

PEGASUS HOTELS OF CEYLON PLC

INTERIM REPORT FOR THE THREE MONTHS ENDED 30TH JUNE 2020

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - GROUP

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended			31.03.2020 (Audited)
	2020	2019	Change %	
Revenue	13,436	107,509	(88)	598,632
Direct costs	(50,204)	(90,231)	(44)	(420,344)
Gross profit	(36,768)	17,278	(313)	178,288
Other income	1,610	1,872	(14)	6,598
Selling and promotional expenses	(1,214)	(3,502)	(65)	(23,790)
Administrative expenses	(40,391)	(50,527)	(20)	(212,732)
Loss from operations	(76,763)	(34,879)	120	(51,636)
Finance income	2,980	4,199	(29)	19,102
Finance costs	(3,912)	(3,691)	(100)	(13,957)
Net finance income	(932)	508	(283)	5,145
Loss before taxation	(77,695)	(34,371)	126	(46,491)
Income tax expenses	(716)	-	-	(925)
Deferred taxation	10,352	4,396	135	6,175
Loss for the period	(68,059)	(29,975)	127	(41,241)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gain from valuation of employee benefits	-	-	-	325
Related tax	-	-	-	(46)
Other comprehensive income / expense for the period	-	-	-	279
Total comprehensive expense for the period	(68,059)	(29,975)	127	(40,962)
Earnings / (Loss) per share (Rs.)	(2.24)	(0.99)		(1.36)
Dividend per share (Rs.)	-	-		-

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - COMPANY

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended			31.03.2020 (Audited)
	2020	2019	Change %	
Revenue	9,891	94,697	(90)	521,461
Direct costs	(41,563)	(75,496)	(45)	(357,907)
Gross profit	(31,672)	19,201	(265)	163,554
Other income	868	1,023	(15)	4,198
Selling and promotional expenses	(718)	(2,556)	(72)	(16,831)
Administrative expenses	(33,722)	(43,271)	(22)	(180,057)
Loss from operations	(65,244)	(25,603)	155	(29,136)
Finance income	2,915	4,198	(31)	18,611
Finance costs	(1,215)	(804)	51	(3,232)
Net finance income	1,700	3,394	(50)	15,379
Loss before taxation	(63,544)	(22,209)	186	(13,757)
Income tax expenses	(700)	-	-	-
Deferred taxation	8,569	2,663	222	1,279
Loss for the period	(55,675)	(19,546)	185	(12,478)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Actuarial gain from valuation of employee benefits	-	-	-	416
Related tax	-	-	-	(58)
Other comprehensive income / expense for the period	-	-	-	358
Total comprehensive expense for the period	(55,675)	(19,546)	185	(12,120)
Earnings / (Loss) per share (Rs.)	(1.83)	(0.64)		(0.41)
Dividend per share (Rs.)	-	-		-

Change % represent the percentage change in current period's results compared to the comparative period of previous year.

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF FINANCIAL POSITION
(All figures are in Sri Lankan Rupees Thousands)

As at 30th June	Group			Company		
	2020	2019	31.03.2020 (Audited)	2020	2019	31.03.2020 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	1,979,910	2,042,701	2,000,757	1,747,780	1,807,550	1,765,594
Right-of-use assets	5,978	777	699	-	-	-
Intangible assets	116,883	115,287	116,967	-	-	-
Investment in subsidiary	-	-	-	110,223	110,223	110,223
Investment in fixed deposits	-	21,334	-	-	21,334	-
Compensation receivable	24,759	24,759	24,759	24,759	24,759	24,759
Total non-current assets	2,127,530	2,204,858	2,143,182	1,882,762	1,963,866	1,900,576
Current assets						
Inventories	20,535	16,151	25,316	16,638	12,532	20,573
Investment in fixed deposits	155,222	84,206	87,964	155,222	84,206	80,464
Fair value through profit or loss financial assets	17,582	10,165	34,707	17,582	10,165	34,400
Trade and other receivables	31,802	52,157	54,962	20,816	43,175	43,022
Tax receivable	760	-	1,933	508	-	1,208
Cash and cash equivalents	8,382	12,531	101,844	8,166	11,478	99,165
Total current assets	234,283	175,210	306,726	218,932	161,556	278,832
Total assets	2,361,813	2,380,068	2,449,908	2,101,694	2,125,422	2,179,408
EQUITY AND LIABILITIES						
Equity						
Stated capital	515,170	515,170	515,170	515,170	515,170	515,170
Capital reserves	1,060,602	1,060,602	1,060,602	973,052	973,052	973,052
Revenue reserves	240,591	319,571	308,650	248,461	296,644	304,136
Total equity	1,816,363	1,895,343	1,884,422	1,736,683	1,784,866	1,792,358
Non-current liabilities						
Deferred tax liability	190,163	202,248	200,515	184,730	191,857	193,299
Employee benefits	23,376	20,481	22,287	16,949	14,350	16,092
Loans and borrowings	157,217	66,991	109,623	54,966	-	21,444
Total non-current liabilities	370,756	289,720	332,425	256,645	206,207	230,835
Current liabilities						
Trade and other payables	122,770	138,138	139,062	82,728	106,213	98,270
Current tax liabilities	-	2,695	-	-	3,898	-
Loans and borrowings	51,916	32,820	89,566	25,638	24,000	57,945
Bank overdraft	8	21,352	4,433	-	238	-
Total current liabilities	174,694	195,005	233,061	108,366	134,349	156,215
Total liabilities	545,450	484,725	565,486	365,011	340,556	387,050
Total equity and liabilities	2,361,813	2,380,068	2,449,908	2,101,694	2,125,422	2,179,408
Net assets per share (Rs.)	59.76	62.37	62.00	57.14	58.73	58.97

