

PEGASUS HOTELS OF CEYLON PLC

INTERIM REPORT FOR THE YEAR ENDED 31ST MARCH 2019

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			Twelve months ended		
	31st March			31st March		
	2019	2018	Change %	2019	2018	Change %
Revenue	190,970	180,635	6	677,550	684,841	(1)
Direct costs	(118,504)	(101,838)	16	(421,151)	(409,098)	3
Gross profit	72,466	78,797	(8)	256,399	275,743	(7)
Other income / expenses	3,855	2,224	73	11,000	10,475	5
Selling and promotional expenses	(12,427)	(8,829)	41	(32,878)	(25,094)	31
Administrative expenses	(51,653)	(44,637)	16	(190,463)	(179,884)	6
Profit from operations	12,241	27,555	(56)	44,058	81,240	(46)
Impairment on compensation receivable (Note 2)	(145,207)	-	100	(145,207)	-	100
Finance income	(8,938)	8,767	(202)	19,604	28,969	(32)
Finance costs	(2,149)	(604)	256	(2,230)	(1,267)	76
Net finance income	(11,087)	8,163	(236)	17,374	27,702	(37)
(Loss) / profit before taxation	(144,053)	35,718	(503)	(83,775)	108,942	(177)
Income tax expenses	1,331	(3,708)	(136)	1,331	(7,887)	(117)
Deferred taxation	(4,324)	(13,680)	(68)	(9,845)	(16,727)	(41)
(Loss) / profit for the period	(147,046)	18,330	(902)	(92,289)	84,328	(209)
Other comprehensive income						
Actuarial gain / (loss) from valuation of employee benefits	180	395	(54)	180	395	(54)
Related tax	(25)	(113,068)	(100)	(25)	(113,068)	(100)
Other comprehensive income / (expense) for the period	155	(112,673)	(100)	155	(112,673)	(100)
Total comprehensive expense for the period	(146,891)	(94,343)	56	(92,134)	(28,345)	225
Earnings / (loss) per share (Rs.)	(4.84)	0.60		(3.04)	2.77	
Dividend per share (Rs.)	0.55	0.55		0.55	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			Twelve months ended		
	31st March			31st March		
	2019	2018	Change %	2019	2018	Change %
Revenue	173,137	155,710	11	631,266	586,665	8
Direct costs	(99,781)	(86,694)	15	(372,548)	(347,655)	7
Gross profit	73,356	69,016	6	258,718	239,010	8
Other income / expenses	3,029	1,395	117	6,220	7,457	(17)
Selling and promotional expenses	(11,715)	(7,621)	54	(30,748)	(20,793)	48
Administrative expenses	(45,470)	(37,186)	22	(163,716)	(150,260)	9
Profit from operations	19,200	25,604	(25)	70,474	75,414	(7)
Impairment on compensation receivable (Note 2)	(145,207)	-	100	(145,207)	-	100
Finance income	(9,054)	7,351	(223)	16,453	25,903	(36)
Finance costs	(705)	(1)	70,400	(705)	(1)	70,400
Net finance income	(9,759)	7,350	(233)	15,748	25,902	(39)
(Loss) / profit before taxation	(135,766)	32,954	(512)	(58,985)	101,316	(158)
Income tax expenses	-	(2,532)	(100)	-	(5,624)	(100)
Deferred taxation	(5,062)	(11,763)	(57)	(13,111)	(14,828)	(12)
(Loss) / profit for the period	(140,828)	18,659	(855)	(72,096)	80,864	(189)
Other comprehensive income						
Actuarial gain / (loss) from valuation of employee benefits	(40)	342	(112)	(40)	342	(112)
Related tax	6	(113,061)	(100)	6	(113,061)	(100)
Other comprehensive income / (expense) for the period	(34)	(112,719)	(100)	(34)	(112,719)	(100)
Total comprehensive expense for the period	(140,862)	(94,060)	50	(72,130)	(31,855)	126
Earnings / (loss) per share (Rs.)	(4.63)	0.61		(2.37)	2.66	
Dividend per share (Rs.)	0.55	0.55		0.55	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)

