowings	23,067,666	3,207,504
Deferred tax liabilities	781,718	761,366
Employee benefit liability	196,473	213,580
Other deferred liabilities	389	209,754
Other non-current liabilities	92,958	-

23,067,666	3,207,504
781,718	761,366
196,473	213,580
389	209,754
92,958	-
24,139,204	4,392,204

Current liabilities

Trade and other payables	1,430,789	761,245
Amounts due to related parties	131,419	144,654
Other current liabilities	333,081	640,697
Income tax liabilities	127,315	167,389
Interest bearing borrowings	2,075,395	979,403
Bank overdrafts	3,466,488	1,268,308

1,430,789	761,245
131,419	144,654
333,081	640,697
127,315	167,389
2,075,395	979,403
3,466,488	1,268,308
7,564,487	3,961,696

Total equity and liabilities

60,576,084	37,250,467
------------	------------

Rs.

19.74

Rs.

19.75

Net assets per share

Note: All values are in Rupees thousands, unless stated otherwise.
The above figures are not audited.

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

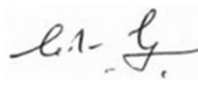


C L P Gunawardane
Chief Financial Officer

The Board of Directors are responsible for these financial statements.



J R Gunaratne
Director



J G A Cooray
Director

21-May-20

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 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 payable 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
As at 1st April 2019	9,500,247	4,842,272	4,668,858	(8)	53,071	9,695,525	28,759,965	136,602	28,896,567
Profit/(Loss) for the period	-	-	-	-	-	(1,200,568)	(1,200,568)	(824)	(1,201,392)
Other comprehensive income	-	109,211	1,040,174	3	-	25,220	1,174,608	(23)	1,174,585
Total comprehensive income	-	109,211	1,040,174	3	-	(1,175,348)	(25,960)	(847)	(26,807)
Share based payment	-	-	-	-	6,509	-	6,509	34	6,543
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	(4,080)	(4,080)
Acquisition, disposal and changes in non controlling interest	-	1,030	-	-	4	3,527	4,561	(4,391)	170
As at 31st March 2020	9,500,247	4,952,513	5,709,032	(5)	59,584	8,523,704	28,745,075	127,318	28,872,393

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March

Cash flows from operating activities

Profit/(Loss) before tax

Adjustments for

Depreciation of property, plant and equipment

Provision for employee benefit costs

Share based payment expense

Amortisation of right of use assets/lease rentals paid in advance

Finance expenses

Amortisation of grant received

Finance income

(Profit)/Loss on disposal of property, plant and equipment

Change in fair value of investment property

Share of results of equity accounted investees

Provision for slow moving inventories

Provision/(Reversal) for impairment losses

Provision for deferred liabilities

Unrealised (gain)/loss on foreign exchange (net)

Operating profit before working capital changes

(Increase)/decrease in inventories

(Increase)/decrease in trade and other receivables

(Increase)/decrease in other assets

(Increase)/decrease in amounts due from related parties

Increase/(decrease) in amounts due to related parties

Increase/(decrease) in other liabilities

Increase/(decrease) in trade and other payables

Cash generated from operations

Finance expenses paid

Finance income received

Tax paid

Gratuity paid/transfers

Net cash from/(used in) operating activities

Cash flows from/(used in) investing activities

Purchase and construction of property, plant and equipment

Proceeds from disposal of property, plant and equipment

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

Purchase of lease right

(Purchase) / disposal of non-current financial assets (net)

