PEGASUS HOTELS OF CEYLON PLC

A Carson Cumberbatch Company

Condensed Interim Financial Statements
For the year ended 31st March 2024

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 March			Year ended 31st March		
	2024	2023	Change %	2024	2023	Change %
Revenue	275,683	159,545	73	927,369	719,766	29
Direct costs	(182,314)	(149,968)	22	(703,314)	(613,290)	15
Gross profit	93,369	9,577	875	224,055	106,476	110
Other income	2,002	639	213	7,086	6,532	8
Selling and promotional expenses	(14,449)	(8,523)	70	(46,551)	(19,427)	140
Administrative expenses	(72,874)	(66,219)	10	(258,981)	(232,138)	12
Profit / (loss) from operations	8,048	(64,526)	(112)	(74,391)	(138,557)	(46)
Finance income	739	77	860	10,157	17,318	(41)
Finance costs	(13,259)	(14,305)	(7)	(47,454)	(42,677)	11
Net finance income / (cost)	(12,520)	(14,228)	(12)	(37,297)	(25,359)	47
Profit/ (loss) before taxation	(4,472)	(78,754)	(94)	(111,688)	(163,916)	(32)
Income tax expenses	-	-	-	-	-	-
Deferred taxation	(22,273)	21,396	(204)	12,169	72,764	(83)
Profit / (loss) for the period / year	(26,745)	(57,358)	(53)	(99,519)	(91,152)	9
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	(9,890)	2,651	(473)	(9,890)	2,651	(473)
Revaluation of property, plant and equipment	461,074	-	100	461,074	-	100
Related tax	(135,356)	(795)	16,926	(135,356)	(331,150)	(59)
Other comprehensive income / (expense) for the period / year	315,828	1,856	16,917	315,828	(328,499)	(196)
Total comprehensive income / (expense) for the period / year	289,083	(55,502)	(621)	216,309	(419,651)	(152)
Earnings / (loss) per share (Rs.)	(0.63)	(1.70)		(2.58)	(2.82)	
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 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		
	2024	2023	Change %	2024	2023	Change %
Revenue	231,623	134,135	73	774,918	632,753	22
Direct costs	(150,706)	(125,289)	20	(579,264)	(527,112)	10
Gross profit	80,917	8,846	815	195,654	105,641	85
Other income	1,342	(21)	6,490	4,446	3,760	18
Selling and promotional expenses	(11,074)	(6,774)	63	(38,366)	(15,802)	143
Administrative expenses	(59,135)	(54,380)	9	(210,081)	(195,734)	7
Profit / (loss) from operations	12,050	(52,329)	(123)	(48,347)	(102,135)	(53)
Finance income	676	(465)	245	9,702	14,845	(35)
Finance costs	(12,010)	(7,490)	60	(31,500)	(19,514)	61
Net finance income / (cost)	(11,334)	(7,955)	42	(21,798)	(4,669)	367
Profit/ (loss) before taxation	716	(60,284)	(101)	(70,145)	(106,804)	(34)
Income tax expenses	-	-	-	-	-	-
Deferred taxation	(637)	16,713	(104)	22,385	38,178	(41)
Profit / (loss) for the period / year	79	(43,571)	(100)	(47,760)	(68,626)	(30)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gain / (loss) from valuation of employee benefits	(7,813)	1,871	(518)	(7,813)	1,871	(518)
Revaluation of property, plant and equipment	425,642	-	100	425,642	-	100
Related tax	(125,349)	(561)	22,244	(125,349)	(294,467)	(57)
Other comprehensive income / (expense) for the period / year	292,480	1,310	22,227	292,480	(292,596)	(200)
Total comprehensive income / (expense) for the period / year	292,559	(42,261)	(792)	244,720	(361,222)	(168)
Earnings / (loss) per share (Rs.)	-	(1.29)		(1.24)	(2.13)	
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 31.03.2024	Group 31.03.2023 (Audited)	Company 31.03.2024	Company 31.03.2023 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	3,017,378	2,619,599	2,673,699	2,296,785
Right-of-use assets	6,640	6,898	-	-
Intangible assets	336	672	-	-
Investment in subsidiary	-	-	256,842	136,436
Compensation receivable	24,759	24,759	24,759	24,759
Total non-current assets	3,049,113	2,651,928	2,955,300	2,457,980
Current assets				
Inventories	38,867	41,987	31,365	36,392
Investment in fixed deposits	88,550	36,876	88,550	36,876
Trade and other receivables	115,774	44,912	99,934	36,388
Tax receivable	2,187	1,787	1,624	1,253
Cash and cash equivalents	63,164	44,713	59,404	39,972
Total current assets	308,542	170,275	280,877	150,881
Total assets	3,357,655	2,822,203	3,236,177	2,608,861
EQUITY AND LIABILITIES				
Equity				
Stated capital	751,549	591,149	751,549	591,149
Capital reserves	1,783,202	1,460,450	1,598,932	1,300,983
Revenue reserves	(312,640)	(203,689)	(121,893)	(66,660)
Total equity	2,222,111	1,847,910	2,228,588	1,825,472
Non-current liabilities				
Deferred tax liability	648,819	525,632	610,414	507,450
Employee benefits	22,366	13,193	16,475	9,629
Loans and borrowings	114,521	203,926	87,198	100,469
Lease liability	11,163	10,966	-	-
Total non-current liabilities	796,869	753,717	714,087	617,548
Current liabilities				
Trade and other payables	176,649	143,224	148,795	124,648
Amounts due to related parties	52,855	32,490	37,437	9,990
Loans and borrowings	108,607	43,961	107,270	31,203
Lease liability	564	901	-	-
Total current liabilities	338,675	220,576	293,502	165,841
Total liabilities	1,135,544	974,293	1,007,589	783,389
Total equity and liabilities	3,357,655	2,822,203	3,236,177	2,608,861
Net assets per share (Rs.)	52.64	54.72	52.80	54.06

