

## PEGASUS HOTELS OF CEYLON LIMITED

### Notes to the Summarised Financial Statements

#### 1. Basis of preparation of Summarised Financial Report.

The Interim Financial Statements of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31st March, 2006 and are in compliance with Sri Lanka Accounting Standard 35 - Interim Financial Reporting.

#### 2. Events occurring after the Balance Sheet date

Subsequent to the Balance Sheet date, no circumstances have arisen which would require adjustments to or disclosure in the Interim Financial Statements.

#### 3. Contingent Liabilities

There are no changes of a material nature in the contingent liabilities from those reported in the last Annual Financial Statements.

### INVESTOR INFORMATION

<b>Share Valuation as at</b>	<b>31.12.2006</b>	<b>31.12.2005</b>	<b>31.03.2006</b>
Market value per share (Rs.)	17.50	16.50	35.25
Highest price per share for the period (Rs.)	34.25	39.00	39.00
Lowest price per share for the period (Rs.)	14.00	14.00	14.00



## PEGASUS HOTELS OF CEYLON LIMITED

Interim Financial Statements for the

Nine months ended

31st December 2006

#### Corporate Information

<b>Name of the Company</b>	Pegasus Hotels of Ceylon Limited (A Carson Cumberbatch Company)
<b>Legal Form</b>	A Public Quoted Company with Limited Liability Incorporated in Sri Lanka in 1966
<b>Directors</b>	D. Chandima R. Gunawardena ( Chairman) Mano Selvanathan Hari Selvanathan Sega Nagendra P. M. Withana
<b>Alternate Directors</b>	P.C.P. Tissera (Alternate Director to Mr. D.C.R.Gunawardena) K.C.N. Fernando (Alternate Director to Mr. M. Selvanathan)
<b>Bankers</b>	Commercial Bank Standard Chartered Bank Sampath Bank National Development Bank
<b>Auditors</b>	Messrs. KPMG Ford, Rhodes, Thornton & Company Chartered Accountants No. 32A, Sir Mohamed Macan Markar Mawatha, Colombo 3.
<b>Managers &amp; Secretaries</b>	Carsons Management Services (Pvt) Ltd. No. 61, Janadhipathi Mawatha, Colombo 1.
<b>Registered Office</b>	No. 61, Janadhipathi Mawatha, Colombo 1.
<b>Place of Business</b>	Santha Maria Mawatha, Wattala.
<b>Corporate Website</b>	www.carsoncumberbatch.com

**PEGASUS HOTELS OF CEYLON LIMITED**
**Income Statement**

(All figures in Sri Lankan Rupees '000)

	Quarter Ended 31 <sup>st</sup> December			For the nine Months ended 31 <sup>st</sup> December			Year ended 31.03.06
	2006	2005	Change %	2006	2005	Change %	(Audited)
<b>Revenue</b>	<b>22,203</b>	250	8,781	<b>64,260</b>	250	25,604	15,602
Cost of Sales	<u>(7,119)</u>	(107)	6,553	<u>(20,327)</u>	(107)	18,897	(4,601)
<b>Gross Profit</b>	<b>15,084</b>	143	10,448	<b>43,933</b>	143	30,622	11,001
Other Income	-	-		<b>7,200</b>	580	1,141	-
	<u>15,084</u>	143	10,448	<u>51,133</u>	723	6,972	11,001
Selling expenses	(1,154)	(52)	2,119	(3,395)	(136)	2,396	(759)
Administrative expenses	(15,064)	(10,778)	40	(44,428)	(20,896)	113	(41,031)
Other operating expenses	<u>(6,120)</u>	(930)	558	<u>(17,379)</u>	(1,198)	1,351	(6,077)
<b>Loss before finance cost</b>	<b>(7,254)</b>	(11,617)	(38)	<b>(14,069)</b>	(21,507)	(35)	(36,866)
Finance cost	<u>(2,120)</u>	(2,179)	(3)	<u>(6,595)</u>	(4,028)	64	(3,744)
<b>Loss before taxation</b>	<b>(9,374)</b>	(13,796)	(32)	<b>(20,664)</b>	(25,535)	(19)	(40,610)
Taxation	-	-		-	-		-
<b>Loss after taxation</b>	<u><b>(9,374)</b></u>	<u>(13,796)</u>	(32)	<u><b>(20,664)</b></u>	<u>(25,535)</u>	(19)	<u>(40,610)</u>
Loss per ordinary share (Rs.)	<b>(1.32)</b>	(1.94)		<b>(0.76)</b>	(3.58)		2.60

Changes represent the percentage change in current period's results compared to comparative period.

Figures in brackets indicate deductions/negative changes.

