

PEGASUS HOTELS OF CEYLON PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements
For the year ended 31st March 2023

Statement of Profit or Loss and Other Comprehensive Income - Group

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 31st March			Year ended 31st March		
	2023	2022	Change %	2023	2022	Change %
Revenue	159,545	172,110	(7)	719,766	386,075	86
Direct costs	(149,968)	(120,363)	25	(613,290)	(350,070)	75
Gross profit	9,577	51,747	(81)	106,476	36,005	196
Other income	639	950	(33)	6,532	3,895	68
Selling and promotional expenses	(8,523)	(6,560)	30	(19,427)	(11,803)	65
Administrative expenses	(66,219)	(50,235)	32	(232,138)	(170,510)	36
Loss from operations	(64,526)	(4,098)	1,475	(138,557)	(142,413)	(3)
Impairment of goodwill	-	(65,515)	(100)	-	(65,515)	(100)
Finance income	77	7,796	(99)	17,318	12,992	33
Finance costs	(14,305)	(5,349)	167	(42,677)	(19,517)	119
Net finance income / (cost)	(14,228)	2,447	(681)	(25,359)	(6,525)	289
Loss before taxation	(78,754)	(67,166)	17	(163,916)	(214,453)	(24)
Income tax expenses	-	395	(100)	-	-	-
Deferred taxation	21,396	(558)	(3,934)	72,764	20,823	249
Loss for the period / year	(57,358)	(67,329)	(15)	(91,152)	(193,630)	(53)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	2,651	8,600	(69)	2,651	8,600	(69)
Revaluation of property, plant and equipment	-	465,706	(100)	-	465,706	(100)
Related tax	(795)	(66,403)	(99)	(331,150)	(66,403)	399
Other comprehensive income / (expense) for the period / year	1,856	407,903	(100)	(328,499)	407,903	(181)
Total comprehensive income / (expense) for the period / year	(55,502)	340,574	(116)	(419,651)	214,273	(296)
Earnings / (loss) per share (Rs.)	(1.70)	(2.22)		(2.82)	(6.37)	
Dividend per share (Rs.)	-	-		-	-	

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

Figures in brackets indicate deductions.

Statement of Profit or Loss and Other Comprehensive Income - Company

(All figures are in Sri Lankan Rupees Thousands)

	Three months ended 31st March			Year ended 31st March		
	2023	2022	Change %	2023	2022	Change %
Revenue	134,135	144,967	(7)	632,753	325,117	95
Direct costs	(125,289)	(100,953)	24	(527,112)	(292,981)	80
Gross profit	8,846	44,014	(80)	105,641	32,136	229
Other income	(21)	(15)	(40)	3,760	940	300
Selling and promotional expenses	(6,774)	(5,473)	24	(15,802)	(9,348)	69
Administrative expenses	(54,380)	(43,171)	26	(195,734)	(144,720)	35
Loss from operations	(52,329)	(4,645)	1,027	(102,135)	(120,992)	(16)
Finance income	(465)	7,768	(106)	14,845	12,748	16
Finance costs	(7,490)	(1,809)	314	(19,514)	(7,704)	153
Net finance income / (cost)	(7,955)	5,959	(233)	(4,669)	5,044	(193)
Profit/ (loss) before taxation	(60,284)	1,314	(4,688)	(106,804)	(115,948)	(8)
Income tax expenses	-	395	(100)	-	-	-
Deferred taxation	16,713	(501)	(3,436)	38,178	16,292	134
Profit/ (loss) for the period / year	(43,571)	1,208	(3,707)	(68,626)	(99,656)	(31)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	1,871	5,972	(69)	1,871	5,972	(69)
Revaluation of property, plant and equipment	-	436,951	(100)	-	436,951	(100)
Related tax	(561)	(62,009)	(99)	(294,467)	(62,009)	375
Other comprehensive income / (expense) for the period / year	1,310	380,914	(100)	(292,596)	380,914	(177)
Total comprehensive income / (expense) for the period / year	(42,261)	382,122	(111)	(361,222)	281,258	(228)
Earnings / (loss) per share (Rs.)	(1.29)	0.04		(2.13)	(3.28)	
Dividend per share (Rs.)	-	-		-	-	