Increase in interest in equity accounted investees

Net cash flows from/(used in) investing activities

Cash flows from/(used in) financing activities

Proceeds from Issue of Shares

Direct cost on issue of shares

Dividend paid to equity holders of parent

Repayment of borrowings

Proceeds from borrowings

Changes in non controlling interest

Subsidiary dividend to non-controlling interest

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

	2020	2019
Profit/(Loss) before tax	(1,306,957)	1,079,785
Adjustments for		
Depreciation of property, plant and equipment	1,201,666	982,156
Provision for employee benefit costs	43,227	46,515
Share based payment expense	6,543	9,057
Amortisation of right of use assets/lease rentals paid in advance	1,335,017	441,654
Finance expenses	653,104	251,103
Amortisation of grant received	(1,408)	(1,078)
Finance income	(88,824)	(190,262)
(Profit)/Loss on disposal of property, plant and equipment	51,417	208,831
Change in fair value of investment property	(21,504)	(52,398)
Share of results of equity accounted investees	(282)	(1,169)
Provision for slow moving inventories	3,378	411
Provision/(Reversal) for impairment losses	41,452	(43,528)
Provision for deferred liabilities	-	56,209
Unrealised (gain)/loss on foreign exchange (net)	9,586	8,588
Operating profit before working capital changes	1,926,415	2,795,874
(Increase)/decrease in inventories	(120,846)	(9,358)
(Increase)/decrease in trade and other receivables	(427,400)	59,963
(Increase)/decrease in other assets	393,093	(981,839)
(Increase)/decrease in amounts due from related parties	66,604	(29,733)
Increase/(decrease) in amounts due to related parties	(13,235)	16,242
Increase/(decrease) in other liabilities	(315,792)	141,142
Increase/(decrease) in trade and other payables	762,502	38,720
Cash generated from operations	2,271,341	2,031,011
Finance expenses paid	(229,263)	(251,103)
Finance income received	88,824	190,262
Tax paid	(77,408)	(241,789)
Gratuity paid/transfers	(31,987)	(23,531)
Net cash from/(used in) operating activities	2,021,507	1,704,850
Cash flows from/(used in) investing activities		
Purchase and construction of property, plant and equipment	(9,579,981)	(3,917,327)
Proceeds from disposal of property, plant and equipment	16,247	90,469
(Investment)/withdrawal in short term investments (net)	117,984	454,495
Purchase of lease right	(1,421,293)	-
(Purchase) / disposal of non-current financial assets (net)	(2,521)	1,661
Increase in interest in equity accounted investees	(147,200)	(420,560)
Net cash flows from/(used in) investing activities	(11,016,764)	(3,791,262)
Cash flows from/(used in) financing activities		
Proceeds from Issue of Shares	(4,392)	-
Direct cost on issue of shares	-	(218,422)
Dividend paid to equity holders of parent	(3,488,486)	(1,281,475)
Repayment of borrowings	9,615,288	1,125,099
Proceeds from borrowings	4,561	322
Changes in non controlling interest	(4,080)	(6,337)
Subsidiary dividend to non-controlling interest	6,122,891	(380,813)
Net cash flows from/(used in) financing activities	(2,872,366)	(2,467,225)
Net increase/(decrease) in cash and cash equivalents	832,474	3,299,699
Cash and cash equivalents at the beginning of the period	(2,039,892)	832,474
Cash and cash equivalents at the end of the period		
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	624,787	1,371,109
Cash in hand and at bank	801,809	729,673
Bank overdrafts	(3,466,488)	(1,268,308)
Total cash and cash equivalents	(2,039,892)	832,474

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

Figures in brackets indicate deductions.

The above figures are not audited.

John Keells Hotels PLC - Interim Financial Statements
COMPANY INCOME STATEMENT

	Quarter ended 31st March			Year ended 31st March		
	2020	2019	% Change	2020	2019	% Change
Revenue from contracts with customers	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-
Dividend income	42,119	12,156	246	218,580	317,691	(31)
Other operating income	2,425	714	240	3,923	761	416
Administrative expenses	1,575	5,887	(73)	(25,255)	(25,343)	0
Other operating expenses	(39)	(24)	(63)	(190)	(108)	(76)
Results from operating activities	46,080	18,733	146	197,058	293,001	(33)
Finance expenses	(10,513)	(8,554)	(>100)	(38,190)	(8,556)	(>100)
Finance income	184	9,748	(98)	6,231	45,450	(86)
Net finance income/(expenses)	(10,329)	1,194	(>100)	(31,959)	36,894	(187)
Profit before tax	35,751	19,927	79	165,099	329,895	(50)
Tax expense	12,450	(4,187)	(>100)	12,450	(5,428)	329
Profit for the period	48,201	15,740	206	177,549	324,467	(45)

