

# PEGASUS HOTELS OF JAMAICA LIMITED 1998

---

## CHAIRMAN'S STATEMENT

The year ended March 31, 1998 has been a disappointing one for your company.

- Despite continued efforts to achieve greater efficiency, we have ended the year with a loss before exceptional items and taxation of \$2.7M, as against a profit of \$27.8M in the previous year. After exceptional items and taxation, the loss was \$13.7M, compared to a profit of \$18.3M in the previous year. The exceptional item was the cost of the re-organization -primarily redundancy pay - which will result in cost savings in the coming years.
- The continued increase in the number of hotel rooms on offer in Kingston created even greater competition. This contributed, in a significant way, to the unsatisfactory results.

Your Directors, however are making every effort to return your company to profitability; we therefore asked the Line Staff Bargaining Unit - whose contract expired at the end of October, 1997 - to accept a one-year moratorium on any changes in wages and benefits. The negotiations ended at the Industrial Disputes Tribunal and we are awaiting their decision.

Industrial action, which took place on two occasions during these negotiations, contributed to the loss for the year. Your hotel also lost business as a result of the abandoned Test Match.

Despite the market conditions to which I have referred, your Directors continue to do whatever is within the resources of the company to keep your hotel in good condition and upgrade wherever it is necessary, to meet and better the competition.

As you are probably aware, during the year your hotel was re-branded as Le Meridien Jamaica Pegasus. Granada, which had acquired Forte, had taken the decision to expand their Le Meridien brand into

their most important international hotel operation. Your Directors agreed to the re-branding of your hotel and look forward to increased business as a result.

Taking into account all the circumstances, your Directors did not consider it prudent to recommend any dividend at this time.

Your Board, management and staff once again wish to thank all our customers and suppliers for their continued support.

JOHN ISSA, C.D., J.P.

CHAIRMAN

04 MAY, 1998

---