Change % represents the percentage change in the current period's results compared to the corresponding period of the 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	Group		Company	
	31.03.2023	31.03.2022 (Audited)	31.03.2023	31.03.2022 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	2,619,599	2,699,883	2,296,785	2,363,151
Right-of-use assets	6,898	5,624	-	-
Intangible assets	672	1,008	-	-
Investment in subsidiary	-	-	136,436	60,451
Compensation receivable	24,759	24,759	24,759	24,759
Total non-current assets	2,651,928	2,731,274	2,457,980	2,448,361
Current assets				
Inventories	41,987	22,778	36,392	18,361
Investment in fixed deposits	36,876	36,276	36,876	36,276
Fair value through profit or loss financial assets	-	12,998	-	12,959
Trade and other receivables	44,912	57,500	36,388	46,751
Tax receivable	1,787	1,668	1,253	1,134
Cash and cash equivalents	44,713	79,920	39,972	77,915
Total current assets	170,275	211,140	150,881	193,396
Total assets	2,822,203	2,942,414	2,608,861	2,641,757
EQUITY AND LIABILITIES				
Equity				
Stated capital	591,149	515,170	591,149	515,170
Capital reserves	1,460,450	1,790,805	1,300,983	1,594,889
Revenue reserves	(203,689)	(109,854)	(66,660)	4,725
Total equity	1,847,910	2,196,121	1,825,472	2,114,784
Non-current liabilities				
Deferred tax liability	525,632	267,246	507,450	251,161
Employee benefits	13,193	15,729	9,629	12,165
Loans and borrowings	203,926	176,982	100,469	73,177
Lease liability	10,966	9,505	-	-
Total non-current liabilities	753,717	469,462	617,548	336,503
Current liabilities				
Trade and other payables	175,714	146,824	134,638	105,014
Loans and borrowings	43,961	129,434	31,203	85,456
Lease liability	901	573	-	-
Total current liabilities	220,576	276,831	165,841	190,470
Total liabilities	974,293	746,293	783,389	526,973
Total equity and liabilities	2,822,203	2,942,414	2,608,861	2,641,757
Net assets per share (Rs.)	54.72	72.26	54.06	69.58

The Statement of Financial Position as at 31st March 2023 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended as disclosed in pages 1 to 5 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).

P.C. Pahalagamage

Group Financial Controller

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).

V.R. Wijesinghe

Director

Carsons Management Services (Private) Limited

29th May 2023

Colombo

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

K. Selvanathan

Director

Pegasus Hotels of Ceylon PLC

Statement of Changes in Equity

(All figures are in Sri Lankan Rupees Thousands)

<u>GROUP</u>	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2022	515,170	1,790,805	(109,854)	2,196,121
Surcharge tax for the year of assessment 2020/21*	-	-	(2,717)	(2,717)
Balance as at 1st April 2022 (Adjusted)	515,170	1,790,805	(112,571)	2,193,404
Loss for the year	-	-	(91,152)	(91,152)
Other comprehensive income / (expense) for the year	-	(330,355)	1,856	(328,499)
Total comprehensive income / (expense) for the year	-	(330,355)	(89,296)	(419,651)
Rights issue of shares	75,979	-	-	75,979
Expenses on rights issue of shares	-	-	(1,921)	(1,921)
Forfeiture of unclaimed dividends	-	-	99	99
Balance as at 31st March 2023	591,149	1,460,450	(203,689)	1,847,910
Balance as at 1st April 2021	515,170	1,390,298	76,290	1,981,758
Loss for the year	-	-	(193,630)	(193,630)
Other comprehensive income / (expense) for the year	-	400,507	7,396	407,903
Total comprehensive income / (expense) for the year	-	400,507	(186,234)	214,273
Forfeiture of unclaimed dividends	-	-	90	90
Balance as at 31st March 2022	515,170	1,790,805	(109,854)	2,196,121
<u>COMPANY</u>	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2022	515,170	1,594,889	4,725	2,114,784
Surcharge tax for the year of assessment 2020/21*	-	-	(2,717)	(2,717)
Balance as at 1st April 2022 (Adjusted)	515,170	1,594,889	2,008	2,112,067
Loss for the year	-	-	(68,626)	(68,626)
Other comprehensive income / (expense) for the year	-	(293,906)	1,310	(292,596)
Total comprehensive income / (expense) for the year	-	(293,906)	(67,316)	(361,222)
Rights issue of shares	75,979	-	-	75,979
Expenses on rights issue of shares	-	-	(1,451)	(1,451)
Forfeiture of unclaimed dividends	-	-	99	99
Balance as at 31st March 2023	591,149	1,300,983	(66,660)	1,825,472
Balance as at 1st April 2021	515,170	1,219,111	99,155	1,833,436
Loss for the year	-	-	(99,656)	(99,656)
Other comprehensive income / (expense) for the year	-	375,778	5,136	380,914
Total comprehensive income / (expense) for the year	-	375,778	(94,520)	281,258
Forfeiture of unclaimed dividends	-	-	90	90
Balance as at 31st March 2022	515,170	1,594,889	4,725	2,114,784

