

PEGASUS HOTELS OF CEYLON PLC

INTERIM REPORT FOR THE NINE MONTHS ENDED 31ST DECEMBER 2019

A CARSON CUMBERBATCH COMPANY

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 31st December			Nine months ended 31st December			31.03.2019 (Audited)
	2019	2018	Change %	2019	2018	Change %	
Revenue	161,033	170,718	(6)	442,556	486,580	(9)	677,550
Direct costs	(116,639)	(104,389)	12	(318,334)	(302,647)	5	(421,151)
Gross profit	44,394	66,329	(33)	124,222	183,933	(32)	256,399
Other income	1,876	1,687	11	5,891	7,145	(18)	11,000
Selling and promotional expenses	(5,651)	(7,036)	(20)	(14,901)	(20,451)	(27)	(32,878)
Administrative expenses	(53,332)	(47,302)	13	(160,012)	(138,810)	15	(190,463)
Profit / (loss) from operations	(12,713)	13,678	(193)	(44,800)	31,817	(241)	44,058
Impairment on compensation receivable	-	-	-	-	-	-	(145,207)
Finance income	4,377	10,892	(60)	12,805	28,542	(55)	19,604
Finance costs	(3,344)	(81)	4,028	(9,542)	(81)	11,680	(2,230)
Net finance income	1,033	10,811	(90)	3,263	28,461	(89)	17,374
Profit / (loss) before taxation	(11,680)	24,489	(148)	(41,537)	60,278	(169)	(83,775)
Income tax expenses	-	-	-	-	-	-	1,331
Deferred taxation	941	(1,736)	(154)	4,171	(5,521)	(176)	(9,845)
Profit / (loss) for the period	(10,739)	22,753	(147)	(37,366)	54,757	(168)	(92,289)
Other comprehensive income							
Actuarial gain / (loss) from valuation of employee benefits	-	-	-	-	-	-	180
Related tax	-	-	-	-	-	-	(25)
Other comprehensive income / (expense) for the period	-	-	-	-	-	-	155
Total comprehensive income / (expense) for the period	(10,739)	22,753	(147)	(37,366)	54,757	(168)	(92,134)
Earnings / (loss) per share (Rs.)	(0.35)	0.75		(1.23)	1.80		(3.04)
Dividend per share (Rs.)	-	-		-	-		0.55

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 31st December			Nine months ended 31st December			31.03.2019 (Audited)
	2019	2018	Change %	2019	2018	Change %	
Revenue	140,301	163,242	(14)	386,962	458,129	(16)	631,266
Direct costs	(98,400)	(94,129)	5	(269,780)	(272,767)	(1)	(372,548)
Gross profit	41,901	69,113	(39)	117,182	185,362	(37)	258,718
Other income	891	786	13	2,763	3,191	(13)	6,220
Selling and promotional expenses	(4,268)	(6,597)	(35)	(10,447)	(19,033)	(45)	(30,748)
Administrative expenses	(45,251)	(40,570)	12	(136,084)	(118,246)	15	(163,716)
Profit / (loss) from operations	(6,727)	22,732	(130)	(26,586)	51,274	(152)	70,474
Impairment on compensation receivable		-	-		-	-	(145,207)
Finance income	4,241	9,587	(56)	12,658	25,507	(50)	16,453
Finance costs	(865)	-	-	(2,436)	-	-	(705)
Net finance income	3,376	9,587	(65)	10,222	25,507	(60)	15,748
Profit / (loss) before taxation	(3,351)	32,319	(110)	(16,364)	76,781	(121)	(58,985)
Income tax expenses	-	-	-	-	-	-	-
Deferred taxation	80	(2,988)	(103)	1,270	(8,049)	(116)	(13,111)
Profit / (loss) for the period	(3,271)	29,331	(111)	(15,094)	68,732	(122)	(72,096)
Other comprehensive income							
Actuarial gain / (loss) from valuation of employee benefits	-	-	-	-	-	-	(40)
Related tax	-	-	-	-	-	-	6
Other comprehensive income / (expense) for the period	-	-	-	-	-	-	(34)
Total comprehensive income / (expense) for the period	(3,271)	29,331	(111)	(15,094)	68,732	(122)	(72,130)
Earnings / (loss) per share (Rs.)	(0.11)	0.97		(0.50)	2.26		(2.37)
Dividend per share (Rs.)	-	-		-	-		0.55