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

John Keells Hotels PLC - Interim Financial Statements

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Quarter ended 31st March			Year ended 31st March		
	2020	2019	% change	2020	2019	% change
Profit for the period	48,201	15,740	206	177,549	324,467	(45)
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	2	(1)	300	3	(4)	175
Other comprehensive income for the period, net of tax	<u>2</u>	<u>(1)</u>	300	<u>3</u>	<u>(4)</u>	175
Total comprehensive income for the period, net of tax	<u>48,203</u>	<u>15,739</u>	206	<u>177,552</u>	<u>324,463</u>	(45)

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

COMPANY STATEMENT OF FINANCIAL POSITION

As at

Assets

Non-current assets

Investments in subsidiaries
Investments in equity accounted investees
Non-current financial assets

Current assets

Amounts due from related parties
Other current assets
Income tax recoverable
Short term investments
Cash in hand and at bank

Total assets

Equity and liabilities

Equity attributable to equity holders of the parent

Stated capital
Revenue reserve
Other components of equity
Total equity

Current liabilities

Trade and other payables
Amounts due to related parties
Income tax liabilities
Bank overdrafts

Total equity and liabilities

31.03.2020	31.03.2019
12,678,838	12,208,992
633,997	486,797
8	5
13,312,843	12,695,794
10,725	5,398
799	3,807
-	-
3,781	385,516
4,707	17,431
20,012	412,152
13,332,855	13,107,946
9,500,247	9,500,247
3,347,642	3,170,093
(5)	(8)
12,847,884	12,670,332
14,023	14,326
2,514	6,108
15,207	30,374
453,227	386,806
484,971	437,614
13,332,855	13,107,946

Net assets per share

Rs.

8.82

Rs.

8.70

Note: All values are in Rupees thousands, unless stated otherwise.
The above figures are not audited.

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

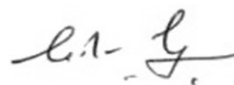


C L P Gunawardane
Chief Financial Officer

The Board of Directors is responsible for these financial statements.



J R Gunaratne
Director



J G A Cooray
Director

21-May-20

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 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 payable 2018/19	-	-	(218,422)	(218,422)
As at 31st March 2019	9,500,247	(8)	3,170,093	12,670,332
As at 1st April 2019	9,500,247	(8)	3,170,093	12,670,332
Profit for the period	-	-	177,549	177,549
Other comprehensive income	-	3	-	3
Total comprehensive income	-	3	177,549	177,552
As at 31st March 2020	9,500,247	(5)	3,347,642	12,847,884

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

John Keells Hotels PLC - Interim Financial Statements

COMPANY STATEMENT OF CASH FLOWS

Year 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

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

	2020	2019
Cash flows from operating activities		
Profit before tax	165,099	329,895
Adjustments for		
Finance expense	38,190	8,556
Dividend received	(218,580)	(317,691)
Finance income	(6,231)	(45,450)
Operating loss before working capital changes	(21,522)	(24,690)
(Increase)/decrease in other current assets	3,008	11,549
(Increase)/decrease in amounts due from related parties	(5,327)	(4,751)
Increase/(decrease) in amounts due to related parties	(3,594)	4,039
Increase/(decrease) in trade and other payables	(303)	(492)
Cash generated from/(used in) operations	(27,738)	(14,345)
Finance expenses paid	(38,190)	(8,556)
Tax paid	(2,717)	(21,316)
Finance income received	6,231	45,450
Dividend received	218,580	317,691
Net cash from/(used in) operating activities	156,166	318,924
Cash flows from/(used in) investing activities		
Increase in interest in subsidiaries (net)	(469,846)	(770,956)
Increase in interest in equity accounted investees	(147,200)	(420,560)
Net cash flows from/(used in) investing activities	(617,046)	(1,191,516)
Cash flows from/(used in) financing activities		
Dividend paid to equity holders of parent	-	(218,422)
Net cash flows from/(used in) financing activities	-	(218,422)
Net increase/(decrease) in cash and cash equivalents	(460,880)	(1,091,014)
Cash and cash equivalents at the beginning of the period	16,141	1,107,155
Cash and cash equivalents at the end of the period	(444,739)	16,141
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Short term investments	3,781	385,516
Cash in hand and at bank	4,707	17,431
Bank overdrafts	(453,227)	(386,806)
Total cash and cash equivalents	(444,739)	16,141

