

PEGASUS HOTELS OF CEYLON PLC

INTERIM REPORT FOR THE THREE MONTHS ENDED 30TH JUNE 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			31.03.2019 (Audited)
	2019	30th June 2018	Change %	
Revenue	107,509	145,428	(26)	677,550
Direct costs	(90,231)	(95,942)	(6)	(421,151)
Gross profit	17,278	49,486	(65)	256,399
Other income	1,872	1,931	(3)	11,000
Selling and promotional expenses	(3,502)	(3,621)	(3)	(32,878)
Administrative expenses	(50,527)	(44,700)	13	(190,463)
Profit/ (loss) from operations	(34,879)	3,096	(1,227)	44,058
Impairment on compensation receivable	-	-	-	(145,207)
Finance income	4,199	8,532	(51)	19,604
Finance costs	(3,691)	-	-	(2,230)
Net finance income	508	8,532	(94)	17,374
Profit / (loss) before taxation	(34,371)	11,628	(396)	(83,775)
Income tax expenses	-	-	-	1,331
Deferred taxation	4,396	(2,014)	(318)	(9,845)
Profit / (loss) for the period	(29,975)	9,614	(412)	(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 expense for the period	(29,975)	9,614	(412)	(92,134)
Earnings / (loss) per share (Rs.)	(0.99)	0.32		(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			31.03.2019 (Audited)
	2019	2018	Change %	
Revenue	94,697	132,836	(29)	631,266
Direct costs	(75,496)	(85,126)	(11)	(372,548)
Gross profit	19,201	47,710	(60)	258,718
Other income	1,023	1,277	(20)	6,220
Selling and promotional expenses	(2,556)	(3,286)	(22)	(30,748)
Administrative expenses	(43,271)	(37,616)	15	(163,716)
Profit/ (loss) from operations	(25,603)	8,085	(417)	70,474
Impairment on compensation receivable	-	-	-	(145,207)
Finance income	4,198	7,308	(43)	16,453
Finance costs	(804)	-	-	(705)
Net finance income	3,394	7,308	(54)	15,748
Profit / (loss) before taxation	(22,209)	15,393	(244)	(58,985)
Deferred taxation	2,663	(2,108)	(226)	(13,111)
Profit / (loss) for the period	(19,546)	13,285	(247)	(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 expense for the period	(19,546)	13,285	(247)	(72,130)
Earnings / (loss) per share (Rs.)	(0.64)	0.44		(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)

	Group			Company		
As at 30th June	2019	2018	31.03.2019 (Audited)	2019	2018	31.03.2019 (Audited)
ASSETS						
Non-current assets						
Property, plant and equipment	2,042,701	1,878,485	2,007,609	1,807,550	1,748,014	1,772,236
Right of use of land	777	-	-	-	-	-
Intangible assets	115,287	115,287	115,287	-	-	-
Investment in subsidiary	-	-	-	110,223	110,223	110,223
Investment in fixed deposits	21,334	-	20,575	21,334	-	20,575
Compensation receivable	24,759	174,641	24,759	24,759	174,641	24,759
Total non-current assets	2,204,858	2,168,413	2,168,230	1,963,866	2,032,878	1,927,793
Current assets						
Inventories	16,151	19,365	17,181	12,532	16,267	13,402
Investment in fixed deposits	84,206	149,160	93,631	84,206	94,625	93,631
Fair value through profit or loss financial assets	10,165	8,007	29,482	10,165	8,007	29,482
Trade and other receivables	52,157	56,062	78,132	43,175	47,497	69,716
Cash and cash equivalents	12,531	23,225	8,870	11,478	13,090	8,254
Total current assets	175,210	255,819	227,296	161,556	179,486	214,485
Total assets	2,380,068	2,424,232	2,395,526	2,125,422	2,212,364	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	319,571	468,009	349,546	296,644	418,320	316,190
Total equity	1,895,343	2,043,781	1,925,318	1,784,866	1,906,542	1,804,412
Non-current liabilities						
Deferred tax liability	202,248	198,787	206,644	191,857	183,523	194,520
Employee benefits	20,481	17,738	19,950	14,350	11,646	13,776
Loans and borrowings	66,991	23,216	57,312	-	-	-
Total non-current liabilities	289,720	239,741	283,906	206,207	195,169	208,296
Current liabilities						
Trade and other payables	138,138	124,751	132,151	106,213	106,062	101,447
Current tax liabilities	2,695	5,160	2,828	3,898	4,591	3,915
Loans and borrowings	32,820	8,334	31,872	24,000	-	24,000
Bank overdraft	21,352	2,465	19,451	238	-	208
Total current liabilities	195,005	140,710	186,302	134,349	110,653	129,570
Total liabilities	484,725	380,451	470,208	340,556	305,822	337,866
Total equity and liabilities	2,380,068	2,424,232	2,395,526	2,125,422	2,212,364	2,142,278
Net assets per share (Rs.)	62.37	67.25	63.35	58.73	62.73	59.37

The Statement of Financial Position as at 30th June 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. Weeraratne

Director

Carsons Management Services (Private) Limited

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K. Selvanathan

Director

05th August 2019

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 year	-	-	(29,975)	(29,975)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(29,975)	(29,975)
First interim dividend - 2019/20	-	-	-	-
Balance as at 30th June 2019 (Unaudited)	515,170	1,060,602	319,571	1,895,343
Balance as at 01st April 2018	515,170	1,060,602	458,395	2,034,167
Profit for the period	-	-	9,614	9,614
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	9,614	9,614
Balance as at 30th June 2018 (Unaudited)	515,170	1,060,602	468,009	2,043,781
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 year	-	-	(19,546)	(19,546)
Other comprehensive income for the year	-	-	-	-
Total comprehensive expense for the year	-	-	(19,546)	(19,546)
First interim dividend - 2019/20	-	-	-	-
Balance as at 30th June 2019 (Unaudited)	515,170	973,052	296,644	1,784,866
Balance as at 01st April 2018	515,170	973,052	405,035	1,893,257
Profit for the period	-	-	13,285	13,285
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	13,285	13,285
Balance as at 30th June 2018 (Unaudited)	515,170	973,052	418,320	1,906,542

