

Pegasus Hotels of Ceylon PLC

A Carson Cumberbatch Company

Interim report for the nine months ended 31st December 2021

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		
	2021	2020	Change %	2021	2020	Change %
Revenue	108,807	22,806	377	213,965	111,711	92
Direct costs	(96,736)	(55,268)	75	(229,707)	(187,286)	23
Gross profit / (loss)	12,071	(32,462)	(137)	(15,742)	(75,575)	(79)
Other income	1,143	1,073	7	2,945	4,063	(28)
Selling and promotional expenses	(2,086)	(1,574)	33	(5,243)	(5,835)	(10)
Administrative expenses	(44,198)	(37,368)	18	(120,275)	(119,726)	–
Loss from operations	(33,070)	(70,331)	(53)	(138,315)	(197,073)	(30)
Finance income	1,618	2,614	(38)	5,196	9,221	(44)
Finance costs	(4,884)	(4,053)	21	(14,168)	(11,935)	19
Net finance income / (cost)	(3,266)	(1,439)	127	(8,972)	(2,714)	231
Loss before taxation	(36,336)	(71,770)	(49)	(147,287)	(199,787)	(26)
Income tax expenses	–	(595)	(100)	(395)	(2,177)	(82)
Deferred taxation	5,131	14,890	(66)	21,381	30,849	(31)
Loss for the period	(31,205)	(57,475)	(46)	(126,301)	(171,115)	(26)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	–	–	–	–	–	–
Related tax	–	–	–	–	–	–
Other comprehensive income / (expense) for the period	–	–	–	–	–	–
Total comprehensive income /(expense) for the period	(31,205)	(57,475)	(46)	(126,301)	(171,115)	(26)
Earnings / (loss) per share (Rs.)	(1.03)	(1.89)		(4.16)	(5.63)	
Dividend per share (Rs.)	–	–		–	–	

Change % represents 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		
	2021	2020	Change %	2021	2020	Change %
Revenue	89,665	13,976	542	180,150	82,906	117
Direct costs	(80,625)	(44,318)	82	(192,028)	(152,979)	26
Gross profit / (loss)	9,040	(30,342)	(130)	(11,878)	(70,073)	(83)
Other income	483	473	2	955	2,076	(54)
Selling and promotional expenses	(1,519)	(872)	74	(3,875)	(3,811)	2
Administrative expenses	(37,188)	(31,383)	18	(101,549)	(99,948)	2
Loss from operations	(29,184)	(62,124)	(53)	(116,347)	(171,756)	(32)
Finance income	1,598	2,548	(37)	4,980	9,072	(45)
Finance costs	(2,108)	(1,297)	63	(5,895)	(3,727)	58
Net finance income / (cost)	(510)	1,251	(141)	(915)	5,345	(117)
Loss before taxation	(29,694)	(60,873)	(51)	(117,262)	(166,411)	(30)
Income tax expenses	–	(611)	(100)	(395)	(2,177)	(82)
Deferred taxation	3,922	12,986	(70)	16,793	26,060	(36)
Loss for the period	(25,772)	(48,498)	(47)	(100,864)	(142,528)	(29)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	–	–	–	–	–	–
Related tax	–	–	–	–	–	–
Other comprehensive income / (expense) for the period	–	–	–	–	–	–
Total comprehensive income /(expense) for the period	(25,772)	(48,498)	(47)	(100,864)	(142,528)	(29)
Earnings / (loss) per share (Rs.)	(0.85)	(1.60)		(3.32)	(4.69)	
Dividend per share (Rs.)	–	–		–	–	

Change % represents 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	Group		Company	
	31.12.2021	31.03.2021 (Audited)	31.12.2021	31.03.2021 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	2,239,491	2,301,175	1,929,263	1,980,722
Right-of-use assets	5,674	5,826	-	-
Intangible assets	66,607	66,859	-	-
Investment in subsidiary	-	-	60,451	60,451
Compensation receivable	24,759	24,759	24,759	24,759
Total non-current assets	2,336,531	2,398,619	2,014,473	2,065,932
Current assets				
Inventories	18,958	18,515	15,983	14,832
Investment in fixed deposits	33,752	131,720	33,752	131,720
Fair value through profit or loss financial assets	34,583	16,270	34,545	4,226
Trade and other receivables	49,936	33,644	39,958	25,347
Cash and cash equivalents	63,126	7,103	61,438	6,645
Total current assets	200,355	207,252	185,676	182,770
Total assets	2,536,886	2,605,871	2,200,149	2,248,702
EQUITY AND LIABILITIES				
Equity				
Stated capital	515,170	515,170	515,170	515,170
Capital reserves	1,390,298	1,390,298	1,219,111	1,219,111
Revenue reserves	(50,011)	76,290	(1,709)	99,155
Total equity	1,855,457	1,981,758	1,732,572	1,833,436
Non-current liabilities				
Deferred tax liability	200,285	221,666	188,651	205,444
Employee benefits	27,858	28,784	20,684	21,762
Loans and borrowings	203,864	157,185	88,047	46,812
Lease liability	9,447	9,204	-	-
Total non-current liabilities	441,454	416,839	297,382	274,018
Current liabilities				
Trade and other payables	133,560	115,152	96,115	77,627
Current tax liabilities	1,334	939	1,868	1,473
Loans and borrowings	100,949	88,620	72,212	61,541
Lease liability	561	604	-	-
Bank overdraft	3,571	1,959	-	607
Total current liabilities	239,975	207,274	170,195	141,248
Total liabilities	681,429	624,113	467,577	415,266
Total equity and liabilities	2,536,886	2,605,871	2,200,149	2,248,702
Net assets per share (Rs.)	61.05	65.21	57.01	60.33

