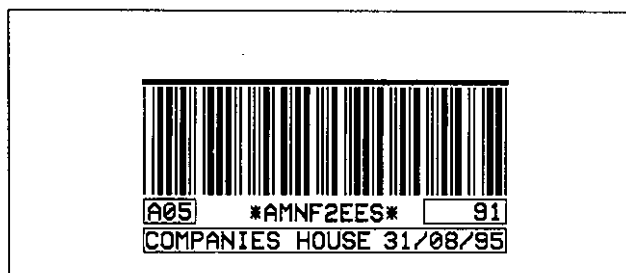
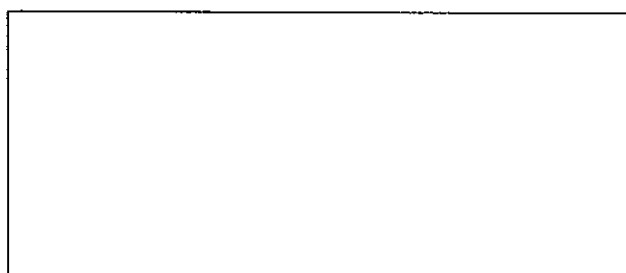
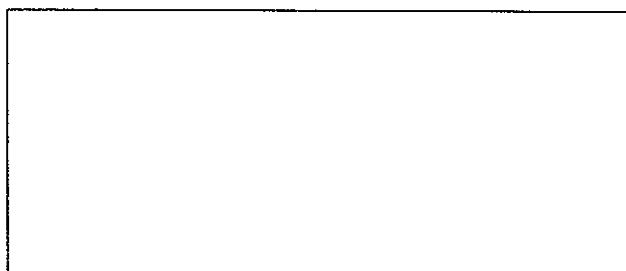
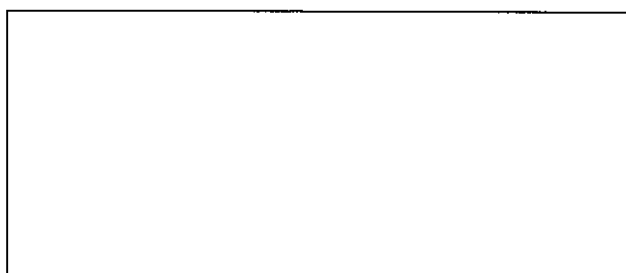




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B A R B A D O S



The year ended 31 March 1995 was a period of great change and achievement during which the Company has been transformed. In April 1994, the Company obtained a listing on the London and Barbados Stock Exchanges. In May 1994 the Barbados Beach Village Hotel - now renamed Crystal Cove - was acquired for £2.6 million. In addition during the year the Company has spent a further £12.1 million. This covered the complete refurbishment of Colony Club and Crystal Cove Hotels, the conversion of 30 rooms at Tamarind Cove into junior suites, the acquisition of a new office and warehouse complex and installation of a new fully computerised reservations, billing and purchasing system. Room stock has increased by 45 per cent from 246 rooms to 356 rooms and suites and the Company was able to introduce a significant price increase in December 1994.