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

Figures in brackets indicate deductions.

The above figures are not audited.

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	
	2020	2019	2020	2019	2020	2019
Total revenue from contracts with customers						
Services transferred over time	1,419,311	1,884,341	2,345,824	1,861,079	3,765,135	3,745,420
Less: inter segment revenue	(8,380)	(23,096)	(73,033)	(55,459)	(81,413)	(78,555)
Net revenue from contracts with customers	1,410,931	1,861,245	2,272,791	1,805,620	3,683,722	3,666,865
Segment operating profit	215,313	581,128	166,394	454,592	381,707	1,035,720
Other operating income	2,622	2,016	12,136	695	14,758	2,711
Finance expenses	(78,249)	(26,085)	(194,774)	(42,696)	(273,023)	(68,781)
Finance income	16,482	37,674	3	164	16,485	37,838
Change in fair value of investment property	21,504	52,398	-	-	21,504	52,398
Share of results of equity accounted investees	358	1,782	-	-	358	1,782
Profit/(Loss) before tax	178,030	648,913	(16,241)	412,755	161,789	1,061,668
Tax expense	(69,670)	(92,747)	3,842	(62,619)	(65,828)	(155,366)
Profit/(Loss) for the period	108,360	556,166	(12,399)	350,136	95,961	906,302
Other Information						
Purchase and construction of property, plant and equipment	587,619	504,396	1,265,945	1,046,921	1,853,564	1,551,317
Depreciation of property, plant and equipment	145,236	143,366	215,242	106,811	360,478	250,177
Addition to right of use assets	16,865	-	32,468	-	49,333	-
Amortisation of right of use assets/lease rentals paid in advance	13,433	789	478,432	116,587	491,865	117,376
Provision for employee benefit costs	(3,744)	9,335	-	-	(3,744)	9,335

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

Figures in brackets indicate deductions.

The above figures 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.

Year ended 31st March	Sri Lanka		Maldives		Group Total	
	2020	2019	2020	2019	2020	2019
Total revenue from contracts with customers						
Services transferred over time	4,318,977	5,712,310	5,632,848	5,487,577	9,951,825	11,199,887
Less: inter segment revenue	(29,643)	(28,091)	(210,441)	(139,081)	(240,084)	(167,172)
Net revenue from contracts with customers	4,289,334	5,684,219	5,422,407	5,348,496	9,711,741	11,032,715
Segment operating profit/(loss)	(287,258)	777,565	(505,686)	344,190	(792,944)	1,121,755
Other operating income	3,132	3,921	25,349	13,781	28,481	17,702
Finance expenses	(170,050)	(93,615)	(483,054)	(157,488)	(653,104)	(251,103)
Finance income	88,820	182,615	4	7,647	88,824	190,262
Change in fair value of investment property	21,504	52,398	-	-	21,504	52,398
Share of results of equity accounted investees	282	1,169	-	-	282	1,169
Profit/(Loss) before tax	(343,570)	871,655	(963,387)	208,130	(1,306,957)	1,079,785
Tax expense	(36,116)	(207,761)	141,681	(40,329)	105,565	(248,090)
Profit/(Loss) for the period	(379,686)	663,894	(821,706)	167,801	(1,201,392)	831,695
Assets						
Segment assets	20,665,219	17,868,319	39,240,458	18,711,741	59,905,677	36,580,060
Goodwill					670,407	670,407
Total assets					60,576,084	37,250,467
Liabilities						
Segment liabilities	6,073,267	3,133,452	25,630,424	5,220,448	31,703,691	8,353,900
Total liabilities					31,703,691	8,353,900
Other Information						
Purchase and construction of property, plant and equipment	4,146,825	1,200,401	5,433,156	2,716,926	9,579,981	3,917,327
Depreciation of property, plant and equipment	579,324	561,368	622,342	420,788	1,201,666	982,156
Addition to right of use assets	542,936	-	13,763,633	-	14,306,569	-
Amortisation of right of use assets/lease rentals paid in advance	50,547	3,139	1,284,470	438,515	1,335,017	441,654
Provision for employee benefit costs	43,227	46,515	-	-	43,227	46,515