Figures in brackets indicate deductions.

* As per the provisions of Surcharge Tax Act No. 14 of 2022, although Pegasus Hotels of Ceylon PLC, the Company, and its subsidiary did not become liable to pay surcharge tax as stand-alone entities, the Company and the Group are liable for surcharge tax on the basis that the companies are part of the Carson Cumberbatch PLC group, of which the aggregate taxable income exceeded the threshold as stipulated in the aforesaid Act.

Accordingly, the Company/ Group was liable for a surcharge tax of Rs. 2,716,611/- out of the taxable income of Rs. 10,866,445/- pertaining to the year of assessment 2020/21. The Company/ Group paid the surcharge tax liability in two equal installments on 18th April 2022 and 10th July 2022.

The expense of surcharge tax is accounted in accordance with the "Addendum to Statement of Alternative Treatment on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 " issued by the Institute of Chartered Accountants of Sri Lanka on 10th August 2022.

Pegasus Hotels of Ceylon PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	Group		Company	
	2023	2022	2023	2022
Cash flows from operating activities				
Loss before taxation	(163,916)	(214,453)	(106,804)	(115,948)
Adjustments for:				
Interest income	(16,062)	(6,260)	(13,855)	(6,211)
Unrealised foreign exchange loss/ (gain)	1,373	(5,605)	1,365	(5,605)
Net change in FVTPL financial assets - unit trust investments	(1,256)	(1,127)	(990)	(932)
Interest expenses on loans and borrowings	40,244	18,526	18,149	7,704
Interest expenses on lease liability	1,060	991	-	-
Amortization of right of use assets	217	202	-	-
Amortization of intangible assets	336	336	-	-
Depreciation on property, plant and equipment	87,302	89,661	71,716	74,831
(Profit) / loss on disposal of property, plant and equipment	(86)	906	4	906
Property, plant and equipment written off	505	350	505	350
Write off of irrecoverable Economic Service Charges (ESC) paid	1,879	-	1,423	-
Impairment of goodwill	-	65,515	-	-
Provision / (reversal of provision) for impairment of trade receivables	(326)	489	(326)	489
Provision for employee benefits	3,782	1,960	3,002	1,727
Operating profit / (loss) before working capital changes	(44,948)	(48,509)	(25,811)	(42,689)
(Increase) / decrease in inventories	(19,209)	(4,263)	(18,031)	(3,529)
(Increase) / decrease in trade and other receivables	10,916	(26,952)	9,147	(24,500)
Increase / (decrease) in trade and other payables	28,880	32,159	29,391	26,979
Cash generated from / (used in) operations	(24,361)	(47,565)	(5,304)	(43,739)
Employee benefits paid	(3,667)	(6,415)	(3,667)	(5,352)
Surcharge tax paid	(2,717)	-	(2,717)	-
Net cash generated from / (used in) operating activities	(30,745)	(53,980)	(11,688)	(49,091)
Cash flows from investing activities				
Investment in subsidiary	-	-	(75,985)	-
Purchase of property, plant and equipment	(8,375)	(25,363)	(6,654)	(21,890)
Proceeds from disposal of property, plant and equipment	938	325	795	325
Net withdrawal of / (investment in) fixed deposits	(981)	95,513	(981)	95,513
Net disposal of / (investment in) FVTPL financial assets	14,254	4,399	13,949	(7,801)
Interest received	16,443	6,191	14,236	6,142
Net cash generated from / (used in) investing activities	22,279	81,065	(54,640)	72,289
Cash flows from financing activities				
Proceeds from rights issue of shares	75,979	-	75,979	-
Expenses on rights issue of shares	(1,921)	-	(1,451)	-
Dividend paid	-	(1)	-	(1)
Lease rental paid	(762)	(721)	-	-
Loans and borrowings obtained during the year	-	50,000	-	50,000
Loans and borrowings repaid during the year	(62,800)	(3,439)	(27,625)	(3,439)
Interest paid on loans and borrowings	(35,864)	(3,753)	(17,153)	(3,486)
Net cash generated from / (used in) financing activities	(25,368)	42,086	29,750	43,074
Net increase / (decrease) in cash and cash equivalents	(33,834)	69,171	(36,578)	66,272
Effect of exchange rate changes on cash and cash equivalents	(1,373)	5,605	(1,365)	5,605
Cash and cash equivalents at the beginning of the year	79,920	5,144	77,915	6,038
Cash and cash equivalents at the end of the year	44,713	79,920	39,972	77,915
Statement of cash and cash equivalents				
Placements with banking and financial institutions	23,422	44,014	23,422	44,014
Cash at bank and in hand	21,291	35,906	16,550	33,901
Cash and cash equivalents for the purpose of statement of cash flows	44,713	79,920	39,972	77,915

