

PEGASUS HOTELS OF JAMAICA LIMITED

INTERIM STATEMENTS AS AT SEPTEMBER 30, 2004.

Balance Sheet on 30 September 2004

	Sep-04 \$'000	Mar-04 \$'000	RESTATED Sep-03 \$'000
NET ASSET EMPLOYED			
Fixed Assets	2,569,095	2,594,788	2,374,268
Pension Surplus	325	325	2,393
Current Assets			
Inventories	24,092	24,330	20,604
Accounts receivable	51,603	69,637	44,902
Taxation recoverable	0	0	974
Cash and bank balances	121,567	99,622	99,521
	<u>197,262</u>	<u>193,589</u>	<u>166,001</u>
Current Liabilities			
Bank overdraft		93	0
Accounts payable	15,803	49,355	16,296
Taxation payable	7,075	10,909	11,165
Current portion of long term liability	20,089	20,089	19,696
Current portion of lease obligation	0	575	873
	<u>42,967</u>	<u>81,021</u>	<u>48,030</u>
Net Current Assets	<u>154,295</u>	<u>112,568</u>	<u>117,971</u>

2,723,715	2,707,681	2,494,632
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FINANCED BY

Share Capital	120,166	120,166	120,166
Capital Reserves	1,871,730	1,871,730	1,710,033
Replacement Reserve	2,485	0	0
Accumulated Surplus	34,515	22,795	21,530
	<u>2,028,896</u>	<u>2,014,691</u>	<u>1,851,729</u>
Deferred Tax Liabilities	677,475	677,475	617,614
Long Term Liability	17,344	15,413	25,267
Lease obligation	0	102	22
	<u>2,723,715</u>	<u>2,707,681</u>	<u>2,494,632</u>

Profit and Loss Account

30 September 2004

	RESTATED		RESTATED		AUDITED
	For the Quarter Ending	For the Quarter Ending	For the Six Months Ending	For the Six Months Ending	Year Ended
	30-Sep	30-Sep	30-Sep	30-Sep	31-Mar
	2004	2003	2004	2003	2004
	\$000	\$000	\$000	\$000	\$000
Revenue	137,511	134,064	280,438	265,117	538,073
Direct Costs	(60,062)	(57,006)	(118,950)	(111,842)	(223,453)
Gross Profit	<u>77,449</u>	<u>77,058</u>	<u>161,488</u>	<u>153,275</u>	<u>314,620</u>
Other operating income	6,603	8,549	10,005	14,800	5,234
Administration expenses	(32,146)	(34,253)	(70,074)	(69,922)	(156,234)
Other operating expenses	(47,313)	(39,162)	(83,761)	(78,864)	(147,980)
Operating profit	<u>4,593</u>	<u>12,192</u>	<u>17,658</u>	<u>19,289</u>	<u>15,640</u>
Finance Income	2,529	3,453	4,769	6,629	16,725
Profit before taxation & extraordinary item	7,122	15,645	22,427	25,918	32,365
Extraordinary item	(7,000)	-	(7,000)	-	-

Taxation	<u>(1,637)</u>	<u>(5,476)</u>	<u>(3,707)</u>	<u>(7,068)</u>	<u>(12,250)</u>
NET PROFIT	<u>(1,515)</u>	<u>10,169</u>	<u>11,720</u>	<u>18,850</u>	<u>20,115</u>
	=====	=====	=====	=====	=====
PROFIT PER STOCK UNIT	(01.26) cents	08.46 cents	09.75 cents	15.69 cents	16.74 cents

Note 1 - Extraordinary item of \$7,000,000 represents provision for deductibles on fire and perils insurance for damages sustained during the passage of hurricane Ivan.

Note 2 - Included in other operating expenses is an amount of \$1,800,000 spent on immediate repairs and replacements relating to damages from hurricane Ivan.

Note 3 - No provisions has been made for the claim we will be making on fire and perils and business interruption insurance.

Note 4 - The increase in other operating expenses is due in large measure to increase in our energy costs.

Note 5 - The earnings per stock unit are based on 120,165,973 ordinary stock units, which represents the number of ordinary stock units issued at the end of the period.

Note 6 - The figures are unaudited and accounting policies remain as stated in the 2003/2004 Annual Accounts.

Statement of Changes of Equity

Six (6) Months ended 30 September 2004

	Number of Shares 000	Share Capital \$'000	Capital Reserve \$'000	Replacement Reserve \$'000	Accumulated surplus \$'000	Total \$'000
Balance as at 1 April 2003	114,444	114,444	1,710,033	-	8,402	1,832,879
Bonus issue	5,722	5,722	-	-	(5,722)	-
Fair value adjustments to land and buildings, net of taxation	-	-	161,697	-	-	161,697
Net Profit	-	-	-	-	20,115	20,115
Balance as at 1 April 2004	120,166	120,166	1,871,730	-	22,795	2,014,691
Provision for replacement	-	-	-	2,485	-	2,485
Bonus issue	-	-	-	-	-	-
Net Profit	-	-	-	-	11,720	11,720
Balance at 30 September 2004	120,166	120,166	1,871,730	2,485	34,515	2,028,896

STATEMENT OF CASH FLOWS

PERIOD ENDED SEPTEMBER 2004

	30/9/04 \$000	31/3/04 \$000
CASH RESOURCES WERE (USED IN)/ PROVIDED BY:	-	-
Operating Activities		
Net Profit	4,379	20,115
Items not affecting cash		
Depreciation	28,161	51,714
Gain on disposal of fixed assets	-	(95)
Exchange gain on foreign balances	(126)	(755)

Interest income	(7,215)	(19,378)
Interest expense	2,446	6,644
Taxation expense	3,707	12,250
	<u>31,352</u>	<u>70,495</u>
Changes in operating assets and liabilities:		
Inventories	159	(7,561)
Receivables	15,460	(6,132)
Payables	(24,877)	8,875
Retirement benefits	-	4,135
Net cash provided by operating activities	<u>22,094</u>	<u>69,812</u>
Interest received	8,786	10,845
Taxation paid	(7,540)	(7,603)
Net cash provided by operating activities	<u>23,340</u>	<u>73,054</u>
Cash Flows From Financing Activities		
Long term loan received	12,173	-
Long term loan repaid	(9,848)	(19,702)
Finance lease repaid	(368)	(737)
Interest paid	(1,085)	(6,644)
Net cash (used in)/provided by financing activities	<u>872</u>	<u>(27,083)</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(2,398)	(42,578)
Proceeds on disposal of fixed assets	-	95
Net cash used in investing activities	<u>(2,398)</u>	<u>(42,483)</u>
	21,814	3,488
Exchange gain on net foreign cash balance	<u>224</u>	<u>648</u>
Net increase in cash and cash equivalent	22,038	4,136
Cash and cash equivalents at beginning of year	<u>99,529</u>	<u>95,393</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>121,567</u>	<u>99,529</u>