**PEGASUS HOTELS OF CEYLON LIMITED**
**Balance Sheet**
**As at 31<sup>st</sup> December**

(All figures in Sri Lankan Rupees '000)

**ASSETS**
**Non-current Assets**

Property, plant &amp; equipment

**Current Assets**

Inventories

Trade and other receivables

Cash at bank and in hand

**Total Assets**
**EQUITY & LIABILITIES**
**Capital and Reserves**

Share capital

Share premium

Capital reserves

Revenue reserves

**Total equity**
**Non-current Liabilities**

Long term bank borrowings

Retirement benefit obligations

**Current Liabilities**

Trade and other payables

Amounts due to related companies

Long-term loans repayable within one year

Bank overdrafts

**Total Equity & Liabilities**

Net assets per ordinary share (Rs.)

The Balance Sheet as at 31st December 2006, and the related Statement of Income, Changes in Equity and Cash Flow for the nine months then ended as disclosed in pages 1 to 3 have been drawn up from unaudited Accounts.

Approved &amp; signed on behalf of the Managers,

 P.C.P. Tissera  
**Director**
**Carsons Management Services (Pvt) Ltd.**

12th February 2007

2006	2005	As at 31.03.06 (Audited)
<b>664,896</b>	632,327	641,950
<b>4,412</b>	3,286	8,586
<b>20,292</b>	9,457	65,770
<b>3,359</b>	2,619	744
<b>28,063</b>	15,362	75,100
<b>692,959</b>	647,689	717,050
<b>273,524</b>	227,937	273,524
<b>125,365</b>	125,365	125,365
<b>322,195</b>	347,800	322,195
<b>(173,425)</b>	(143,866)	(152,761)
<b>547,659</b>	557,236	568,323
<b>68,701</b>	8,320	68,215
<b>1,428</b>	1,087	1,444
<b>70,129</b>	9,407	69,659
<b>22,120</b>	7,866	19,053
<b>40,318</b>	52,708	43,769
<b>1,369</b>	7,754	7,561
<b>11,364</b>	12,718	8,685
<b>75,171</b>	81,046	79,068
<b>692,959</b>	647,689	717,050
<b>20.02</b>	24.45	20.78

Approved &amp; signed on behalf of the Board,

 D.C.R. Gunawardana  
**Chairman**

 M. Selvanathan  
**Director**
**PEGASUS HOTELS OF CEYLON LIMITED**
**Statement of Changes in Equity**

 For the nine months ended 31<sup>st</sup> December 2006

(All figures in Sri Lankan Rupees '000)

	Share Capital	Share Premium	Capital Reserves	Revenue Reserve	Accumulated Loss	Total Equity
Balance as at 1st April 2005 (Audited)	71,230	-	347,800	176	(118,507)	300,699
Right issue of ordinary shares	156,707	125,365	-	-	-	282,072
Loss after taxation	-	-	-	-	(40,610)	(40,610)
Revaluation	-	-	26,162	-	-	26,162
Transfers	45,587	-	(51,767)	-	6,180	-
<b>Balance as at 31st March 2006 (Audited)</b>	<b>273,524</b>	<b>125,365</b>	<b>322,195</b>	<b>176</b>	<b>(152,937)</b>	<b>568,323</b>
<b>Loss after taxation</b>	-	-	-	-	<b>(20,664)</b>	<b>(20,664)</b>
<b>Balance as at 31st December 2006</b>	<b>273,524</b>	<b>125,365</b>	<b>322,195</b>	<b>176</b>	<b>(173,601)</b>	<b>547,659</b>
Balance as at 1st April 2005 (Audited)	71,230	-	347,800	176	(118,507)	300,699
Right issue of ordinary shares	156,707	125,365	-	-	-	282,072
Loss after taxation	-	-	-	-	(25,535)	(25,535)
<b>Balance as at 31st December 2005</b>	<b>227,937</b>	<b>125,365</b>	<b>347,800</b>	<b>176</b>	<b>(144,042)</b>	<b>557,236</b>

**Cash Flow Statement**
**For the nine months ended 31st December**

(All figures in Sri Lankan Rupees 000)

	2006	2005	Audited Year ended 31.03.06
Net cash generated from / (used in) operating activities	<b>38,760</b>	(146,923)	(218,765)
Net cash generated from / (used in) investing activities	<b>(34,667)</b>	(147,540)	(133,242)
Net cash generated from / (used in) financing activities	<b>(4,157)</b>	275,816	335,518
Net increase / (decrease) in cash and cash equivalents	<b>(64)</b>	(18,647)	(16,489)
Cash and cash equivalents at the beginning of the year	<b>(7,941)</b>	8,548	8,548
Cash and cash equivalents at the end of the period	<b>(8,005)</b>	(10,099)	(7,941)
<b>Cash and cash equivalents</b>			
Cash at Bank and in Hand	<b>3,359</b>	2,619	744
Bank Overdrafts	<b>(11,364)</b>	(12,718)	(8,685)
	<b>(8,005)</b>	(10,099)	(7,941)