The Statement of Financial Position as at 31st March 2024 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,

(Sgd).

V.R. Wijesinghe
Director
Carsons Management Services (Private) Limited
29th May 2024
Colombo

Approved and signed on behalf of the Board,

(Sgd).

M. Dayananda
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 2023	591,149	1,460,450	(203,689)	1,847,910
Loss for the year	-	-	(99,519)	(99,519)
Other comprehensive income / (expense) for the year	-	322,752	(6,924)	315,828
Total comprehensive income / (expense) for the year	-	322,752	(106,443)	216,309
Rights issue of shares	160,400	-	-	160,400
Expenses on rights issue of shares	-	-	(2,625)	(2,625)
Forfeiture of unclaimed dividends	-	-	117	117
Balance as at 31st March 2024	751,549	1,783,202	(312,640)	2,222,111
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

COMPANY	Stated capital	Capital reserves	Revenue reserves	Total equity
Balance as at 1st April 2023	591,149	1,300,983	(66,660)	1,825,472
Loss for the year	-	-	(47,760)	(47,760)
Other comprehensive income / (expense) for the year	-	297,949	(5,469)	292,480
Total comprehensive income / (expense) for the year	-	297,949	(53,229)	244,720
Rights issue of shares	160,400	-	-	160,400
Expenses on rights issue of shares	-	-	(2,121)	(2,121)
Forfeiture of unclaimed dividends	-	-	117	117
Balance as at 31st March 2024	751,549	1,598,932	(121,893)	2,228,588
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

Figures in brackets indicate deductions.

Pegasus Hotels of Ceylon PLC

Statement of Cash Flows

(All figures are in Sri Lankan Rupees Thousands)