The Statement of Financial Position as at 30th June 2020 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flow for the period then ended as disclosed in pages 1 to 6 have been drawn up from unaudited financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 7 of 2007.

(Sgd).

V.R. Wijesinghe

Director Finance

Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed on behalf of the Managers,

(Sgd).

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

Approved and signed on behalf of the Board,

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K. Selvanathan

Director

06th August 2020

Colombo

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF CHANGES IN EQUITY
(All figures are in Sri Lankan Rupees Thousands)

Group	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2019	515,170	1,060,602	349,546	1,925,318
Loss for the year	-	-	(41,241)	(41,241)
Other comprehensive income for the year	-	-	279	279
Total comprehensive expense for the year	-	-	(40,962)	(40,962)
Forfeited dividends	-	-	66	66
Balance as at 31st March 2020	515,170	1,060,602	308,650	1,884,422
Balance as at 31st March 2020	515,170	1,060,602	308,650	1,884,422
Loss for the period	-	-	(68,059)	(68,059)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(68,059)	(68,059)
Balance as at 30th June 2020 (Unaudited)	515,170	1,060,602	240,591	1,816,363
Balance as at 1st April 2019	515,170	1,060,602	349,546	1,925,318
Loss for the period	-	-	(29,975)	(29,975)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(29,975)	(29,975)
Balance as at 30th June 2019 (Unaudited)	515,170	1,060,602	319,571	1,895,343
Company	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2019	515,170	973,052	316,190	1,804,412
Loss for the year	-	-	(12,478)	(12,478)
Other comprehensive income for the year	-	-	358	358
Total comprehensive expense for the year	-	-	(12,120)	(12,120)
Forfeited dividends	-	-	66	66
Balance as at 31st March 2020	515,170	973,052	304,136	1,792,358
Balance as at 31st March 2020	515,170	973,052	304,136	1,792,358
Loss for the period	-	-	(55,675)	(55,675)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(55,675)	(55,675)
Balance as at 30th June 2020 (Unaudited)	515,170	973,052	248,461	1,736,683
Balance as at 1st April 2019	515,170	973,052	316,190	1,804,412
Loss for the period	-	-	(19,546)	(19,546)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(19,546)	(19,546)
Balance as at 30th June 2019 (Unaudited)	515,170	973,052	296,644	1,784,866

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF CASH FLOW
(All figures are in Sri Lankan Rupees Thousands)

