

**PEGASUS HOTELS OF CEYLON PLC**  
**Income Statement**

	Quarter ended 31st December			Nine Months to 31st December			Year ended
	2007	2006	Change %	2007	2006	Change %	31.03.07 (Audited)
(All figures in Sri Lankan Rupees '000)							
<b>Revenue</b>	<b>34,724</b>	22,203	56.4	<b>91,390</b>	64,260	42	93,172
Cost of Sales	<b>(11,467)</b>	(7,119)	61	<b>(28,848)</b>	(20,327)	42	(27,883)
<b>Gross Profit</b>	<b>23,257</b>	15,084	54	<b>62,542</b>	43,933	42	65,289
<b>Other Income</b>	-	-		-	7,200	(100)	-
	<b>23,257</b>	15,084		<b>62,542</b>	51,133		65,289
Selling expenses	<b>(2,257)</b>	(1,154)	96	<b>(5,078)</b>	(3,395)	50	(4,513)
Administrative expenses	<b>(16,384)</b>	(15,064)	9	<b>(49,046)</b>	(44,428)	10	(85,343)
Other operating expenses	<b>(7,970)</b>	(6,120)	30	<b>(21,355)</b>	(17,379)	23	(1,703)
<b>Loss from operations</b>	<b>(3,354)</b>	(7,254)	(54)	<b>(12,937)</b>	(14,069)	(8)	(26,270)
Finance cost	<b>(2,934)</b>	(2,120)	38	<b>(8,684)</b>	(6,595)	32	(9,828)
<b>Loss before taxation</b>	<b>(6,288)</b>	(9,374)	(33)	<b>(21,621)</b>	(20,664)	5	(36,098)
<b>Net Loss</b>	<b>(6,288)</b>	(9,374)	(33)	<b>(21,621)</b>	(20,664)	5	(36,098)
Loss per ordinary share (Rs.)	<b>(0.88)</b>	(1.32)		<b>0.79</b>	0.76		(1.32)

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 PLC**  
**Balance Sheet**

**As at 31st December**

(All figures in Sri Lankan Rupees '000)

**ASSETS**

**Non-current Assets**

Property, plant & equipment  
Intangible Asset

**Current Assets**

Inventories  
Trade and other receivables  
Cash at bank and in hand

**Total Assets**

**EQUITY & LIABILITIES**

**Capital and Reserves**

Stated Capital

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.)

	2007	2006	As at 31.03.07 (Audited)
<b>644,866</b>	664,896	648,260	
<b>167</b>	-	2,527	
<b>645,033</b>	664,896	650,787	
<b>14,163</b>	4,412	13,241	
<b>32,211</b>	20,292	16,404	
<b>890</b>	3,359	1,721	
<b>47,263</b>	28,063	31,366	
<b>692,296</b>	692,959	682,153	
<b>398,889</b>	398,889	398,889	
<b>322,195</b>	322,195	317,831	
<b>(210,480)</b>	(173,425)	(184,495)	
<b>510,604</b>	547,659	532,225	
<b>64,890</b>	68,701	63,582	
<b>973</b>	1,428	993	
<b>65,863</b>	70,129	64,575	
<b>32,643</b>	22,120	22,009	
<b>74,492</b>	40,318	51,400	
<b>3,749</b>	1,369	5,474	
<b>4,945</b>	11,364	6,470	
<b>115,829</b>	75,171	85,353	
<b>692,296</b>	692,959	682,153	
<b>18.67</b>	20.02	19.46	

The Balance Sheet as at 31st December 2007, and the related Statements 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 & Signed on behalf of the Managers,

Approved & Signed on behalf of the Board,

(Sgd.)  
P. C. P. Tissera  
**Director**

(Sgd.)  
D. C. R. Gunawardena  
**Chairman**

(Sgd.)  
M. Selvanathan  
**Director**

**Carsons Management Services (Private) Limited.**  
12th February 2008

**PEGASUS HOTELS OF CEYLON PLC**  
**Statement of Changes in Equity**

**For the quarter ended 31st Dec 2007**

(All figures in Sri Lankan Rupees '000)