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

Figures in brackets indicate deductions.

The above figures are not audited.

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 2020, 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 year ended 31st March 2020 were authorised for issue by the Board of Directors on 21st May 2020.

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 2020 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 2019.

There was no liability to operating 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 2019, except for the adoption of new standards effective as of 1st April 2019. 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 16 Leases. As required by LKAS 34, the nature and effect of these changes are disclosed below.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using modified retrospective method from 1st April 2019, without restating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard.

The effect of adoption SLFRS 16 as at 1st April 2019 (increase/(decrease) is as follows:

In Rs. '000

Assets	
Right of use assets	18,984,209
Lease rentals paid in advance	(11,449,766)
Total assets	7,534,443
Liabilities	
Interest-bearing loans and borrowings	7,742,400
Other Deferred Liabilities	(207,957)
Total Liabilities	7,534,443

a) Nature of the effect of adoption of SLFRS 16

The Group has lease contracts for various items of lands and vehicles. Property leases are the major asset included in the right of use assets category, typically made in between 10 to 35 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date.

NOTES TO THE FINANCIAL STATEMENTS

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

Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1st April 2019 can be reconciled to the operating lease commitments as at 31st March 2019 as follows:

In Rs. '000	
Operating lease commitments as at 31st March 2019	11,400,966
Discounted operating lease commitments at 1st April 2019	7,743,304
Less: Commitments relating to short-term leases	(904)
Lease liabilities as at 1st April 2019	<u>7,742,400</u>

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of SLFRS 16, which have been applied from the date of initial application:

Right of use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right of use assets and lease liabilities and the movements for the period ended 31st March 2020.

	Right of use assets			Lease liabilities
	Land and buildings	Motor vehicles	Total	
As at 1st April 2019	18,906,512	77,697	18,984,209	7,742,700
Additions	6,745,377	26,447	6,771,824	5,350,232
Amortisation expense	(1,303,743)	(31,273)	(1,335,016)	-
Interest expense	-	-	-	328,380
Payments	-	-	-	(784,953)
Effect of movements in exchange rates	1,694,216	-	1,694,216	785,175
As at 31st March 2020	<u>26,042,362</u>	<u>72,871</u>	<u>26,115,233</u>	<u>13,421,534</u>

NOTES TO THE FINANCIAL STATEMENTS

4.3 Impact to interim financial statement on CoVID19

Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis. In March 2020, the Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios, relating to expected revenue streams, cost management, profitability, the ability to defer nonessential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing services to ensure businesses continue as least impacted as possible.

Having presented the outlook for each company in the group to the Board of John Keells Hotels PLC and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries, associate and joint venture have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID 19 pandemic has been considered as of reporting date.

Fair value measurement and related fair value disclosures

The fair values of all the financial assets and financial liabilities recognised during the period were not materially different from the transaction prices at the date of initial recognition. There were no transfers between Level 1 and Level 2 and Level 3 categories as per the fair value hierarchy, during the period.

Revaluation of Non Financial Assets

As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ending 31 March 2020, a reassessment of the valuations were obtained by the same independent professional valuers who determined there was no significant change to the revalued carrying amount provided as at 31 December 2019.