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 31st December	Group			Company		
	2019	2018	31.03.2019 (Audited)	2019	2018	31.03.2019 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	2,017,884	1,947,595	2,007,609	1,780,876	1,739,752	1,772,236
Right of use of lease land	725	-	-	-	-	-
Intangible assets	115,287	115,287	115,287	-	-	-
Investment in subsidiary	-	-	-	110,223	110,223	110,223
Investment in fixed deposits	22,869	-	20,575	22,869	-	20,575
Compensation receivable	24,759	184,490	24,759	24,759	184,490	24,759
Total non-current assets	2,181,524	2,247,372	2,168,230	1,938,727	2,034,465	1,927,793
Current assets						
Inventories	23,004	22,153	17,181	18,808	18,429	13,402
Trade and other receivables	42,722	55,347	78,132	34,690	46,877	69,716
Investment in fixed deposits	80,011	150,926	93,631	80,011	150,926	93,631
Fair value through profit or loss financial assets	115,878	-	29,482	96,598	-	29,482
Cash and cash equivalents	9,077	22,880	8,870	7,211	22,611	8,254
Total current assets	270,692	251,306	227,296	237,318	238,843	214,485
Total assets	2,452,216	2,498,678	2,395,526	2,176,045	2,273,308	2,142,278
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	312,180	513,152	349,546	301,096	473,767	316,190
Total equity	1,887,952	2,088,924	1,925,318	1,789,318	1,961,989	1,804,412
Non-current liabilities						
Deferred tax liability	202,473	202,294	206,644	193,250	189,463	194,520
Employee benefits	21,525	19,366	19,950	15,726	13,018	13,776
Loans and borrowings	114,328	48,210	57,312	23,103	-	-
Total non-current liabilities	338,326	269,870	283,906	232,079	202,481	208,296
Current liabilities						
Trade and other payables	147,032	124,669	132,151	102,577	104,584	101,447
Current tax liabilities	2,161	4,896	2,828	3,671	4,254	3,915
Loans and borrowings	76,395	7,872	31,872	48,400	-	24,000
Bank overdraft	350	2,447	19,451	-	-	208
Total current liabilities	225,938	139,884	186,302	154,648	108,838	129,570
Total liabilities	564,264	409,754	470,208	386,727	311,319	337,866
Total equity and liabilities	2,452,216	2,498,678	2,395,526	2,176,045	2,273,308	2,142,278

Net assets per share (Rs.) 62.12 68.73 63.35 58.88 64.56 59.37

The Statement of Financial Position as at 31st December 2019 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 01 to 06 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,

Approved and signed on behalf of the Board,

(Sgd).

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K. Selvanathan

Director

06th February 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 01st April 2018	515,170	1,060,602	458,395	2,034,167
Loss for the year	-	-	(92,289)	(92,289)
Other comprehensive income for the year	-	-	155	155
Total comprehensive expense for the year	-	-	(92,134)	(92,134)
First interim dividend - 2018/19	-	-	(16,715)	(16,715)
Balance as at 31st March 2019	515,170	1,060,602	349,546	1,925,318
Balance as at 01st April 2019	515,170	1,060,602	349,546	1,925,318
Loss for the period	-	-	(37,366)	(37,366)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(37,366)	(37,366)
Balance as at 31st December 2019 (Unaudited)	515,170	1,060,602	312,180	1,887,952
Balance as at 01st April 2018	515,170	1,060,602	458,395	2,034,167
Profit for the period	-	-	54,757	54,757
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	54,757	54,757
Balance as at 31st December 2018 (Unaudited)	515,170	1,060,602	513,152	2,088,924
Company	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 01st April 2018	515,170	973,052	405,035	1,893,257
Loss for the year	-	-	(72,096)	(72,096)
Other comprehensive expense for the year	-	-	(34)	(34)
Total comprehensive expense for the year	-	-	(72,130)	(72,130)
First interim dividend - 2018/19	-	-	(16,715)	(16,715)
Balance as at 31st March 2019	515,170	973,052	316,190	1,804,412
Balance as at 01st April 2019	515,170	973,052	316,190	1,804,412
Loss for the period	-	-	(15,094)	(15,094)
Other comprehensive income for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(15,094)	(15,094)
Balance as at 31st December 2019 (Unaudited)	515,170	973,052	301,096	1,789,318
Balance as at 01st April 2018	515,170	973,052	405,035	1,893,257
Profit for the period	-	-	68,732	68,732
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	68,732	68,732
Balance as at 31st December 2018 (Unaudited)	515,170	973,052	473,767	1,961,989

Figures in brackets indicate deductions.

