

THE PALACE AMUSEMENT COMPANY (1921) LIMITED

for the six months ended December 31, 2004.

Unaudited Group Profit and Loss Account

Six months ended 31 December 2004

| | Period | Y-T-D | Period | Y-T-D |
|-------------------------------------------------------|----------|-----------|----------|-----------|
| | Oct-Dec | Dec-04 | Oct-Dec | Dec-03 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 107,326 | 239,507 | 119,085 | 264,501 |
| Direct expenses | (93,385) | (200,816) | (98,249) | (213,066) |
| Gross Profit | 13,941 | 38,691 | 20,836 | 51,435 |
| Other operating income | 2,844 | 5,090 | 2,690 | 5,003 |
| Administration expenses | (30,827) | (56,046) | (24,653) | (48,124) |
| Other operating expenses | (1,129) | (2,378) | (973) | (1,936) |
| Operating (Loss)/Profit | (15,171) | (14,643) | (2,100) | 6,378 |
| Financial income, net | 3,880 | 4,895 | 1,651 | 6,654 |
| (Loss)/Profit before Minority Interest | (11,291) | (9,748) | (449) | 13,032 |
| Minority interest in results of subsidiaries | 109 | 258 | 63 | 12 |
| NET (LOSS)/PROFIT ATTRIBUTABLE TO STOCKHOLDERS | (11,182) | (9,490) | (386) | 13,044 |
| ===== | | | | |
| (Loss)/Earnings per Stock Unit | (7.78) | (6.60) | (0.27) | 9.08 |
| ===== | | | | |

Unaudited Group Balance Sheet

As At 31 December 2004

| | Dec-04 \$'000 | Jun-04 \$'000 | Dec-03 \$'000 |
|------------------------------------------|------------------|------------------|------------------|
| Non-Current Assets | | | |
| Fixed assets | 221,675 | 234,022 | 228,903 |
| Investments | 9,346 | 8,210 | 6,149 |
| Deferred tax assets | 758 | 758 | 7,050 |
| Pension surplus | 11,230 | 11,230 | 4,883 |
| Current Assets | | | |
| Inventories | 17,903 | 14,702 | 17,285 |
| Accounts receivable | 18,476 | 12,507 | 26,010 |
| Taxation recoverable | 8,949 | 8,370 | 7,666 |
| Cash and bank balances | 52,608 | 81,163 | 69,097 |
| | <u>97,936</u> | <u>116,742</u> | <u>120,058</u> |
| Current Liabilities | | | |
| Accounts payable | 61,323 | 58,992 | 52,389 |
| Current portion of long term liabilities | 13,922 | 13,922 | 13,732 |
| Bank overdraft | 6,576 | 23,318 | 10,683 |
| | <u>81,821</u> | <u>96,232</u> | <u>76,804</u> |
| Net Current Assets | <u>16,115</u> | <u>20,510</u> | <u>43,254</u> |
| | <u>259,124</u> | <u>274,730</u> | <u>290,239</u> |
| | ===== | ===== | ===== |
| Stockholders' Equity | | | |
| Share capital | 1,437 | 1,437 | 1,437 |
| Capital reserve | 166,685 | 166,685 | 166,685 |
| Fair value reserve | 9,160 | 8,024 | 5,963 |
| Retained earnings | 49,240 | 58,730 | 69,141 |
| | <u>226,522</u> | <u>234,876</u> | <u>243,226</u> |
| Non-Current Liabilities | | | |
| Long term liabilities | 26,549 | 33,543 | 39,877 |
| Deferred tax liabilities | 5,887 | 5,887 | 6,752 |
| Minority interest | 166 | 424 | 384 |
| | <u>259,124</u> | <u>274,730</u> | <u>290,239</u> |
| | ===== | ===== | ===== |

Approved for issue by the Board of Directors on 8 February 2005 and signed on its

behalf by:

DOUGLAS GRAHAM
Director

LLOYD ALBERGA
Director

Unaudited Group Statement of Changes in Equity

Six months ended 31 December 2004

| | Number of Shares '000 | Share Capital \$'000 | Capital Reserve \$'000 | Fair Value Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---------------------------------------|-----------------------------|----------------------------|------------------------------|---------------------------------|--------------------------------|-----------------|
| Balance at 1 July 2003 | 1,437 | 1,437 | 166,685 | 3,803 | 56,097 | 228,022 |
| Net profit | - | - | - | - | 13,044 | 13,044 |
| Increase in fair value of investments | - | - | - | 2,160 | - | 2,160 |
| Balance at 31 December 2003 | 1,437 | 1,437 | 166,685 | 5,963 | 69,141 | 243,226 |
| Net loss | - | - | - | - | (9,980) | (9,980) |
| Dividends paid | - | - | - | - | (431) | (431) |
| Increase in fair value of investments | - | - | - | 2,061 | - | 2,061 |
| Balance at 30 June 2004 | 1,437 | 1,437 | 166,685 | 8,024 | 58,730 | 234,876 |
| Net loss | - | - | - | - | (9,490) | (9,490) |
| Increase in fair value of investments | - | - | - | 1,136 | - | 1,136 |
| Balance at 31 December 2004 | 1,437 | 1,437 | 166,685 | 9,160 | 49,240 | 226,522 |

Group Statement of Cash Flows

Six months ended 31 December 2004

| | Dec-04 \$' 000 | Dec-03 \$' 000 |
|---------------------------------------------------|-------------------|-------------------|
| Cash Flows from Operating activities | | |
| Cash (used in)/provided by operating activities | (7,306) | 8,132 |
| Cash Flows from Investing activities | | |
| Purchase of fixed assets | (1,776) | (4,829) |
| Long term receivables received | 1,895 | 2,877 |
| Interest received | 4,671 | 6,286 |
| Cash provided by investing activities | <u>4,790</u> | <u>4,334</u> |
| Cash Flows from Financing activities | | |
| Long term loans repaid | (6,994) | (6,925) |
| Interest paid | (2,303) | (3,250) |
| Cash used in financing activities | <u>(9,297)</u> | <u>(10,175)</u> |
| (Decrease)/Increase in cash and cash equivalents | (11,813) | 2,291 |
| Cash and cash equivalents at beginning of period | <u>57,845</u> | <u>56,123</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>46,032</u> | <u>58,414</u> |
| | ===== | ===== |

Segment Reporting

Six months ended 31 December 2004

Primary Reporting Format - Geographical segments:

| | Kingston | Montego Bay | Mandeville | Portmore | Total |
|---------------------|----------|-------------|------------|----------|---------|
| | 2004 | 2004 | 2004 | 2004 | 2004 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 175,471 | 41,007 | 17,076 | 5,953 | 239,507 |
| Capital Expenditure | 599 | 6 | 352 | 219 | 1,176 |
| Depreciation | 6,270 | 5,011 | 2,791 | 51 | 14,123 |

| | Kingston | Montego Bay | Mandeville | Portmore | Total |
|---------------------|----------|-------------|------------|----------|---------|
| | 2003 | 2003 | 2003 | 2003 | 2003 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 197,115 | 39,215 | 20,227 | 7,944 | 264,501 |
| Capital Expenditure | 1,316 | 138 | 3,293 | 82 | 4,829 |
| Depreciation | 6,201 | 5,003 | 2,708 | 44 | 13,956 |

Secondary Reporting Format - Business segments:

| | 2004 | 2003 |
|---------------------|---------|---------|
| | \$'000 | \$'000 |
| Box Office Receipts | 134,814 | 147,069 |
| Confectionery Sales | 57,256 | 63,576 |
| Film Exchange | 40,371 | 47,910 |
| Other Activities | 7,066 | 5,946 |
| | 239,507 | 264,501 |