

**PEGASUS HOTELS OF JAMAICA LIMITED**  
**Balance Sheet on 30 DECEMBER 2005**

	Unaudited Dec-05 \$'000	Unaudited Dec-04 \$'000	Audited Mar-05 \$'000
<b>NET ASSET EMPLOYED</b>			
Fixed Assets	2,929,292	2,562,759	2,903,082
Investments	72,501	72,501	72,501
Pension surplus	-	325	-
<b>Current Assets</b>			
Inventories	30,737	26,816	24,924
Accounts receivable	44,850	51,776	77,070
Investments	24,500	40,000	27,500
Taxation recoverable	12,367	0	10,416
Cash and bank balances	4,292	20,006	37,161
	116,746	138,598	177,071
<b>Current Liabilities</b>			
Bank overdraft			2746
Accounts payable	34,056	16,377	43,124
Taxation payable	18,983	5,857	29,493
Current portion of long term liability	14,023	25,728	20,067
	67,062	47,962	95,430
<b>Net Current Assets</b>	49,684	90,636	81,641
	3,051,477	2,726,221	3,057,224
<b>FINANCED BY</b>			
Share Capital	120,166	120,166	120,166
Capital Reserves	2,126,872	1,871,730	2,126,872
Replacement Reserve	(3,429)	5,350	0
Accumulated Surplus	30,102	42,222	41,470
	2,273,711	2,039,468	2,288,508
Deferred Tax liabilities	754,268	677,475	754,268
Long Term Liability	23,498	9,278	14,448
	3,051,477	2,726,221	3,057,224

.....  
 John J. Issa

.....  
 Director

.....  
 Marjorie Campbell

.....  
 Director

**PEGASUS HOTELS OF JAMAICA LIMITED**  
**DIRECTORS AND EXECUTIVE MANAGEMENT STOCKHOLDERS**

<b><u>DIRECTORS</u></b>	<b><u>NO. OF STOCKS</u></b>
John J. Issa	9,169,568
Christopher Bovell	2,517

<b><u>EXECUTIVE MANAGEMENT</u></b>	<b><u>NO. OF STOCKS</u></b>
Eldon Bremner	
Heathcliffe Bremner	15,750
Teisha Bremner	15,750
Janira Bremner	7,875
Charmaine Blackwood	11,571

**TEN (10) MAJOR STOCKHOLDERS**

<b><u>NAMES</u></b>	<b><u>NO. OF STOCKS</u></b>
National Hotels & Properties Limited	71,865,384
Middle East Ventures Limited	19,840,103
John J. Issa	9,169,568
Harry Maragh	1,512,099
Capital Finance Limited	1,507,600
Pelican Securities Limited	1,168,945
Scotia Ja. Investment Mgmt. Ltd. - A/C#319	1,088,669
Scotia Ja. Investment Mgmt. Ltd. - A/C#542	946,966
Raymond G. Chang Limited	896,877
Frank Beda	864,915

**PEGASUS HOTELS OF JAMAICA LIMITED**  
**Notes to Report**  
**Nine (9) Months ended 30 December 2005**

**Accounting Policies**

**(a) Basis of Preparation**

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS).

**(b) Fixed Assets and Depreciation**

Land and buildings are shown at fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. All other fixed assets are stated at historical cost, less depreciation.

**(c) Investments**

Investments are classified as originated debt. Management determines the classification of investments at the time of purchase. Securities which are purchased directly from the issuer, are classified as originated debt. These include bonds and investment debentures.

**(d) Deferred Taxation**

Deferred tax is the tax that is expected to be paid or recovered on difference between the carrying amounts of assets and liabilities and the corresponding tax bases.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**(e) Earnings Per Stock Unit**