As at 31st March	Group		Company	
	2019	2018	2019	2018
ASSETS				
Non-current assets				
Property, plant and equipment	2,007,609	1,887,516	1,772,236	1,758,858
Intangible assets	115,287	115,287	-	-
Investment in subsidiary	-	-	110,223	110,223
Investment in fixed deposits	20,575	-	20,575	-
Compensation receivable	24,759	169,966	24,759	169,966
Total non-current assets	2,168,230	2,172,769	1,927,793	2,039,047
Current assets				
Inventories	17,181	18,368	13,402	14,682
Investment in fixed deposits	93,631	126,012	93,631	69,172
Fair value through profit or loss financial assets	29,482	-	29,482	-
Trade and other receivables	78,132	69,224	69,716	59,529
Cash and cash equivalents	8,870	22,418	8,254	9,721
Total current assets	227,296	236,022	214,485	153,104
Total assets	2,395,526	2,408,791	2,142,278	2,192,151
EQUITY AND LIABILITIES				
Equity				
Stated capital	515,170	515,170	515,170	515,170
Capital reserves	1,060,602	1,060,602	973,052	973,052
Revenue reserves	349,546	458,395	316,190	405,035
Total equity	1,925,318	2,034,167	1,804,412	1,893,257
Non-current liabilities				
Deferred tax liability	206,644	196,774	194,520	181,415
Employee benefits	19,950	17,250	13,776	11,356
Loans and borrowings	57,312	26,503	-	-
Total non-current liabilities	283,906	240,527	208,296	192,771
Current liabilities				
Trade and other payables	132,151	119,931	101,447	101,406
Current tax liabilities	2,828	5,690	3,915	4,700
Loans and borrowings	31,872	5,047	24,000	-
Bank overdraft	19,451	3,429	208	17
Total current liabilities	186,302	134,097	129,570	106,123
Total liabilities	470,208	374,624	337,866	298,894
Total equity and liabilities	2,395,526	2,408,791	2,142,278	2,192,151
Net assets per share (Rs.)	63.35	66.93	59.37	62.30

The Statement of Financial Position as at 31st March 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 1 to 6 have been drawn up from audited 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. Weeratunge

Director

Carsons Management Services (Private) Limited

(Sgd).

D.C.R. Gunawardena

Chairman

(Sgd).

M. Dayananda

Director

08th May 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 1st April 2017	515,170	1,279,471	405,581	2,200,222
Profit for the year	-	-	84,328	84,328
Other comprehensive income for the year	-	(113,013)	340	(112,673)
Total comprehensive income for the year	-	(113,013)	84,668	(28,345)
Adjustment on land acquisition	-	(105,856)	-	(105,856)
Forfeited dividends	-	-	57	57
First & final dividend - 2016/17	-	-	(15,196)	(15,196)
First interim dividend - 2017/18	-	-	(16,715)	(16,715)
Balance as at 31st March 2018	515,170	1,060,602	458,395	2,034,167
Balance as at 1st 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

Company	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2017	515,170	1,191,921	355,731	2,062,822
Profit for the year	-	-	80,864	80,864
Other comprehensive income for the year	-	(113,013)	294	(112,719)
Total comprehensive income for the year	-	(113,013)	81,158	(31,855)
Adjustment on land acquisition	-	(105,856)	-	(105,856)
Forfeited dividends	-	-	57	57
First & final dividend - 2016/17	-	-	(15,196)	(15,196)
First interim dividend - 2017/18	-	-	(16,715)	(16,715)
Balance as at 31st March 2018	515,170	973,052	405,035	1,893,257
Balance as at 1st 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 - 2017/18	-	-	(16,715)	(16,715)
Balance as at 31st March 2019	515,170	973,052	316,190	1,804,412

Figures in brackets indicate deductions.

PEGASUS HOTELS OF CEYLON PLC
STATEMENT OF CASH FLOW
(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	Group		Company	
	2019	2018	2019	2018
Cash flows from operating activities				
(Loss) / Profit before taxation	(83,775)	108,942	(58,985)	101,316
Adjustments for:				
Interest income on placement with banks and government securities	(17,407)	(9,398)	(14,271)	(5,167)
Net change in fair value of fair value through profit or loss financial assets - unit trusts	(1,702)	(1,648)	(1,702)	(1,648)
Dividend income	-	-	-	(1,203)
Unwinding of discount on compensation receivable	-	(17,526)	-	(17,526)
Interest expenses on bank borrowings	2,230	1,267	705	1
Depreciation on property, plant and equipment	62,826	64,085	58,118	59,238
(Profit) / loss on disposal of property, plant and equipment	(1,608)	(1,195)	58	(1,195)
Property, plant and equipment written off	4,899	-	4,899	-
Provision for employee benefits	4,119	3,878	3,024	2,796
Impairment on compensation receivable	145,207	-	145,207	-
Provision made / (reversal of provision) for impairment of trade receivables	4,327	(69)	4,327	-
Profit before working capital changes	119,116	148,336	141,380	136,612
Decrease / (increase) in inventories	1,187	3,639	1,280	3,758
(Increase) / decrease in trade and other receivables	(13,235)	15,802	(14,514)	16,823
Increase / (decrease) in trade and other payables	11,975	(15,240)	(204)	(14,277)
Cash generated from operations	119,043	152,537	127,942	142,916
Employee benefits paid	(1,239)	(2,254)	(644)	(1,581)
Income tax paid	(1,531)	(3,483)	(785)	(1,075)
Net cash generated from operating activities	116,273	146,800	126,513	140,260
Cash flows from investing activities				
Purchase of property, plant and equipment	(186,092)	(49,300)	(77,576)	(45,837)
Proceeds from disposal of property, plant and equipment	2,789	3,061	1,123	3,060
Investment in fixed deposits	11,806	(126,012)	(45,034)	(69,172)
(Investment in)/disposal of fair value through profit or loss financial assets	(27,780)	1,648	(27,780)	1,648
Interest received	17,407	9,398	14,271	5,167
Dividend received	-	-	-	1,203
Net cash used in investing activities	(181,870)	(161,205)	(134,996)	(103,931)
Cash flows from financing activities				
Dividend paid	(16,470)	(31,793)	(16,470)	(31,793)
Loans and borrowings obtained during the year	57,634	25,000	24,000	-
Interest paid on bank borrowings	(5,137)	(1,267)	(705)	(1)
Net cash generated from / used in financing activities	36,027	(8,060)	6,825	(31,794)
Net (decrease)/ increase in cash and cash equivalents	(29,570)	(22,465)	(1,658)	4,535
Cash and cash equivalents at the beginning of the year	18,989	41,454	9,704	5,169
Cash and cash equivalents at the end of the year	(10,581)	18,989	8,046	9,704