The Statement of Financial Position as at 31st December 2021 and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the period 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.)

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,

(Sgd.)

A.P. Weeratunge

Director

Carsons Management Services (Private) Limited

09th February 2022

Colombo

Approved and signed on behalf of the Board,

(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)

Group	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2021 (Audited)	515,170	1,390,298	76,290	1,981,758
Loss for the period	-	-	(126,301)	(126,301)
Other comprehensive income / (expense) for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(126,301)	(126,301)
Balance as at 31st December 2021 (Unaudited)	515,170	1,390,298	(50,011)	1,855,457
Balance as at 1st April 2020 (Audited)	515,170	1,060,602	308,650	1,884,422
Loss for the period	-	-	(171,115)	(171,115)
Other comprehensive income / (expense) for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(171,115)	(171,115)
Balance as at 31st December 2020 (Unaudited)	515,170	1,060,602	137,535	1,713,307
Company	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2021 (Audited)	515,170	1,219,111	99,155	1,833,436
Loss for the period	-	-	(100,864)	(100,864)
Other comprehensive income / (expense) for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(100,864)	(100,864)
Balance as at 31st December 2021 (Unaudited)	515,170	1,219,111	(1,709)	1,732,572
Balance as at 1st April 2020 (Audited)	515,170	973,052	304,136	1,792,358
Loss for the period	-	-	(142,528)	(142,528)
Other comprehensive income / (expense) for the period	-	-	-	-
Total comprehensive income / (expense) for the period	-	-	(142,528)	(142,528)
Balance as at 31st December 2020 (Unaudited)	515,170	973,052	161,608	1,649,830

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF CASH FLOWS

(All figures are in Sri Lankan Rupees Thousands)

For the nine months ended 31st December	Group		Company	
	2021	2020	2021	2020
Cash flows from operating activities				
Loss before taxation	(147,287)	(199,787)	(117,262)	(166,411)
Adjustments for:				
Interest income on placements with banks and government securities	(4,482)	(8,586)	(4,461)	(8,494)
Net change in fair value through profit or loss financial assets – unit trust investments	(714)	(635)	(519)	(578)
Interest expenses on loans and borrowings	13,427	11,213	5,895	3,727
Interest expenses on lease creditor	741	722	–	–
Amortization of right-of-use assets	152	152	–	–
Amortization of intangible assets	252	252	–	–
Depreciation on property, plant and equipment	69,602	62,732	58,194	53,574
Loss on disposal of property, plant and equipment	906	66	906	66
Provision for employee benefits	3,546	3,165	3,240	2,569
Reversal of provision for impairment of trade receivables	(9)	(219)	(9)	(108)
Operating profit / (loss) before working capital changes	(63,866)	(130,925)	(54,016)	(115,655)
(Increase) / decrease in inventories	(443)	7,788	(1,151)	6,517
(Increase) / decrease in trade and other receivables	(16,283)	25,994	(14,602)	20,956
Increase / (decrease) in trade and other payables	18,846	(11,238)	17,971	(11,256)
Cash generated from / (used in) operations	(61,746)	(108,381)	(51,798)	(99,438)
Employee benefits paid	(4,472)	(1,244)	(4,318)	(413)
Income tax paid	–	(266)	–	–
Net cash generated from / (used in) operating activities	(66,218)	(109,891)	(56,116)	(99,851)
Cash flows from investing activities				
Purchase of property, plant and equipment	(10,268)	(283)	(7,966)	(260)
Proceeds from disposal of property, plant and equipment	325	251	325	251
Net withdrawal of / (investment in) fixed deposits	97,764	(44,500)	97,764	(52,000)
Net disposal of / (investment in) fair value through profit or loss financial assets	(17,599)	6,897	(29,800)	16,639
Interest received	4,686	6,468	4,665	6,376
Net cash generated from / (used in) investing activities	74,908	(31,167)	64,988	(28,994)
Cash flows from financing activities				
Dividend paid	(1)	(4)	(1)	(4)
Lease rental paid	(541)	(541)	–	–
Bank borrowings obtained during the period	50,000	38,882	50,000	25,000
Bank borrowings repayments during the period	(833)	–	(833)	–
Interest paid on bank borrowings	(2,904)	(51)	(2,638)	–
Net cash generated from / (used in) financing activities	45,721	38,286	46,528	24,996
Net increase / (decrease) in cash and cash equivalents	54,411	(102,772)	55,400	(103,849)
Cash and cash equivalents at the beginning of the period	5,144	97,411	6,038	99,165
Cash and cash equivalents at the end of the period	59,555	(5,361)	61,438	(4,684)
Statement of cash and cash equivalents				
Investment in fixed deposits	50,673	–	50,673	–
Cash at bank and in hand	12,453	5,673	10,765	4,741
Bank overdraft	(3,571)	(11,034)	–	(9,425)
Cash and cash equivalents for the purpose of statement of cash flows	59,555	(5,361)	61,438	(4,684)