	Stated Capital	Capital Reserves	Revenue Reserve	Accumulated Loss	Total Equity
Balance as at 1st April 2006 (Audited)	398,889	322,195	176	(152,937)	568,323
Loss for the year	-	-	-	(36,098)	(36,098)
<b>Balance as at 31st March 2007 (Audited)</b>	<b>398,889</b>	<b>322,195</b>	<b>176</b>	<b>(189,035)</b>	<b>532,225</b>
<b>Loss for the period</b>	-	-	-	<b>(21,621)</b>	<b>(21,621)</b>
<b>Balance as at 31st December 2007</b>	<b>398,889</b>	<b>322,195</b>	<b>176</b>	<b>(210,656)</b>	<b>510,604</b>
Balance as at 1st April 2006	398,889	322,195	176	(152,937)	568,323
Loss for the period	-	-	-	(20,664)	(20,664)
<b>Balance as at 31st December 2006</b>	<b>398,889</b>	<b>322,195</b>	<b>176</b>	<b>(173,601)</b>	<b>547,659</b>

**Cash Flow Statement**

**For the Nine months ended 31st December**

(All figures in Sri Lankan Rupees '000)

	2007	2006	Year ended 31.03.07 (Audited)
Net cash generated from operating activities	<b>6,261</b>	38,760	34,617
Net cash (used) in investing activities	<b>(5,150)</b>	(34,667)	(24,705)
Net cash used in financing activities	<b>(416)</b>	(4,157)	(6,720)
Net increase / (decrease) in cash and cash equivalents	<b>695</b>	(64)	3,192
Cash and cash equivalents at the beginning of the year	<b>(4,749)</b>	(7,941)	(7,941)
Cash and cash equivalents at the end of the period	<b>(4,055)</b>	(8,005)	(4,749)
<b>Cash and cash equivalents</b>	<b>890</b>	3,359	1,721
Cash at Bank and in Hand	<b>(4,945)</b>	(11,364)	(6,470)
Bank Overdrafts	<b>(4,055)</b>	(8,005)	(4,749)

**PEGASUS HOTELS OF CEYLON PLC**  
**Notes to the Interim Financial Statement**

**1. Basis of preparation of Interim Financial Statements**

The Interim Financial Statements of the Company have been prepared in consistence with the accounting policies and method applied for the year ended 31st March 2007 and are in compliance with Sri Lanka Accounting Standards 35 - "Interim Financial Reporting". Further, provision of the new companies Act No.7 of 2007 have been considered in preparing the Interim Financial Statements of the company

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

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

**3. Contingent Liabilities**

There were no material Contingent Liabilities since the last Balance Sheet date.

**4. Restatement of Comparative Figures**

Certain Comparative Figures have been restated to confirm to the classification and presentation as at 31st December 2007.

**Investor Information**

**Share Valuation**

	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.03.2007</b>
Market value per share (Rs.)	<b>27.00</b>	<b>17.50</b>	<b>15.50</b>
Highest price per share for the period (Rs.)	<b>35.50</b>	<b>34.25</b>	<b>34.25</b>
Lowest price per share for the period (Rs.)	<b>16.50</b>	<b>17.00</b>	<b>14.00</b>



**PEGASUS HOTELS OF CEYLON PLC**  
**Interim Financial Statements for the**  
**Nine months ended**  
**31st December 2007**

**Corporate Information**

<b>Name of the Company</b>	Pegasus Hotels of Ceylon PLC (A Carson Cumberbatch Company)
<b>Company Number</b>	PQ 40
<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 ( For Mr.D.C.R.Gunawardena) K.C.N. Fernando (For Mr. M. Selvanathan)
<b>Bankers</b>	Commercial Bank of Ceylon Ltd. 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 (Private) Limited. No. 61, Janadhipathi Mawatha, Colombo 1. Tel; 94 11 4739200 Fax; 94 11 4739300
<b>Registered Office</b>	No. 61, Janadhipathi Mawatha, Colombo 1.
<b>Place of Bussiness</b>	Santha Maria Mawatha, Wattala
<b>Corporate Website</b>	www.carsoncumberbatch.com