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

**(f) Comparative Information**

**PEGASUS HOTELS OF JAMAICA LTD**  
**STATEMENT OF CASH FLOWS**  
**PERIOD ENDED DECEMBER 30,2005**

	30/12/2005 \$000	31/3/05 \$000
<b>CASH RESOURCES WERE (USED IN)/ PROVIDED BY:</b>		
<b>Operating Activities</b>		
Net Profit	3,703	30,692
Items not affecting cash		
Depreciation	46,167	49,122
Gain on disposal of fixed assets	-	-
Exchange gain on foreign balances	-	(375)
Interest income	(11,860)	(19,985)
Interest expense	2,898	5,395
Taxation expense	8,609	14,638
	49,517	79,487
Changes in operating assets and liabilities:		
Inventories	(5,813)	(596)
Receivables	24,378	(13,710)
Payables	(1,398)	(6,379)
Retirement benefits	-	325
	66,684	59,127
Interest received	12,237	26,262
Taxation paid	(16,288)	(18,045)
Net cash provided by operating activities	<b>62,633</b>	<b>67,344</b>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	(24,033)	(12,017)
Long term loan repaid	(16,448)	(595)
Long term loan received	20,000	
Finance lease repaid	-	(393)
Interest paid	(2,898)	(5,395)
Net cash (used in )/provided by financing activities	(23,379)	(18,400)
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(10,000)	(100,001)
Purchase of fixed assets	(72,377)	(13,905)
Sale of investments	13,000	-
Net cash used in investing activities	(69,377)	(113,906)
Exchange gain on net foreign cash balances	(30,123)	(64,962)
	-	(152)
Net increase in cash and cash equivalent	(30,123)	(65,114)
Cash and cash equivalents at beginning of year	34,415	99,529
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>4,292</b>	<b>34,415</b>

**PEGASUS HOTELS OF JAMAICA LIMITED**  
**Statement of Changes of Equity**  
**Nine (9) Months ended 30 DECEMBER 2005**

	Number of Shares	Share Capital	Capital Reserve	Replacement Reserve	Retained Earnings	Total
	000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2004	120,166	120,166	1,871,730	-	22,795	2,014,691
Dividends paid	-	-	-	-	(12,017)	(12,017)
Replacement utilisation	-	-	-	-	-	-
Fair value adjustments to land and buildings, net of taxation	-	-	255,142	-	-	255,142
Net profit	-	-	-	-	30,692	30,692
<b>Balance as at 1 April 2005</b>	<b>120,166</b>	<b>120,166</b>	<b>2,126,872</b>	<b>-</b>	<b>41,470</b>	<b>2,288,508</b>
Dividends paid	-	-	-	-	(24,033)	(24,033)
Provision for replacement	-	-	-	24,769	-	24,769
Replacement utilisation	-	-	-	(28,198)	-	(28,198)
Net Profit	-	-	-	-	12,665	12,665
<b>Balance at 30 SEPTEMBER 2005</b>	<b>120,166</b>	<b>120,166</b>	<b>2,126,872</b>	<b>(3,429)</b>	<b>30,102</b>	<b>2,273,711</b>

**Profit and Loss Account  
30 DECEMBER 2005**

	Unaudited 3 months to 30-Dec 2005 \$000	Unaudited 3 months to 30-Dec 2004 \$000	Unaudited 9 Months to 30-Dec 2005 \$000	Unaudited 9 Months to 30-Dec 2004 \$000	Audited 12 Months to 31-Mar 2005 \$000
<b>Revenue</b>	140,776	144,320	445,021	417,394	589,591
Direct costs	(73,597)	(66,577)	(201,370)	(185,527)	(230,306)
<b>Gross Profit</b>	<b>67,179</b>	<b>77,743</b>	<b>243,651</b>	<b>231,867</b>	<b>359,285</b>
Other operating income	20,560	9,903	36,366	27,272	13,749
Administration expenses	(38,209)	(35,852)	(114,923)	(105,931)	(159,834)
Other operating expenses	(56,359)	(46,388)	(157,565)	(130,144)	(185,715)
<b>Operating profit /(loss)</b>	<b>(6,829)</b>	<b>5,406</b>	<b>7,529</b>	<b>23,064</b>	<b>27,485</b>
Finance income	2,442	2,674	8,962	7,443	17,845
Profit before taxation & extraordinary item	(4,387)	8,080	16,491	30,507	17,845
Extraordinary item	-	-	-	(7,000)	-
<b>Profit /(loss) before Taxation</b>	<b>(4,387)</b>	<b>8,080</b>	<b>16,491</b>	<b>23,507</b>	<b>45,330</b>
<b>Taxation</b>	-	(2,009)	(3,826)	(4,079)	(14,638)
<b>NET PROFIT/(LOSS)</b>	<b>(4,387)</b>	<b>6,071</b>	<b>12,665</b>	<b>19,428</b>	<b>30,692</b>
<b>PROFIT PER STOCK UNIT (cents)</b>	<b>(3.65)</b>	<b>5.05</b>	<b>10.54</b>	<b>16.17</b>	<b>25.54</b>

**NOTES:-**

1. The figures are unaudited and accounting policies remain as stated in the 2004/2005 Annual Accounts.

2. 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.