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 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 Balance Sheet date, the Company received an official notification pertaining to the claim of compensation in respect of land extent of 353.89 perches, awarding a compensation of Rs. 5,459,500/- relating to the Company's claim of Rs. 159.3 mn. The said claim was made taking into account the market value of the property, potential economic value lost for hotel expansion and a value for nuisance that will be created for hotel operation by the said project. The compensation claim for the balance land of 1,251 perches is yet to be announced until the conclusion of the ongoing land case in the District Court of Negombo, which is still under hearing stage. However, as a matter of prudence the Company made a provision for the compensation receivable of Rs. 189.5 applicable for the said 1,251 perches of land also based on the criteria of compensation awarded for the aforesaid 353.89 perches. Accordingly, Rs. 145.2 mn provision was made on the compensation receivable for the year ended 31st March 2019. However, since the substantial component of 1,251 perches of land was not entirely mangrove land, we could expect a better compensation than the amount awarded for the said 353.89 perches of mangrove land. The Company is taking steps to appeal against the said award of compensation (Rs. 5,459,500/-) to the Land Acquisition Board of Review.

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosure in the financial statements other than disclosed above.

3. Contingent liabilities and capital commitments

As at 31st March	Group		Company	
	2019	2018	2019	2018
(a) Capital commitments				
Capital expenditure contracted for at the end of the reporting period but not yet incurred	89,424	85,323	89,424	-

There were no other significant financial commitments for the Company and the Group other than those disclosed above 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 31st March 2019 was Rs. 515.17 mn consists of 30,391,538 fully paid Ordinary Shares.

7. Related party transactions

For the Year ended 31st March	Group		Company	
	2019	2018	2019	2018
Transactions with parent company				
Providing hotel services	-	1,477	-	1,477
Transactions with subsidiaries				
Dividends received	-	-	-	1,203
Reimbursement of expenses received	-	-	938	1,336
Transactions with affiliate companies				
Receiving of services	8,823	14,637	8,545	12,690
Providing hotel services	552	1,570	552	1,570

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 31st March 2019

Name of Shareholders	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	183,998	0.61
4 Mrs. V.R. Jayasinghe	128,003	0.42
5 Mr. K.C. Jayawardene	122,630	0.40
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	75,022	0.25
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	43,410	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	30,100	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 Colombo Stock Exchange, under Option 2, i.e. Float-Adjusted Market Capitalization less than Rs. 1.0 Billion with 200 Public Shareholders and a Public Holding percentage of 10%.

The Company's Public Holding as at 31st March 2019

Market Capitalization of the Public Holding	Rs. 73.01 Million
Number of public shareholders	2964
Percentage of public holding	10.01%

10. Directors shareholding as at 31st March 2019

	No. of Shares as at 31.03.19
Mr. D.C.R. Gunawardena	-
Mr. M. Dayananda	-
Mr. K. Selvanathan	-
Mr. S. R. Mather	-
Mr. V R Wijesinghe	-

INVESTOR INFORMATION

11. Share valuation

For the Three months ended 31st March 2019

Market value per share (Rs.)	24.00
Highest price per share for the period (Rs.)	25.00
Lowest price per share for the period (Rs.)	21.20

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 32A, Sir Mohamed Macan Marker Mawatha Colombo 03 Sri Lanka
Managers & Secretaries	Carsons Management Services (Private) Limited 61, Janadhipathi Mawatha Colombo 01 Sri Lanka Tel: 0112039200 Fax: 0112039300
Registered Office	61, Janadhipathi Mawatha Colombo 01 Sri Lanka
Place of Business	Santha Maria Mawatha Wattala Sri Lanka
Corporate Website	www.carsoncumberbatch.com