RESULTS

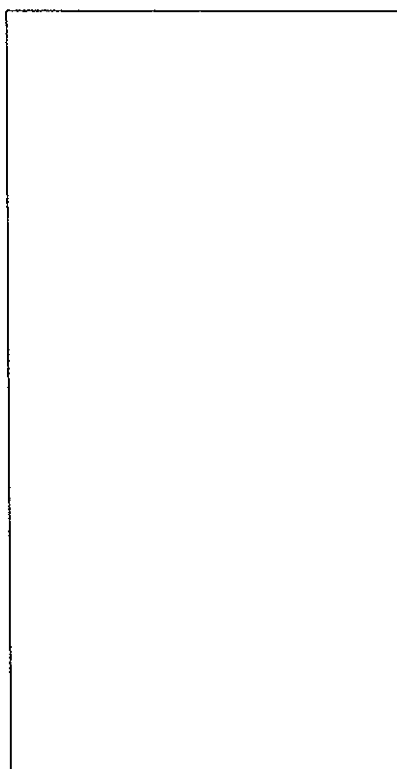
Although this expansion necessitated the closure of Colony Club and Crystal Cove Hotels, each for eight months of the year and of 30 rooms at Tamarind Cove Hotel during June 1994, I am pleased to report a 15.5 per cent increase in profit before tax to £1.92 million compared to £1.66 million in the previous year. Earnings per share rose 8 per cent to 8.88p per share compared to fully diluted earnings per share of 8.22p for 1994. Sales grew by 18 per cent to £10.42 million, influenced by a number of factors including the wider coverage achieved by the Company's marketing initiatives and the increases in room rates applied in December 1994.

The strength of the Company's performance is better illustrated in dollar terms, the currency within which the group operates. The average conversion rate used for the year ended 31 March 1994 was BDS \$2.98:£1. The rate for the year being reported was BDS \$3.12:£1. Thus, in dollar terms, sales improved by 23 per cent, profit before tax by 21 per cent. The Barbadian dollar is fixed to the US dollar at the rate of BDS \$2: US\$1.

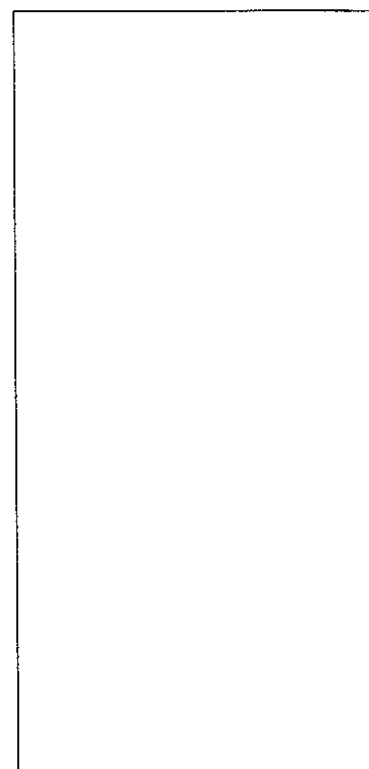
Cost of sales was stable compared to the previous year at 41 per cent (1994: 39 per cent). Administration costs were 37 per cent of sales compared to 41 per cent in 1994. The Board is seeking to reduce this further as a proportion of sales during the current year through a thorough review of costs at the Company's four hotels and head office.

DIVIDENDS

The Directors are recommending a final dividend of 2.75p per share making a total for the year of 4p, an increase of 5 per cent over the notional dividend forecast in the prospectus for the Company on its listing in April 1994. As at the interim stage, shareholders are being offered an opportunity to take shares in lieu of the cash dividend. The final dividend,



Crystal Cove



Colony Club

subject to the approval of shareholders at the annual general meeting, will be paid on 7 September 1995 to shareholders on the register on 1 August 1995.

GEARING

Due to the extensive capital expenditure programme during the year, the Company's gearing has risen to 39 per cent at the year end, within the Company's target range of between 35 to 40 per cent. The Board envisages that this level will be reduced during the current year.

TAXATION

Under Chapter 72 of the laws of Barbados, the Hotel Aids Act grants income tax relief in respect of capital expenditure incurred by companies which operate hotels on the island. This tax relief can be carried forward for a maximum of nine years and offset against profits of future years. Due to the extent of the capital expenditure programmes undertaken by the Company in the last few years, and the programme planned for 1995/6, it is unlikely that the Company will need to pay tax, other than advanced corporation tax on dividends, for the foreseeable future.

OPERATIONAL REVIEW

The acquisition of Crystal Cove and the redevelopment of Colony Club added 110 rooms and suites to the capacity available for the last quarter of the year, an increase of 45 per cent over the total at 31 March 1994. In addition to the increase in capacity, the Company was able to increase its room rates from 18 December 1994.