Figures in brackets indicate deductions.

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 2022, 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. RIGHTS ISSUE OF SHARES

Pegasus Hotels of Ceylon PLC ('the Company') issued 3,376,838 ordinary shares by way of a rights issue to a ratio of one new ordinary share for every nine shares held at Rs.22/50 per share and raised Rs. 75,978,855. These shares were listed on the Colombo Stock Exchange on 7th September 2022.

Rights issue proceeds utilization as at 31st March 2023:

Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed date of utilization as per Circular	Amount allocated upon the receipt of proceeds in Rs. [A]	As a % of total proceeds	Amount utilized in the objective Rs. [B]	% of utilize against allocation [B/A]	Clarification if not fully utilized including where the funds are invested
To subscribe for the rights issue of Equity Hotels Limited, subsidiary of the Company	75,978,855	Before 31st October 2022	75,978,855	100%	75,978,855	100%	N/A

3. 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.

4. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no material contingent liabilities or significant financial commitments for the Company and the Group as at the reporting date other than below.

An individual after having lost the case he filed in the District Court of Negombo claiming declaratory title from court stating that he is the co-owner of 127.5 perches of land that belonged to the Company, has appealed to the Civil Appellate Court of Negombo. The said appeal is pending delivery of judgement with arguments having been concluded. The claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbour project. Since the crystallization of the contingent liability is subject to the ruling of the said Civil Appellate Court case followed by an available appeal process thereafter and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.

5. LIABILITIES FOR EXPENDITURE

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

6. DEFERRED TAX

In accordance with inland revenue (Amendment) Act No 45 of 2022, Change in income tax rate to 30% from 14% with effect from 1st October 2022 resulted in significant change in deferred taxation during the period.

7. COMPARATIVE FIGURES

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

Pegasus Hotels of Ceylon PLC

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

8. GOING CONCERN

Based on currently available information, the directors are satisfied that the Company and the Group will continue its operations in the foreseeable future.

9. STATED CAPITAL

The stated capital of the Company as at 31st March 2023 was Rs. 591.15 Million consists of 33,768,376 fully paid Ordinary Shares.