For the Three months ended 30th June	Group			Company		
	2020	2019	31.03.2020 (Audited)	2020	2019	31.03.2020 (Audited)
Cash flows from operating activities						
Loss before taxation	(77,695)	(34,371)	(46,491)	(63,544)	(22,209)	(13,757)
Adjustments for:						
Interest income on placements with banks and government securities	(2,798)	(3,566)	(13,069)	(2,733)	(3,565)	(13,018)
Net change in fair value of fair value through profit or loss financial assets - unit trust investments	(182)	(633)	(5,848)	(182)	(633)	(5,408)
Tax receivable written off	-	-	250	-	-	250
Interest expenses on loans and borrowings	3,912	3,691	13,957	1,215	804	3,232
Amortization of right of use assets	51	26	104	-	-	-
Depreciation on property, plant and equipment	20,996	20,516	85,430	17,878	17,074	71,198
Loss / (Profit) on disposal of property, plant and equipment	11	-	177	11	-	177
Property, plant and equipment written off	-	-	940	-	-	940
Provision for employee benefits	1,088	1,005	4,525	857	813	3,426
Provision made for impairment of trade receivables	-	-	2,649	-	-	2,168
(Loss) / profit before working capital changes	(54,617)	(13,332)	42,624	(46,498)	(7,716)	49,208
Decrease / (increase) in inventories	4,781	1,030	(8,135)	3,935	870	(7,171)
Decrease / (increase) in trade and other receivables	23,617	25,975	15,466	22,206	26,541	19,471
(Decrease) / increase in trade and other payables	(16,288)	10,437	11,435	(15,538)	5,647	(2,222)
Cash (used in) / generated from operations	(42,507)	24,110	61,390	(35,895)	25,342	59,286
Employee benefits paid	-	(474)	(1,863)	-	(239)	(694)
Income tax paid	-	(133)	(881)	-	(17)	(318)
Net cash (used in) / generated from operating activities	(42,507)	23,503	58,646	(35,895)	25,086	58,274
Cash flows from investing activities						
Purchase of property, plant and equipment	(76)	(55,608)	(80,766)	(75)	(52,388)	(66,744)
Acquisition of intangible assets	-	-	(1,680)	-	-	-
Proceeds from disposal of property, plant and equipment	-	-	1,071	-	-	1,071
Net disposal of / (investment in) fair value through profit or loss financial assets	17,307	19,950	623	17,000	19,950	490
Net withdrawal of / (investment in) fixed deposits	(67,500)	8,666	29,904	(75,000)	8,666	37,404
Interest received	3,040	3,566	9,407	2,975	3,565	9,356
Dividend received	-	-	-	-	-	-
Net cash used in investing activities	(47,229)	(23,426)	(41,441)	(55,100)	(20,207)	(18,423)
Cash flows from financing activities						
Dividend paid	(4)	(881)	(889)	(4)	(881)	(889)
Lease rental paid	(180)	(180)	(721)	-	-	-
Bank borrowings obtained during the year	883	7,450	107,450	-	-	60,000
Bank borrowings repayments during the year	-	(1,163)	(12,804)	-	-	(7,500)
Interest paid on bank borrowings	-	(3,543)	(2,249)	-	(804)	(343)
Net cash generated from / (used in) financing activities	699	1,683	90,787	(4)	(1,685)	51,268
Net (decrease) / increase in cash and cash equivalents	(89,037)	1,760	107,992	(90,999)	3,194	91,119
Cash and cash equivalents at the beginning of the period	97,411	(10,581)	(10,581)	99,165	8,046	8,046
Cash and cash equivalents at the end of the Period	8,374	(8,821)	97,411	8,166	11,240	99,165
Statement of cash and cash equivalents						
Cash at bank and in hand	8,382	12,531	101,844	8,166	11,478	99,165
Bank overdraft	(8)	(21,352)	(4,433)	-	(238)	-
Cash equivalents for the purpose of statement of cash flows	8,374	(8,821)	97,411	8,166	11,240	99,165

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

(All figures are in Sri Lankan Rupees Thousands)

1. Basis of preparation of interim financial statements

The Interim Financial Statements of the Company and the Group have been prepared on the basis of the same accounting policies and methods applied for the year ended 30st March 2020 and are in compliance with Sri Lanka Accounting Standard LKAS 34 - "Interim Financial Reporting". The provisions of the Companies Act No. 7 of 2007 have been considered in preparing these Interim Financial Statements.

2. Events after the reporting period

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements.

3. Contingent liabilities and capital commitments

There were no other significant financial commitments for the Company and the Group as at the reporting date.

4. Liabilities for expenditure

There were no liabilities for management fees or any similar expenditure not provided for in the interim financial statements.

5. Comparative figures

Previous period's figures and phrases have been re-arranged where necessary to conform to the current period's presentation.

6. Loans and borrowings

As at 30th June	Group		Company	
	2020	(Audited)	2020	(Audited)
Non-current liabilities	157,217	109,623	54,966	21,444
Current liabilities	51,916	89,566	25,638	57,945
	209,133	199,189	80,604	79,389
Loans and borrowings is consist of				
Bank borrowings	199,509	194,954	80,604	79,389
Lease creditor	9,624	4,235	-	-
	209,133	199,189	80,604	79,389
Lease creditor				
Balance as at the beginning of the period	4,235	-	-	-
Recognition of operating lease liability under SLFRS 16	-	4,373	-	-
Addition of lease liabilities	5,330	-	-	-
Payment of lease liabilities	(180)	(721)	-	-
Interest expense charged to income statement	239	583	-	-
Balance as at the end of the period	9,624	4,235	-	-

7. Impact due to COVID - 19

The impact of the Coronavirus worldwide and the measures taken by the respective Governments including travel restrictions, quarantine requirements, lockdowns and curfews, have forced the temporary shutting down of the Group's two hotels for a period of nearly two months during the period from March to May, 2020. However, both hotels of the Group are open for business as of the date of approval of these financial statements whilst fully complying to the safety regulations issued by the government and the relevant authorities.