For the year ended 31st March	Group 2024	Group 2023	Company 2024	Company 2023
Cash flows from operating activities				
Profit/ (loss) before taxation	(111,688)	(163,916)	(70,145)	(106,804)
Adjustments for:				
Interest income on placements with banking and financial institutions	(10,157)	(16,062)	(9,702)	(13,855)
Unrealised foreign exchange loss/ (gain)	6,271	1,373	6,176	1,365
Net change in FVTPL financial assets - unit trust investments	-	(1,256)	-	(990)
Interest expenses on loans and borrowings	40,019	40,244	25,324	18,149
Interest expenses on lease liability	1,164	1,060	-	-
Amortization of right of use assets	258	217	-	-
Amortization of intangible assets	336	336	-	-
Depreciation on property, plant and equipment	79,761	87,302	64,362	71,716
(Profit) / loss on disposal of property, plant and equipment	1	(86)	1	4
Write off of irrecoverable Economic Service Charges (ESC) paid	-	1,879	-	1,423
Property, plant and equipment written of	-	505	-	505
Provision made/ (reversal of provision) for impairment of trade receivables, net	(320)	(326)	(320)	(326)
Provision for employee benefits	3,745	3,782	2,884	3,002
Operating profit / (loss) before working capital changes	9,390	(44,948)	18,580	(25,811)
(Increase) / decrease in inventories	3,120	(19,209)	5,027	(18,031)
(Increase) / decrease in trade and other receivables	(70,542)	10,916	(63,226)	9,147
Increase / (decrease) in trade and other payables	34,464	23,033	25,186	24,090
Increase / (decrease) in amounts due to related parties	20,365	5,847	27,447	5,301
Cash generated from / (used in) operations	(3,203)	(24,361)	13,014	(5,304)
Employee benefits paid	(4,462)	(3,667)	(3,851)	(3,667)
Surcharge tax paid	-	(2,717)	-	(2,717)
Net cash generated from / (used in) operating activities	(7,665)	(30,745)	9,163	(11,688)
Cash flows from investing activities				
Investment in subsidiary	-	-	(120,406)	(75,985)
Purchase of property, plant and equipment	(17,533)	(8,375)	(16,701)	(6,654)
Proceeds from disposal of property, plant and equipment	-	938	-	795
Net withdrawal of / (investment in) fixed deposits	(51,977)	(981)	(51,977)	(981)
Net disposal of / (investment in) FVTPL financial assets	-	14,254	-	13,949
Interest received	10,060	16,443	9,634	14,236
Net cash generated from / (used in) investing activities	(59,450)	22,279	(179,450)	(54,640)
Cash flows from financing activities				
Proceeds from rights issue of shares	160,400	75,979	160,400	75,979
Expenses on rights issue of shares	(2,625)	(1,921)	(2,121)	(1,451)
Dividend paid	(2)	-	(2)	-
Lease rental paid	(1,304)	(762)	-	-
Loans and borrowings obtained during the year	94,000	-	94,000	-
Loans and borrowings repaid during the year	(118,759)	(62,800)	(31,204)	(27,625)
Interest paid on loans and borrowings	(39,873)	(35,864)	(25,178)	(17,153)
Net cash generated from / (used in) financing activities	91,837	(25,368)	195,895	29,750
Net increase / (decrease) in cash and cash equivalents	24,722	(33,834)	25,608	(36,578)
Effect of exchange rate changes on cash and cash equivalents	(6,271)	(1,373)	(6,176)	(1,365)
Cash and cash equivalents at the beginning of the year	44,713	79,920	39,972	77,915
Cash and cash equivalents at the end of the year	63,164	44,713	59,404	39,972
Statement of cash and cash equivalents				
Placements with banking and financial institutions	23,945	23,422	23,945	23,422
Cash at bank and in hand	39,219	21,291	35,459	16,550
Cash and cash equivalents at the end of the year	63,164	44,713	59,404	39,972

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

1. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements of the Company and the Group have been prepared using the same accounting policies and methods as the audited financial statements for the year ended 31st March 2023, 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 8,442,094 ordinary shares through a rights issue to a ratio of one (01) new share for every four (04) shares held at Rs.19/00 per share and raised Rs. 160,399,786/00. These shares were listed on the Colombo Stock Exchange on 08th September 2023.

Rights issue proceeds utilization as at 31st March 2024:

	Objective as per the Circular	Amount Allocated as per the Circular in Rs.	Proposed Date of Utilisation as per the Circular	Amount Allocated from Proceeds in Rs. [A]	% of Total Proceeds	Amounts Utilised in the Objective Rs. [B]	% of Utilisation against allocation [B/A]	Clarification if not fully utilized including where the funds are invested.
1	Subscribe to the rights issue of the subsidiary, Equity Hotels Limited	120,399,786	Before 31st October 2023	120,399,786	75.06%	120,399,786	100.00%	N/A
2	Finance the capital expenditure of the Company	40,000,000	Before 31st December 2024	40,000,000	24.94%	8,808,341	22.02%	To be utilized before 31st December 2024 as disclosed in the Rights Issue Circular. Unutilized funds are invested in a fixed deposit.

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 disclosed below.

An individual after having lost the cases he filed in the District Court and Civil Appellate Courts 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 Supreme Court and the case is listed to be heard on 12th June 2024 to decide on leave to proceed. 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 this appeal and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

5. LIABILITIES FOR EXPENDITURE

Management fees and other similar expenses for the period/ year have been accounted for in full in the interim financial statements.