	Group		Company	
	2023	2022	2023	2022
<i>Issued and fully paid</i>				
At the beginning of the year (30,391,538 Ordinary shares)	515,170	515,170	515,170	515,170
Rights issue of shares (3,376,838 Ordinary shares)	75,979	-	75,979	-
At the end of the year (33,768,376 Ordinary shares)	591,149	515,170	591,149	515,170

10. RELATED PARTY TRANSACTIONS

10.1 Transactions with related companies

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
Parent Company - Carson Cumberbatch PLC				
Proceeds from rights issue of shares	-	-	68,369	-
Short term advances obtained (net)	546	-	-	-
Subsidiary - Equity Hotels Limited				
Subscription of rights issue	-	-	75,984	-
Fellow subsidiary- Carsons Management Services (Private) Limited				
Receiving of services	7,082	5,641	6,431	5,349

10.2 Amounts due to related companies

	Group		Company	
As at	31.03.2023	31.03.2022 (Audited)	31.03.2023	31.03.2022 (Audited)
Carson Cumberbatch PLC	22,500	21,954	-	-
Carsons Management Services (Private) Limited	9,990	4,689	9,990	4,689

Pegasus Hotels of Ceylon PLC

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands)

11. TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2023

	Name of Shareholder	Number of Shares	%
1	Carson Cumberbatch PLC A/C No.2	30,386,094	89.98
2	Mr. R.C.J. Goonewardene	396,543	1.17
3	Mr. M.C.C.K. Rodrigo	345,535	1.02
4	Mr. K.C. Vignarajah	214,855	0.64
5	Mrs. V.R. Jayasinghe	148,849	0.44
6	Mr. S.R.S. De Saram	141,041	0.42
7	Mr. C. Sathkumara	113,981	0.34
8	Merchant Bank of Sri Lanka Ltd/C. Sathkumara	110,045	0.33
	C. Sathkumara	98,911	0.29
9	Mr. K.C. Jayawardene	96,996	0.29
10	Mr. N.W.N. Jayasiri	80,000	0.24
11	Mrs. N.A. Ediriweera	75,000	0.22
12	Mr. A.M. Weerasinghe	63,888	0.19
13	J.B. Cocoshell (Pvt) Ltd	59,421	0.18
14	Mrs. I. Gwyn	55,000	0.16
15	Mr. P. Somadasa	41,067	0.12
16	Mr. H.A.S. Madanayake	40,000	0.12
17	Mr. K.K.D. Senanayake	35,000	0.10
18	Mr. M.F.J. Macan Markar	32,866	0.10
19	DFCC Bank PLC/ Dr.M.Ramasubbu	24,895	0.07
20	Mr. H. Tirathdas	23,289	0.07

12. PUBLIC HOLDING

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Diri Savi Board as per Rule 7.14.1.(b) of the Listing Rules of the Colombo Stock Exchange, under Option 2, i.e. Float-adjusted Market Capitalization of less than Rs.1Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st March 2023

Market Capitalization of the Public Holding	Rs.115.9 Million
Number of Public Shareholders	2,757
Percentage of ordinary shares held by the public	10.01%

13. DIRECTORS SHAREHOLDING AS AT 31ST MARCH 2023

	No. of Shares
Mr. D. C. R. Gunawardena (Chairman)	-
Mr. K. Selvanathan	-
Mr. S. R. Mather	-
Mr. M. T. L. Elias	-
Mr. M. Dayananda	-
Mr. V. R. Wijesinghe	-

INVESTOR INFORMATION

14. SHARE VALUATION

As at/ for the three months ended 31st March 2023

Market value per share (Rs.)	34.30
Highest price per share for the period (Rs.)	34.50
Lowest price per share for the period (Rs.)	25.60
Market capitalisation	Rs.1,158.3 Million

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	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. K. Selvanathan Mr. S. R. Mather Mr. M. T. L. Elias Mr. M. Dayananda Mr. V. R. Wijesinghe
BANKERS	Commercial Bank of Ceylon PLC Standard Chartered Bank Sampath Bank PLC Hatton National Bank PLC People's Bank DFCC Bank PLC National Development Bank PLC SBI Sri Lanka
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: +94 11 2039 200 Fax: +94 11 2039 300
REGISTERED OFFICE	No. 61, Janadhipathi Mawatha, Colombo 01, Sri Lanka. Tel : +94 11 2039 200 Fax: +94 11 2039 300
PLACE OF BUSINESS	Santha Maria Mawatha, Wattala, Sri Lanka. Tel : +94 11 2049 600
HOTEL WEBSITE	www.pegasusreefhotel.com
CORPORATE WEBSITE	www.carsoncumberbatch.com