

PEGASUS HOTELS OF JAMAICA LIMITED

Profit and Loss Account

Period ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 2nd Quarter 30-Sep 2010 \$000	Unaudited 2nd Quarter 30-Sep 2009 \$000	Unaudited 6 months to 30-Sep 2010 \$000	Unaudited 6 months to 30-Sep 2009 \$000	Audited Year 31-Mar 2010 \$000
Revenue	240,604	237,896	477,627	508,271	965,977
Direct expenses	(107,062)	(91,329)	(208,084)	(186,028)	(337,938)
Gross Profit	133,542	146,567	269,543	322,243	628,039
Administration expenses	(73,018)	(62,209)	(152,326)	(136,640)	(289,384)
Other operating expenses	(77,235)	(69,468)	(151,197)	(140,647)	(323,979)
Other operating income	5,068	966	5,296	1,779	10,943
Operating profit	(11,643)	15,856	(28,684)	46,735	25,619
Interest income	1,204	3,072	2,542	5,214	14,154
Interest expenses	(4,207)	(3,567)	(8,852)	(6,458)	(16,679)
Profit / before Taxation	(14,646)	15,361	(34,995)	45,491	23,094
Taxation	-	(3,948)	-	(11,691)	(5,935)
NET PROFIT	(14,646)	11,413	(34,995)	33,800	17,159
EARNINGS PER STOCK UNIT	\$ (0.12)	\$ 0.09	\$ (0.29)	\$ 0.28	\$ 0.14

PEGASUS HOTELS OF JAMAICA LIMITED

Statement of Changes in Stockholders' Equity

Six (6) Months ended 30 September, 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares 000	Share Capital \$'000	Capital Reserve \$'000	Replacement Reserve \$'000	Fair Value Reserve	Retained Earnings \$'000	Total \$'000
Balance as at 1 April 2009	120,166	120,166	3,705,280	-	1,984	31,987	3,859,417
Profit for the Year						(11,347)	(11,347)
Other comprehensive income -							
Fair value adjustments, net of taxes:							
- Land and buildings	-	-	471,071	-	(2,734)	-	471,071
- Financial assets	-	-	-	-	(2,734)	-	(2,734)
Total Comprehensive Income for 2009/2010	-	-	471,071	-	(2,734)	(11,347)	456,990
Dividends paid	-	-	-	-	-	(42,058)	(42,058)
Balance at 31 March 2010	120,166	120,166	4,176,351	-	(750)	(21,418)	4,274,349
Loss for 1st half 2010/2011						(34,995)	(34,995)
Other comprehensive income -							
Fair value adjustments, net of taxes:							
- Land and buildings	-	-	-	-	-	-	-
- Financial assets	-	-	-	-	-	-	-
Total Comprehensive Income for quarter 30 September 2010	-	-	-	-	-	(34,995)	(34,995)
Dividends paid	-	-	-	-	-	-	-
Balance at 30 September 2010	120,166	120,166	4,176,351	-	(750)	(56,413)	4,239,354
Balance at 30 September 2009	120,166	120,166	3,705,280	-	1,984	25,264	3,852,694

PEGASUS HOTELS OF JAMAICA LIMITED

Balance Sheet on 30 SEPTEMBER 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 30 Sep 2010 \$'000	Unaudited 30 Sep 2009 \$'000	Audited 31 Mar 2010 \$'000
Non-Current Assets			
Fixed Assets	5,709,480	5,028,977	5,779,819
Investments	70,151	109,108	90,607
Current Assets			
Inventories	48,942	32,962	46,699
Accounts receivable	89,446	80,304	118,730
Cash and short term deposits	0	21,970	21,243
	<u>138,388</u>	<u>135,236</u>	<u>186,672</u>
Current Liabilities			
Accounts payable	103,898	68,834	170,529
Bank overdraft	9,538	3,639	8,747
Taxation payable	22,363	22,613	31,087
Current portion of long term liabilities	60,427	42,857	60,427
	<u>196,227</u>	<u>137,943</u>	<u>270,790</u>
Net Current Assets	<u>(57,839)</u>	<u>-2,707</u>	<u>(84,118)</u>
	<u>5,721,792</u>	<u>5,135,378</u>	<u>5,786,308</u>
FINANCED BY:			
Share Capital	120,166	120,166	120,166
Capital Reserves	4,176,351	3,705,280	4,176,351
Fair value reserve	(750)	1,984	(750)
Retained earnings	(56,413)	25,264	(21,418)
	<u>4,239,354</u>	<u>3,852,694</u>	<u>4,274,349</u>
Long Term Liabilities	58,350	102,852	87,871
Deferred Tax liabilities	1,424,088	1,179,832	1,424,088
	<u>5,721,792</u>	<u>5,135,378</u>	<u>5,786,308</u>