6. COMPARATIVE FIGURES

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

7. 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.

8. STATED CAPITAL

The stated capital of the Company as at 31st March 2024 was Rs. 751,548,321/50 consists of 42,210,470 fully paid Ordinary Shares.

	2024		2023	
Issued and fully paid	Nos shares	Amount	Nos shares	Amount
As at the beginning of the year	33,768,376	591,149	30,391,538	515,170
Rights issue of shares	8,442,094	160,400	3,376,838	75,979
As at the end of the year	42,210,470	751,549	33,768,376	591,149

9. RELATED PARTY TRANSACTIONS

9.1 Transactions with related companies

	Group		Company	
For the year ended 31st March	2024	2023	2024	2023
Parent Company- Carson Cumberbatch PLC				
Proceeds from rights issue of shares	-	-	144,334	68,369
Short term advances obtained/ (settled), net	(14,000)	546	-	-
Subsidiary- Equity Hotels Limited				
Subscription of rights issue	-	-	120,406	75,984
Fellow subsidiary- Carsons Management Services (Private) Limited				
Receiving of services	10,326	7,082	8,660	6,431
Fellow subsidiary- Lion Brewery (Ceylon) PLC				
Providing of hotel services	8,554	-	8,554	-

9.2 Amounts due to related companies

	Group		Company	
As at	31.03.2024	31.03.2023 (Audited)	31.03.2024	31.03.2023 (Audited)
Carson Cumberbatch PLC	8,500	22,500	-	-
Carsons Management Services (Private) Limited	44,355	9,990	37,437	9,990
	52,855	32,490	37,437	9,990

Notes to the Interim Financial Statements

(All figures are in Sri Lankan Rupees Thousands unless otherwise stated)

10. TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2024

	Name of Shareholder	Number of Shares	%
1	Carson Cumberbatch PLC A/C No.2	37,982,617	89.98
2	Mr. M.C.C.K. Rodrigo	345,535	0.82
3	Mr. C. Sathkumara	269,753	0.64
	Merchant Bank Of Sri Lanka Ltd/C. Sathkumara	111,609	0.26
4	Mr. K.C. Vignarajah	262,055	0.62
5	Mr. R.C.J. Goonewardene	180,989	0.43
6	Mrs. V.R. Jayasinghe	145,729	0.35
7	Mr. S.R.S. De Saram	100,000	0.24
8	Amina Investments Limited	95,514	0.23
9	Mr. K.C. Jayawardene	94,058	0.22
10	Mr. N.W.N. Jayasiri	80,000	0.19
11	J.B. Cocoshell (Pvt) Ltd	74,276	0.18
12	Mr. A.M. Weerasinghe	63,888	0.15
13	Mr. D.P.A.D. Galhena	62,915	0.15
14	Hatton National Bank PLC /Mushtaq Mohamed Fuad	61,328	0.15
15	Mrs. I. Gwyn	55,000	0.13
16	Mr. W.D.D. Samantha	52,526	0.12
17	Mr. M.F.J. Macan Markar	47,000	0.10
18	Mr. P. Somadasa	46,083	0.11
19	Mr. K.K.D. Senanayake	43,750	0.10
20	Mr. H.A.S. Madanayake	40,000	0.09

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 (i) (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 March 2024

Float Adjusted Market Capitalization	Rs. 97.28 Million
Number of Public Shareholders	3,018
Percentage of ordinary shares held by the public	10.02%

12. DIRECTORS SHAREHOLDING AS AT 31ST MARCH 2024

	No. of Shares
Mr. M. Dayananda (Appointed as Chairman w.e.f. 01.01.2024)	-
Mr. K. Selvanathan	-
Mr. S. R. Mather	-
Mr. M. T. L. Elias	-
Mr. V. R. Wijesinghe	-

INVESTOR INFORMATION

13. SHARE VALUATION

As at/ for the three months ended 31st March 2024

Last traded price (Rs.)	23.00
Highest price per share for the period (Rs.)	27.00
Lowest price per share for the period (Rs.)	21.00
Market capitalisation	Rs. 970.84 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. M. Dayananda (Appointed as Chairman w.e.f. 01.01.2024) Mr. K. Selvanathan Mr. S. R. Mather Mr. M. T. L. Elias 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