The following items were indicated in the reassessment reports to the Group;

- The outbreak of COVID 19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted both local and global markets.
- As of 31 March 2020, being the reporting date, the pandemic condition continues to evolve and hence is considered too premature to reasonably assess and estimate its impacts on the valuation.
- Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in their considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Tax

As instructed by the Ministry of Finance on January 31, 2020 and March 05, 2020 via Circular No. PN/IT/2020-03 (Revised), a revision of income tax rates have been proposed, pending formal amendments being made to the Inland Revenue Act, No. 24 of 2017 (IRA) and to be implemented with effect from January 01, 2020.

The Group's management had applied significant judgement on the aforesaid revision of income tax rates and determined that it is probable that formal amendments will be made. The management concluded that the Circular No. PN/IT/2020-03 (Revised) is more likely to be enacted in the near future, and, therefore, the income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular, which is effective from January, 01 2020, have been used to calculate the last quarter income tax provision of the 2019/20 financial year of the Group. The Group has decided to revise the income tax rates with effective from January 01, 2020.

The Group has computed deferred tax at the rates based on the Substantively enacted rate, which is the rate legislated as of the reporting date, specified in the Inland Revenue Act, No. 24 of 2017, since the Inland Revenue Department Circular No. PN/IT/2020-03 (Revised) has not been enacted as of the reporting date

The Group recognizes a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic, which in turn is expected to continue to earn future tax profits to utilize the deferred tax asset.

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

Year ended 31st March In Rs. '000	Group 2020	2019	Company 2020	2019
Ultimate parent				
Receiving of services	(98,556)	(65,609)	(3,099)	(4,002)
Directors fees paid	(8,113)	(11,577)	(2,900)	(4,569)
Companies Under Common Control				
Purchase of goods	(36,100)	(22,331)	-	-
Rendering of services	269,682	419,497	-	-
Receiving of services	(940,035)	(858,311)	(1,362)	(1,652)
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	2,194	2,746	-	-

NOTES TO THE FINANCIAL STATEMENTS

7 Share Information

7.1 Public shareholdings

Percentage of shares held by the public and the number of public shareholders is as given below:

As at	31.03.2020	31.12.2019
Public shareholding (%)	19.68	19.68
Number of public shareholders	6,487	6,404
Float adjusted market capitalization (Rs. '000)	1,919,874	3,323,960

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).

7.2 Directors shareholdings

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

	31.03.2020	31.12.2019
1 K. N. J. Balendra - Chairman	Nil	Nil
2 J. G. A. Cooray	Nil	Nil
3 J. R. Gunaratne	Nil	Nil
4 J. E. P. Kehelpannala	Nil	Nil
5 M. H. Singhawansa	Nil	Nil
6 T. L. F. W. Jayasekara	Nil	Nil
7 A. K. Moonesinghe (Ms.)	Nil	Nil
8 N. B. Weerasekera (resigned w.e.f. 31 October 2019)	N/A	Nil
9 K. Gunasekara (Dr.) (appointed w.e.f. 06 November 2019)	Nil	N/A

7.3 Twenty largest shareholders of the Company are as follows.

As at	31.03.2020		31.12.2019	
	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%	53,655,250	3.68%
4 Mr. R.S. Captain	23,099,913	1.59%	23,035,499	1.58%
5 Citibank New York S/A Norges Bank account 2	17,380,056	1.19%	17,380,056	1.19%
6 Mr. D. J. M. Blackler	6,514,760	0.45%	6,514,760	0.45%
7 Mercantile Fortunes (Pvt) Ltd	3,800,000	0.26%	3,800,000	0.26%
8 Seylan Bank PLC - A/C No. 3	3,326,811	0.23%	3,326,811	0.23%
9 Bank of Ceylon - No. 2 A/C	2,725,266	0.19%	2,725,266	0.19%
10 Mr. R. T. Jinasena	2,516,765	0.17%	2,516,765	0.17%
11 Mrs. V. Saraswathi	2,449,989	0.17%	2,449,989	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 National Savings Bank	2,011,205	0.14%	2,011,205	0.14%
15 Mr. U. G. Madanayake	2,000,000	0.14%	2,000,000	0.14%
16 Merrill J Fernando & Sons (Pvt) Ltd	1,911,573	0.13%	1,911,573	0.13%
17 E. W. Balasuriya & Co. (Pvt) Ltd	1,851,626	0.13%	1,851,626	0.13%
18 Mrs N. Weerasinghe	1,556,706	0.11%	1,556,706	0.11%
19 People's Leasing & Finance PLC - L.P. Hapangama	1,533,879	0.11%	1,533,879	0.11%
20 Mr. K. D. H. Perera	1,318,176	0.09%	1,318,176	0.09%