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Director

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Director

PEGASUS HOTELS OF JAMAICA LTD

Statement of Cash Flows

Period ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	6 Months to 30/9/2010 \$000	6 Months to 30/9/2009 \$000	Audited 30/03/2010 \$000
Cash Flow from Operating Activities	-	-	-
Net Profit	(34,995)	33,800	(11,347)
Adjusted for:			
Depreciation	70,721	55,229	112,565
(Gain) /Loss on disposal of fixed assets	-	-	(500)
Exchange gain on foreign balances	-	-	(1,217)
Interest income	(2,542)	(5,213)	(13,475)
Interest expense	8,852	6,458	16,679
Taxation expense	-	-	5,935
	42,037	90,274	108,640
Changes in operating assets and liabilities:			
Inventories - (increase)/decrease	(2,243)	455	(13,282)
Receivables - (increase)/decrease	29,284	35,448	(2,978)
Payables - increase/(decrease)	(66,631)	(54,681)	63,829
	2,447	71,496	156,209
Taxation paid	(8,724)	(9,795)	(17,969)
Net cash provided by operating activities	(6,277)	61,701	138,240
Cash Flows From Financing Activities			
Dividend paid	-	(12,017)	(42,058)
Long term loan received	-	75,000	100,000
Long term loan repaid	(29,521)	(21,429)	(43,841)
Interest paid	(8,852)	(6,457)	(16,679)
Net cash (used in)/provided by financing activities	(38,373)	35,097	(2,578)
Cash Flows from Investing Activities			
Interest received	2,542	5,213	12,297
Investments	20,456	(46,755)	(30,046)
Purchase of fixed assets	(381)	(82,212)	(152,282)
Proceeds on disposal of fixed assets	-	-	500
Net cash used in investing activities	22,617	(123,754)	(169,531)
	(22,034)	(26,956)	(33,869)
Exchange gain on net foreign cash balances	-	-	1,078
Net increase /(decrease) in cash and cash equivalent	(22,034)	(26,956)	(32,791)
Cash and short term deposits at beginning of year	12,496	45,287	45,287
CASH AND SHORT TERM DEPOSITS AT END OF PERIOD	(9,538)	18,331	12,496
	70,151	109,108	90,607
Add Investments			
CASH AND CASH EQUIVALENT AT END OF PERIOD	60,613	127,439	103,103

PEGASUS HOTELS OF JAMAICA LIMITED

Notes to the Quarterly Financial Statements

30 September 2010

1. Identification and Principal Activity

Pegasus Hotels of Jamaica Limited is a company limited by shares and incorporated under the laws of Jamaica. The company is 59.8% owned by National Hotels and Properties Limited, a wholly owned subsidiary of Urban Development Corporation, which is owned by the Government of Jamaica.

The company owns and operates the hotel "The Jamaica Pegasus".

The company is a publicly listed company and its registered office is 81 Knutsford Boulevard, Kingston 5.

2. Significant Accounting Policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB) and comply with the provisions of the Companies Act 2004.

These financial statements have been prepared using the same accounting policies and methods of computation as compared with the audited financial statements for the year ended March 31, 2009.

The financial statements are prepared using the historical cost basis.

3. Other Operating Income

Other income is comprised of gains on foreign currencies. It also includes other miscellaneous income.

4. Hotel Incentives

Under Section 4 of the Hotel (Incentives) Act (1990) the Approved Hotel Extension (Jamaica Pegasus Hotel) Order 2009 was granted for a period of ten (10) years commencing March 31, 2009. The Hotel will benefit from waiver of GCT and Customs Duty on eligible items and relief on corporate tax arising from the hotel operations.

5. Tax Audit for Years 2005 to August 2009.

These financials include adjustments for the captioned.

Current Year adjustment of 8.83million reflecting on all financial statements.

Prior Year adjustment of 28.51 million were reflected primarily on the Statement of Stockholders Equity , the Balance Sheet and Cash Flow statement.