This capital redevelopment programme, which has necessitated total expenditure of £14.7 million, has brought all of the hotels - with the exception of Coconut Creek for which plans are in hand this year - up to the highest standards available on Barbados.

In addition to increasing the room stock, the refurbishment work has included extensive work on the communal parts of both the Crystal Cove and Colony Club hotels. At Crystal Cove, new swimming pools, bars and restaurant facilities have been added, the grounds re-landscaped and championship standard tennis courts built. At Colony Club there has been extensive renovation of all the communal parts, the construction of 30 new junior suites together with two new restaurants, new swimming pools and landscaping.

This programme was completed in time for the hotels to be operating at full capacity for the peak Christmas season.

During the year the Company completed the purchase of, and redeveloped, a warehouse and central office building to provide storage and central distribution across all the Company's hotels. A new computer system has also been installed, centralising all reservations, billing and purchasing. Significant improvements to the efficiency of the operation will flow from this investment.

POST YEAR END EVENTS AND CAPITAL EXPENDITURE PROGRAMME FOR 1995/6

On 25 April 1995 the Company completed the acquisition of Windward Investments Limited, which owns the freehold of Buccaneer Bay Hotel and a leasehold of the Bamboo Beach Bar, for £1.5 million, satisfied by the payment of £320,000 in cash and the issue of 901,808 Ordinary shares in the Company. Both properties are adjacent to the Company's Tamarind Cove Hotel, with which its facilities will be amalgamated. It is planned that the number of rooms at Buccaneer Bay will be increased from 31 to 49

rooms and suites and that all rooms and common areas of Buccaneer Bay will be renovated to the standards of the other hotels within the Group at a cost of £1.9 million. On completion of the planned work, these extra rooms will have been acquired at a cost substantially lower than the value of the existing rooms in the Group. The Company also plans to extend the kitchen areas and the 'deck' dining area at the Bamboo Beach Bar, developing further the range of restaurant facilities available to guests under the exchange dining programme.

The Board has decided that, in the light of the purchase of Buccaneer Bay, the Company will not extend the number of rooms at Coconut Creek during the current year. This hotel will, however, be substantially redecorated, the restaurant extended, the pool reshaped, a jacuzzi added, a new barbecue area constructed, the grounds landscaped and modern air-conditioning systems installed, at a cost of £0.6 million.

A further £0.6 million will be spent at Colony Club, Crystal Cove and Tamarind Cove to complete the redevelopment work at these hotels.