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

For the Nine months ended 31st December	Group			Company		
	2019	2018	31.03.2019 (Audited)	2019	2018	31.03.2019 (Audited)
Cash flows from operating activities						
Profit / (loss) before taxation	(41,537)	60,278	(83,775)	(16,364)	76,781	(58,985)
Adjustments for:						
Interest income on placements with banks and government securities	(10,017)	(13,177)	(17,407)	(10,005)	(10,142)	(14,271)
Net change in fair value of fair value through profit or loss financial assets - unit trust	(2,788)	(841)	(1,702)	(2,653)	(841)	(1,702)
Amortization of right to use of lease land	78	-	-	-	-	-
Unwinding of discount on compensation receivable	-	(14,524)	-	-	(14,524)	-
Interest expenses on bank borrowings	9,542	81	2,230	2,436	-	705
Depreciation on property, plant and equipment	65,405	46,069	62,826	53,147	42,811	58,118
(Profit) / loss on disposal of property, plant and equipment	95	105	(1,608)	95	105	58
Property, plant and equipment written off	-	-	4,899	-	-	4,899
Provision for employee benefits	3,142	3,355	4,119	2,439	2,306	3,024
Impairment on compensation receivable	-	-	145,207	-	-	145,207
Provision made / (reversal of provision) for impairment of trade receivables	(117)	3,922	4,327	(117)	3,922	4,327
Profit before working capital changes	23,803	85,268	119,116	28,978	100,418	141,380
Decrease / (increase) in inventories	(5,823)	(3,785)	1,187	(5,406)	(3,747)	1,280
(Increase) / decrease in trade and other receivables	35,527	9,955	(13,235)	35,143	8,730	(14,514)
Increase / (decrease) in trade and other payables	19,338	5,531	11,975	2,018	3,969	(204)
Cash generated from operations	72,845	96,969	119,043	60,733	109,370	127,942
Employee benefits paid	(1,567)	(1,239)	(1,239)	(489)	(644)	(644)
Income tax paid	(667)	(794)	(1,531)	(244)	(446)	(785)
Net cash generated from operating activities	70,611	94,936	116,273	60,000	108,280	126,513
Cash flows from investing activities						
Purchase of property, plant and equipment	(76,068)	(103,895)	(186,092)	(62,175)	(23,926)	(77,576)
Proceeds from disposal of property, plant and equipment	293	116	2,789	293	116	1,123
Movement in fixed deposits	11,326	(24,914)	11,806	11,326	(81,754)	(45,034)
(Investment in) / disposal of fair value through profit or loss financial assets	(83,608)	841	(27,780)	(64,463)	841	(27,780)
Interest received	10,017	13,177	17,407	10,005	10,142	14,271
Net cash used in investing activities	(138,040)	(114,675)	(181,870)	(105,014)	(94,581)	(134,996)
Cash flows from financing activities						
Dividend paid	(888)	(792)	(16,470)	(888)	(792)	(16,470)
Loans and borrowings obtained / (repayment) during the period	97,268	24,532	57,634	47,503	-	24,000
Interest paid on bank borrowings	(9,102)	(2,557)	(5,137)	(2,436)	-	(705)
Lease rental paid	(541)	-	-	-	-	-
Net cash generated from / (used in) financing activities	86,737	21,183	36,027	44,179	(792)	6,825
Net (decrease) / increase in cash and cash equivalents	19,308	1,444	(29,570)	(835)	12,907	(1,658)
Cash and cash equivalents at the beginning of the period	(10,581)	18,989	18,989	8,046	9,704	9,704
Cash and cash equivalents at the end of the Period	8,727	20,433	(10,581)	7,211	22,611	8,046
Statement of cash and cash equivalents						
Cash at bank and in hand	9,077	22,880	8,870	7,211	22,611	8,254
Bank overdraft	(350)	(2,447)	(19,451)	-	-	(208)
Cash and cash equivalents for the purpose of statement of cash flows	8,727	20,433	(10,581)	7,211	22,611	8,046

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 31st March 2019, except as disclosed in note 1.1 - "adoption of SLFRS - 16 Leases", 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.