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 2021, 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. 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 liabilities 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. Impact of Covid 19 on the operations

The Group operates in the tourism sector, which has been significantly affected by the COVID – 19 pandemic. Therefore, in consideration of the prevailed situation in the country due to the increase in the spread of COVID-19 and related strict hotel operating guidelines issued by authorities, the Board of Pegasus Hotels of Ceylon PLC offered Pegasus Reef Hotel as a temporary Intermediate Care Center (ICC) of Asiri Group of Hospitals for COVID patients in the time of need from 19th May 2021 to 15th October 2021. The hotel resumed its normal hotel operations from 1st November 2021. The Group reviewed its affairs including, but not limited to cash flows, revenue and profitability forecasts based on information available up to the date of approving these financial statements. Accordingly, the Board of Directors are of the view that it is appropriate to prepare these financial statements on a going concern basis.

7. Surcharge tax

A one-time Surcharge Tax of 25% on Group/ Company's taxable income exceeding Rs.2Bn for the year of assessment 2020/21 was announced in the Government Budget proposals for 2022 and, a draft bill is gazetted. Since the draft bill is not yet approved by the parliament and therefore cannot be considered as enacted, the Group/ Company has not provided for any potential liability that could arise therefrom in the financial statements for the period ended 31st December 2021.

8. Stated capital

The stated capital of the Company as at 31st December 2021 was Rs. 515.17 Million consists of 30,391,538 fully paid Ordinary Shares.

9. Related party transactions

9.1 Transactions with related companies

For the nine months ended 31st December	Group		Company	
	2021	2020	2021	2020
Receiving of services	4,370	4,092	3,912	3,661

9.2 Amounts due to related companies

As at	Group		Company	
	31.12.2021	31.03.2021 (Audited)	31.12.2021	31.03.2021 (Audited)
Carson Cumberbatch PLC	21,954	21,954	–	–
Carsons Management Services (Private) Limited	5,540	–	5,540	–

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

10. Twenty major shareholders as at 31st December 2021

Name of Shareholder	Number of Shares	%
1 Carson Cumberbatch PLC A/C No.2	27,347,485	89.98
2 Hatton National Bank PLC/ Rohan Chanaka Joseph Goonewardena	365,250	1.20
3 Mr. M.C.C.K. Rodrigo	364,361	1.20
4 Mr. K.C. Vignarajah	185,905	0.61
5 Mrs. V.R. Jayasinghe	146,849	0.48
6 Mr. K.C. Jayawardena	103,445	0.34
7 Mr. N.W.N. Jayasiri	80,000	0.26
8 Mrs. N.A. Ediriweera	75,000	0.25
9 Mr. A.M. Weerasinghe	57,500	0.19
10 Mr. C. Sathkumara	27,003	0.09
Merchant Bank of Sri Lanka Ltd/ C. Sathkumara	56,137	0.18
11 Mrs. I. Gwyn	55,000	0.18
12 J.B. Cocoshell (Pvt) Ltd	50,004	0.16
13 Acuity Partners (Pvt) Limited/ Mr. Don Janaka Nishan Hettiarachchi	47,391	0.16
14 Mr. P. Somadasa	41,461	0.14
15 Mr. H.A.S. Madanayake	40,000	0.13
16 Mr. K.K.D. Senanayake	35,000	0.12
17 Miss. L.A. Pieris	35,000	0.12
18 Mr. M.F.J. Macan Markar	29,580	0.10
19 Mr. H.S.M. Peiris	25,000	0.08
20 Mrs. M.V.K. Gomis	25,000	0.08

11. 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 2021

Market Capitalization of the Public Holding	Rs.117.12 Million
Number of Public Shareholders	2,823
Percentage of ordinary shares held by the public	10.01%

12. Directors shareholding as at 31st December 2021

	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

13. Share valuation

As at/ for the three months ended 31st December 2021

Market value per share (Rs.)	38.50
Highest price per share for the period (Rs.)	42.50
Lowest price per share for the period (Rs.)	30.00
Market capitalisation	Rs.1,170.07 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 People's 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: +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