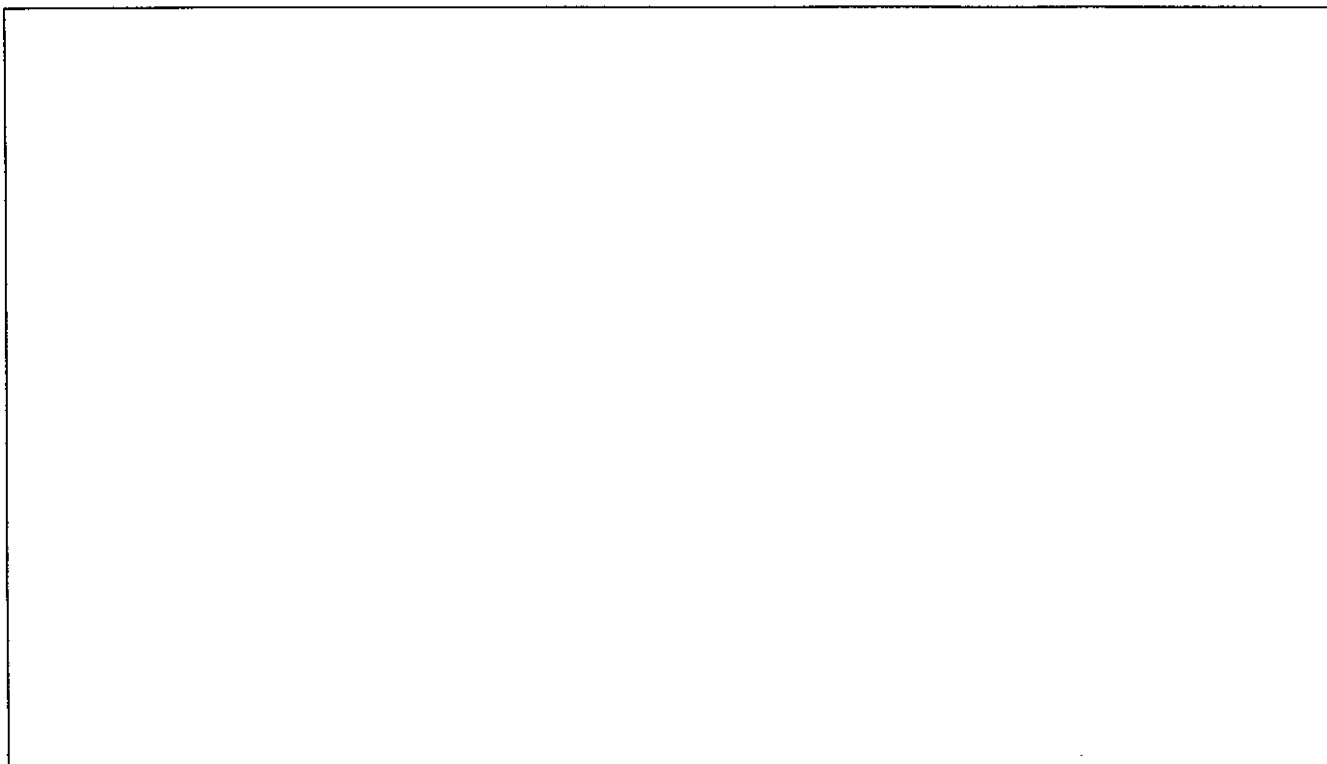
Part of the cost of the refurbishment of the

new south wing at Tamarind Cove (previously the Buccaneer Bay Hotel) and the capital expenditure at the Company's other hotels has been met by the net proceeds of £2.93 million received from Throgmorton Preferred Income Trust, who subscribed for 3,000,000 Cumulative Redeemable Preference shares with warrants in the Company. This transaction was approved by shareholders on 25 May 1995 at an Extraordinary General Meeting.

Following completion of this phase of the capital expenditure programme, the Group will have 405 rooms and suites. The increase in capacity is largely in suites, which command a premium to room rates.

MANAGEMENT

The Company has continued to develop its management team. Since the year end, the Company has appointed Chris Smith as Operations Manager, with responsibility for day-to-day management of all four hotels. Before joining the Company he was Group General Manager of FJB Hotels, responsible for the complete operations of three hotels in Poole, Dorset. Prior to that appointment he was managing

*Tamarind Cove*

director of another UK based hotel group. I am confident that this appointment will add significantly to the professional operations of our hotels.

The Company has also increased the scope and coverage of our marketing team. John Brierley, who has headed the Company's UK marketing drive for the past 3 years and has over 30 years' experience of UK sales and marketing, has extended his marketing activities to the whole of continental Europe. Since he joined the Company in 1992, occupancy levels from the UK have significantly increased. In 1994, UK based guests accounted for over 60 per cent of the Company's business. Graham Stevens has joined his department to maintain the Company's coverage of the UK market.

EMPLOYEES

The year has been one of many achievements for the Company: much of the credit and my thanks go to the employees, without whose hard work and enthusiasm these achievements would not have been possible.

PROSPECTS

The major benefits of the substantial redevelopment programme completed in 1994/5 should begin to

show through in the current year, when we are able to offer guests a higher standard of accommodation throughout the Group than previously.

