

PEGASUS HOTELS OF JAMAICA LIMITED

REPORT OF THE DIRECTORS

Your Directors submit to you, the members, their Twenty-Seventh Annual Report, together with the Audited Accounts of the Company for the year ended 31 March 1995.

Financial Statements

The operating profit for the year under review is \$49.637M and after accounting for depreciation, interest income and taxation the net profit is \$21.071M. Details of the results are set out in the Audited Accounts on Pages 8 and 9 and in the notes to the Financial Statements on Pages 10 to 15.

Capital Reserve

The balance on the Capital Reserve as of 31 March 1995 is \$863.404M and on the Revenue Reserve \$40.956M.

Bonus Issue

The bonus issue of one for every five stock units which you approved at the Extra-Ordinary General Meeting held on March 16, 1995 was issued to stockholders on the Register of Members as at 31 March 1995. This was issued out of profits in order to take advantage of Income Tax Incentives for the year ended 31 March, 1995.

Directors

The names of the Directors are shown on Page 1. In accordance with the Articles of Association of the Company two elected Directors Mr. Edward C. Ashenheim and Mr. Christopher D. Bovell retire at this Annual General Meeting and being eligible are recommended for re-election.

Auditors

Price Waterhouse have expressed their willingness to continue in office and a resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

E. JOYCE CHANG
SECRETARY

DATED THIS 24TH DAY APRIL 1995

ORDINARY RESOLUTIONS

1. (1) Audited Statements and Directors Report

Be It Resolved:-

'That the Audited Statements for the period ended 31 March 1995 and the Report of the Directors thereon be and are hereby taken as read.'

(2) Adoption of Audited statements and Reports

Be It Resolved:-

'That the Reports of the Directors and auditors and the audited Financial Statements for the year ended 31 March 1995 now submitted to the meeting be and are hereby received.'

2. 2 Election of Directors

(1) Mr. Edward C. Ashenheim

Be It Resolved:-

'That Mr. Edward C. Ashenheim be and is hereby re-elected a Director for the ensuing year.'

(2) Mr. Christopher D. Bovell

Be It Resolved:-

'That Mr. Christopher D. Bovell be and is hereby re-elected a Director for the ensuing year.'

3 Auditors Remuneration

Be It Resolved:-

'That the Directors be and are hereby authorized to fixed the remuneration of the Auditors.'

CHAIRMAN'S STATEMENT

During the year under review, the value of the Jamaican dollar was stable relative to the US dollar. Despite this, the rate of inflation did not start to moderate until the last quarter of the financial year. Additionally, wage increases were granted relative to historic higher inflation rates and not the anticipated lower inflation rates.

These factors combined to put a great deal of pressure on the profitability of your hotel. The profitability was also negatively affected by the increased competition.

You will therefore see from the accounts that our net profit after tax was only half that of the preceding year. Despite this, your Directors approved the same percentage dividend payment as last year.

We continue to develop the facilities at your hotel and at the time of writing the lobby and restaurant project is almost complete. This project includes the

opening of the Pegasus Cafe which is located on the verandah area overlooking the pool, the Port Royal Restaurant off the lobby and the members-only wine club, In Vino Veritas. The Monte Carlo function room was renamed the Paul Bogle and a similar room, the Marcus Garvey room was developed. Both these rooms can handle private meetings and dinners for up to sixteen people.

The well and irrigation project, which I mentioned last year is now complete and the management has been asked to take advantage of this opportunity to develop our grounds into a veritable botanical garden.

The current financial year will be a difficult one, however every effort will be made to improve the efficiency of our operation as well as to increase our share of the market.

We wish to thank all our customers, staff and suppliers for their continued support and I would especially like to let our customers know that we are always happy to hear their views and advice as to how we can make the Pegasus even more attractive.

John J. Issa, C.D., J.P.
Chairman

April 24, 1995