1.1 Adoption of SLFRS - 16 Leases

The Group has adopted SLFRS 16 Leases from 1 April 2019. Accordingly, the group recognized a right of use of asset at the date of initial application for leases which were previously classified as an operating lease applying LKAS 17. The right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before the date of initial application. However, comparative amounts for the prior years have not been restated.

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 contingent liability or 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. Stated capital

The stated capital of the Company as at 31st December 2019 was Rs. 515.17 mn consists of 30,391,538 fully paid Ordinary Shares.

7. Related party transactions

For the Nine months ended 31st December	Group		Company	
	2019	2018	2019	2018
Transactions with affiliate companies				
Receiving of services	6,517	6,270	5,996	5,643

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

08. Twenty major shareholders as at 31st December 2019

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	184,016	0.61
4 Mrs. V.R. Jayasinghe	134,303	0.44
5 Mr. K.C. Jayawardene	131,000	0.43
6 Mr. R.C.J. Goonewardene	100,000	0.33
7 Bansei Securities Capital (Pvt) Ltd /R.C.J.Goonewardene	100,000	0.33
8 Mr. H.A. Van Starrex	90,000	0.30
9 Mrs. N.A. Ediriweera	75,000	0.25
10 Mr. H.A. Pieris	70,000	0.23
11 J.B. Cocoshell (Pvt) Ltd	60,000	0.20
12 Mr. A.M. Weerasinghe	57,500	0.19
13 People's Leasing & Finance PLC/L.P.Hapangama	57,157	0.19
14 Mrs. I. Gwyn	55,000	0.18
15 Mr. H.A.S. Madanayake	50,000	0.16
16 Code-Gen International Pvt Ltd	50,000	0.16
17 Mr. P. Somadasa	43,295	0.14
18 Mrs. C.A.D.S. Woodward	42,679	0.14
19 Nanayakkara Management Services(Private) Limited	31,361	0.10
20 Mr. M.F.J. Macan Markar	30,700	0.10

9. 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 31st December 2019

Market Capitalization of the Public Holding	Rs. 77.58 Million
Number of public shareholders	2,980
Percentage of ordinary shares held by the public	10.01%

10. Directors shareholding as at 31st December 2019

	No. of Shares as at 31.12.19
Mr. D.C.R. Gunawardena	-
Mr. M. Dayananda	-
Mr. K. Selvanathan	-
Mr. S. Mather	-
Mr. V R Wijesinghe	-
Mr. M.T.L. Elias (Appointed w.e.f. 03.02.2020)	-

INVESTOR INFORMATION

11. Share valuation

For the three months ended 31st December 2019	
Market value per share (Rs.)	25.50
Highest price per share for the period (Rs.)	29.80
Lowest price per share for the period (Rs.)	23.00

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	Chandima Gunawardena (Chairman) Mahendra Dayananda Krishna Selvanathan Sujendra Mather Vibath Wijesinghe Michael Elias (Appointed w.e.f. 03.02.2020)
Bankers	Commercial Bank of Ceylon PLC Standard Chartered Bank Sampath Bank PLC Deutsche Bank AG Hatton National Bank
Auditors	Messrs. KPMG Chartered Accountants No. 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03. Sri Lanka.
Managers & Secretaries	Carsons Management Services (Private) Limited No. 61, Janadhipathi Mawatha, Colombo 01. Sri Lanka. Tel: 0112039200 Fax: 0112039300
Registered Office	No. 61, Janadhipathi Mawatha, Colombo 01. Sri Lanka.
Place of Business	Santha Maria Mawatha Wattala Sri Lanka
Corporate Website	www.carsoncumberbatch.com