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		
	2019	2018	31.03.2019 (Audited)	2019	2018	31.03.2019 (Audited)
Cash flows from operating activities						
Profit / (loss) before taxation	(34,371)	11,628	(83,775)	(22,209)	15,393	(58,985)
Adjustments for:						
Interest income on placements with banks and government securities	(3,566)	(3,846)	(17,407)	(3,565)	(2,622)	(14,271)
Net change in fair value of fair value through profit or loss financial assets - unit trust	(633)	(11)	(1,702)	(633)	(11)	(1,702)
Amortization of right to use of lease land	26	-	-	-	-	-
Unwinding of discount on compensation receivable	-	(4,675)	-	-	(4,675)	-
Interest expenses on bank borrowings	3,691	-	2,230	804	-	705
Depreciation on property, plant and equipment	20,516	15,353	62,826	17,074	14,278	58,118
(Profit)/ loss on disposal of property, plant and equipment	-	-	(1,608)	-	-	58
Property, plant and equipment written off	-	-	4,899	-	-	4,899
Provision for employee benefits	1,005	1,118	4,119	813	769	3,024
Impairment on compensation receivable	-	-	145,207	-	-	145,207
Provision made / (reversal of provision) for impairment of trade receivables	-	-	4,327	-	-	4,327
Profit before working capital changes	(13,332)	19,567	119,116	(7,716)	23,132	141,380
decrease / (Increase) in inventories	1,030	(997)	1,187	870	(1,585)	1,280
(Increase) / decrease in trade and other receivables	25,975	13,162	(13,235)	26,541	12,032	(14,514)
Increase / (decrease) in trade and other payables	10,437	5,597	11,975	5,647	5,433	(204)
Cash generated from operations	24,110	37,329	119,043	25,342	39,012	127,942
Employee benefits paid	(474)	(630)	(1,239)	(239)	(478)	(644)
Income tax paid	(133)	(530)	(1,531)	(17)	(110)	(785)
Net cash generated from operating activities	23,503	36,169	116,273	25,086	38,424	126,513
Cash flows from investing activities						
Purchase of property, plant and equipment	(55,608)	(5,601)	(186,092)	(52,388)	(3,434)	(77,576)
Proceeds from disposal of property, plant and equipment	-	-	2,789	-	-	1,123
Investment in fixed deposits	8,666	(23,148)	11,806	8,666	(25,453)	(45,034)
Disposal of / (Investment in) fair value through profit or loss financial assets	19,950	(7,996)	(27,780)	19,950	(7,996)	(27,780)
Interest received	3,566	3,846	17,407	3,565	2,622	14,271
Net cash used in investing activities	(23,426)	(32,899)	(181,870)	(20,207)	(34,261)	(134,996)
Cash flows from financing activities						
Dividend paid	(881)	(777)	(16,470)	(881)	(777)	(16,470)
Loans and borrowings obtained during the year	6,287	-	57,634	-	-	24,000
Interest paid on bank borrowings	(3,543)	(722)	(5,137)	(804)	-	(705)
Lease rental paid	(180)	-	-	-	-	-
Net cash generated from / (used in) financing activities	1,683	(1,499)	36,027	(1,685)	(777)	6,825
Net increase / (decrease) in cash and cash equivalents	1,760	1,771	(29,570)	3,194	3,386	(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	(8,821)	20,760	(10,581)	11,240	13,090	8,046
Statement of cash and cash equivalents						
Cash at bank and in hand	12,531	23,225	8,870	11,478	13,090	8,254
Bank overdraft	(21,352)	(2,465)	(19,451)	(238)	-	(208)
Cash equivalents for the purpose of statement of cash flows	(8,821)	20,760	(10,581)	11,240	13,090	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. Accordingly, 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 30th June 2019 was Rs. 515.17 mn consists of 30,391,538 fully paid Ordinary Shares.

07. Related party transactions

For the Three months ended 30th June	Group		Company	
	2019	2018	2019	2018
Transactions with affiliate companies				
Receiving of services	1,836	2,922	1,713	2,559

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 30th June 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	363,661	1.20
3 Mr. K.C. Vignarajah	184,001	0.61
4 Mr. K.C. Jayawardene	130,000	0.43
5 Mrs. V.R. Jayasinghe	128,003	0.42
6 Mr. D.F.G. Dalpethado	120,825	0.40
7 Mr. H.A. Van Starrex	100,000	0.33
8 Bansei Securities Capital (Pvt) Ltd/R.C.J. Goonewardena	77,858	0.26
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	43,330	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 30th June 2019

Market Capitalization of the Public Holding	Rs. 66.93 Million
Number of public shareholders	3,010
Percentage of ordinary shares held by the public	10.01%

10. Directors shareholding as at 30th June 2019

	No. of Shares as at 30.06.19
Mr. D.C.R. Gunawardena	-
Mr. M. Dayananda	-
Mr. K. Selvanathan	-
Mr. S. Mather	-
Mr. V R Wijesinghe	-

INVESTOR INFORMATION

11. Share valuation

For the Three months ended 30th June 2019

Market value per share (Rs.)	22.00
Highest price per share for the period (Rs.)	26.50
Lowest price per share for the period (Rs.)	21.70

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
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