Leisure and Travel related industries are the worst affected due to the pandemic, therefore, it is too early to forecast the full impact of COVID-19 on the business. However, the management expect a substantial reduction in revenue during the financial year 2020/21. The global situation is extremely volatile at present and since the impact of the pandemic on the Group's business is closely linked to the source markets and the international airline industry, an estimate of the medium to long term outlook may not be realistic at this stage. However, Group will continue to monitor developments locally and take timely action to mitigate any risks to its financial stability.

In preparing these interim Financial Statements, the Company has considered the "Guidance Notes on Accounting Considerations of the COVID-19 Outbreak (updated on 11th May 2020)" issued by The Institute of Chartered Accountants of Sri Lanka.

8. Stated capital

The stated capital of the Company as at 30th June 2020 was Rs. 515.17 mn consists of 30,391,538 fully paid Ordinary Shares.

9. Related party transactions

For the Three months ended 30th June	Group		Company	
	2020	2019	2020	2019
Amounts due to related companies				
Carson Cumberbatch PLC	16,954	-	-	-
Transactions with affiliate companies				
Receiving of services	1,018	1,836	908	1,713

PEGASUS HOTELS OF CEYLON PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS
(All figures are in Sri Lankan Rupees Thousands)

10. Twenty major shareholders as at 30th June 2020

Name of Shareholders	Number of Shares	%
1 Carson Cumberbatch PLC A/C No.2	27,347,485	89.98
2 Mr. M.C.C.K. Rodrigo	364,952	1.20
3 Mr. K.C. Vignarajah	184,043	0.61
4 Mrs. V.R. Jayasinghe	134,303	0.44
5 Mr. K.C. Jayawardene	131,784	0.43
6 Nebansey Securities Capital (Pvt) Ltd/R.C.J.Goonewardene	100,000	0.33
7 Mr. R.C.J. Goonewardene	97,295	0.32
8 Mr. H.A. Van Starrex	90,000	0.30
9 Mrs. N.A. Ediriweera	75,000	0.25
10 J.B. Cocoshell (Pvt) Ltd	60,000	0.20
11 Mr. A.M. Weerasinghe	57,500	0.19
12 People's Leasing & Finance PLC/L.P.Hapangama	57,157	0.19
13 Mrs. I. Gwyn	55,000	0.18
14 Mr. H.A.S. Madanayake	50,000	0.16
15 Code-Gen International Pvt Ltd	50,000	0.16
16 Miss. L.A. Pieris	50,000	0.16
17 Mrs. C.A.D.S. Woodward	42,679	0.14
18 Mr. P. Somadasa	42,395	0.14
19 Mr. H.A.R. Pieris	35,000	0.12
20 Nanayakkara Management Services (Private) Limited	31,361	0.10

11. Public holding

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.13.1 (b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization of less than Rs.1 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 30th June 2020

Market Capitalization of the Public Holding	Rs.62.7 Million
Percentage of ordinary shares held by the public	10.01%
Number of public shareholders	2,989

12. Directors shareholding as at 30th June 2020

	No. of Shares as at 30.06.20
Mr. D. C. R. Gunawardena (Chairman)	-
Mr. M. Dayananda (vacated office on 13th June 2020)	-
Mr. K. Selvanathan	-
Mr. S. R. Mather	-
Mr. M. T. L. Elias	-
Mr. V. R. Wijesinghe	-

INVESTOR INFORMATION

13. Share valuation

For the Three months ended 30th June 2020	
Market value per share (Rs.)	20.60
Highest price per share for the period (Rs.)	23.90
Lowest price per share for the period (Rs.)	18.50

CORPORATE INFORMATION

Name of the Company	Pegasus Hotels of Ceylon PLC (A Carson Cumberbatch Company)
Company Registration Number	PQ 40
Legal Form	A Public Quoted Company with limited liability (Incorporated in Sri Lanka in 1966)
Parent and Ultimate Controlling Party	In the opinion of the Directors, Carson Cumberbatch PLC is the Parent Company of Pegasus Hotels of Ceylon PLC and Bukit Darah PLC is the Ultimate Parent and Controlling Entity of Pegasus Hotels of Ceylon PLC.
Directors	Mr. D. C. R. Gunawardena (Chairman) Mr. M. Dayananda (vacated office on 13th June 2020) Mr. K. Selvanathan Mr. S. R. Mather Mr. M. T. L. Elias Mr. V. R. Wijesinghe
Bankers	Commercial Bank of Ceylon PLC Standard Chartered Bank Sampath Bank PLC Deutsche Bank AG Hatton National Bank
Auditors	Messrs. KPMG Chartered Accountants 32A, Sir Mohamed Macan Marker Mawatha Colombo 03 Sri Lanka
Managers & Secretaries	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha Colombo 01 Sri Lanka Tel: 0112039200 Fax: 0112039300
Registered Office	61, Janadhipathi Mawatha Colombo 01 Sri Lanka
Place of Business	Santha Maria Mawatha Wattala Sri Lanka
Corporate Website	www.carsoncumberbatch.com