7.4 Stated capital

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

As at	31.03.2020	31.12.2019
Ordinary shares	1,456,146,780	1,456,146,780

7.5 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 2020.

7.6 Market price per share

For the quarter ended 31st March	2020	2019
	Rs.	Rs.
Highest price (for the period)	11.80	7.90
Lowest price (for the period)	6.60	7.20
Last traded price (for the period)	6.70	7.50

NOTES TO THE FINANCIAL STATEMENTS

8 Redevelopment and refurbishments**8.1 Partial closure of Cinnamon Dhonveli Maldives owned by Tranquility (Pte) Ltd**

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

8.2 Commencement of operations of Cinnamon Bentota Beach owned by Ceylon Holiday Resorts Ltd

Cinnamon Bentota Beach commenced its operations from 15th January 2020.

8.3 Partial opening of Cinnamon Hakuraa Huraa Maldives owned by Fantasea World Investments (Pte) Ltd

Cinnamon Hakuraa Huraa Maldives commenced its operations partially from 15th December 2019.

9 Cinnamon Velifushi Maldives owned by Tranquility (Pte) Ltd

Cinnamon Velifushi Maldives, a 90 roomed hotel which was sub leased by Tranquility (Pte) Ltd, commenced operations on 01st October 2019.

10 Contingencies, capital and other commitments

There has been no significant change in the nature of the contingencies and commitments, which were disclosed in the annual report for the year ended 31st March 2019, except for the following;

As at In Rs. '000	Group	
	31.03.2020	31.12.2019
Capital commitments contracted but not incurred	389,136	2,975,100
Capital commitments approved but not contracted	3,859,048	5,439,099
Guarantees committed	2,450,000	-
	6,698,184	8,414,199

11 Events after the reporting period

After a stringent lockdown period of over a month, curfew has been gradually eased off in many parts of the country, with the imposition remaining only for few high risk districts, including the Colombo district, although business activity has resumed across the country, and it is encouraging that there is no indication of community spread in the country at the moment. The Group has evaluated all guidelines issued by the Government as well as international best practices and each of the Group businesses have developed individual health and safety guidelines to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

The most recent release by the Government states that curfew restrictions in the two districts will remain, with restrictions being eased off during the day for the gradual commencement of economic activity by the public and private sectors. Although it is too soon to make an assessment, the Group has seen a smooth transition with the resumption of business activity where the Group is already seeing positive momentum. Given the volatile and evolving landscape, the Group will continue to monitor the impacts on its operations and proactively take measures to ensure the business continues as seamlessly as possible.

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

J G A Cooray

J R Gunaratne

J E P Kehelpannala

M H Singhawansa

T L F W Jayasekara

A K Moonesinghe (Ms.)

N B Weerasekera (resigned w.e.f. 31 October 2019)

K Gunasekara (Dr.) (appointed w.e.f. 06 November 2019)

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

Colombo 2

Telephone: (94-11) 2421101-15,

(94-11) 2306000

Facsimile : (94-11) 2439046

E-mail : htlres@keells.com

Web : www.cinnamonhotels.com

Hotel Reservations

Cinnamon Hotel Management Ltd

Iceland Business Center

Level 1, No. 30

Sri Uttarananda Mawatha

Colombo 3

Telephone: (94-11) 2161161

Facsimile : (94-11) 2320862

E-mail : htlres@keells.com

Web : www.cinnamonhotels.com