The Company has broken new ground in promoting the hotels, for example by encouraging tour operators to use the Company's new corporate brochure under their own brand names, and by widening the scope and coverage of its marketing. This is proving effective in attracting more guests to the hotels at a time when the number of rooms available within the Group has increased substantially.

The Company has an active acquisition policy with a number of opportunities currently under review.

The Barbados Government's recent commitment to enhance and further support the development of tourism on the island, particularly at the luxury end of the market, is very pleasing.

R Y F Horney
Chairman



The Directors present their annual report on the affairs of the Company together with the accounts and auditors' report for the year ended 31 March 1995.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the operation of hotels in Barbados.

RESULTS AND DIVIDENDS

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Profit attributable to the ordinary shareholders	1,836	1,919	1,666

An interim dividend of 1.25p per share was paid during the year and the Directors recommend the payment of a final dividend of 2.75p per share. The dividends amount to £874,740 and after provision for the dividend £961,260 is transferred to reserves.

The profit and loss account for the year ended 31 March 1994 is provided by way of illustration as a basis for comparison against the profit for the year ended 31 March 1995.

BUSINESS REVIEW

A review of the Company's business during the twelve months ended 31 March 1995, as well as details of important events occurring since the year end, are contained in the Chairman's statement.

AUTHORISED AND ISSUED SHARE CAPITAL

Changes in the share capital of the Company during the year ended 31 March 1995 are set out in note 19 on page 24.

At the annual general meeting, in addition to the ordinary business, an ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £2,001,940. A special resolution will also be proposed to disapply the statutory pre-emption provisions of Section 89 of the Companies Act 1985 in respect of rights issues and for cash issues up to an aggregate nominal amount of £277,403 being approximately 5% of the Company's nominal issued share capital.

FIXED ASSETS

Fixed assets are shown in note 12 to the accounts on page 20. Significant additions to fixed assets during the year ended 31 March 1995 were renovations to Colony Club Hotel at a cost of £6.2million and the purchase of the assets of Barbados Beach Village Hotel and its subsequent renovation at a cost of £7million. Barbados Beach Village was reopened in November 1994 as the Crystal Cove Hotel. A central administration and warehousing facility was acquired and renovated at a cost of £930,000. Further renovations were carried out at Tamarind Cove Hotel at a cost of £420,000 including the refurbishment of 30 bedrooms. A deposit of £80,000 was paid in March towards the purchase of Windward Investments Limited which owns the freehold of Buccaneer Bay Hotel and the leasehold of the Bamboo Beach Bar.

Certain of the Company's properties have been revalued based on a professional valuation and

Crystal Cove

Colony Club

the Directors consider that the book values shown are similar to market values.

CORPORATE GOVERNANCE

The Company has taken steps to implement the Cadbury Committee's Code of Best Practice in a manner appropriate to the size of the organisation. The Board considers that throughout the financial year under review the Company complied with all the recommendations of the Code except for that concerning internal control for which guidance was issued in December 1994. The guidance is standard for accounting periods beginning on or after 1 January 1995. The Directors acknowledge their responsibility for the Company's system of internal control. The Company has recently engaged its external auditors to carry out internal audit functions in a number of areas and the auditors are reporting to the Company's audit committee on a regular basis. The Company's internal controls are being reviewed and, where necessary, strengthened as a result of this.

An audit committee comprising the three non-executive Directors and the Chairman meets twice yearly to review the Company's practices and controls and the audit committee considers the internal controls to be appropriate to the business.

The Directors confirm that they are satisfied that the Group and the Company have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts. As with all business forecasts the Directors cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty of future events.

The non-executive Directors are independent of the day to day management of the Company and the full Board of Directors meets twice yearly to consider a formal schedule of matters previously drawn up and adopted. The executive Board of Directors meets once a month and more frequently when required and has full responsibility for direction and control of the Company. Responsibilities for specific areas of the business have been divided between the Directors.

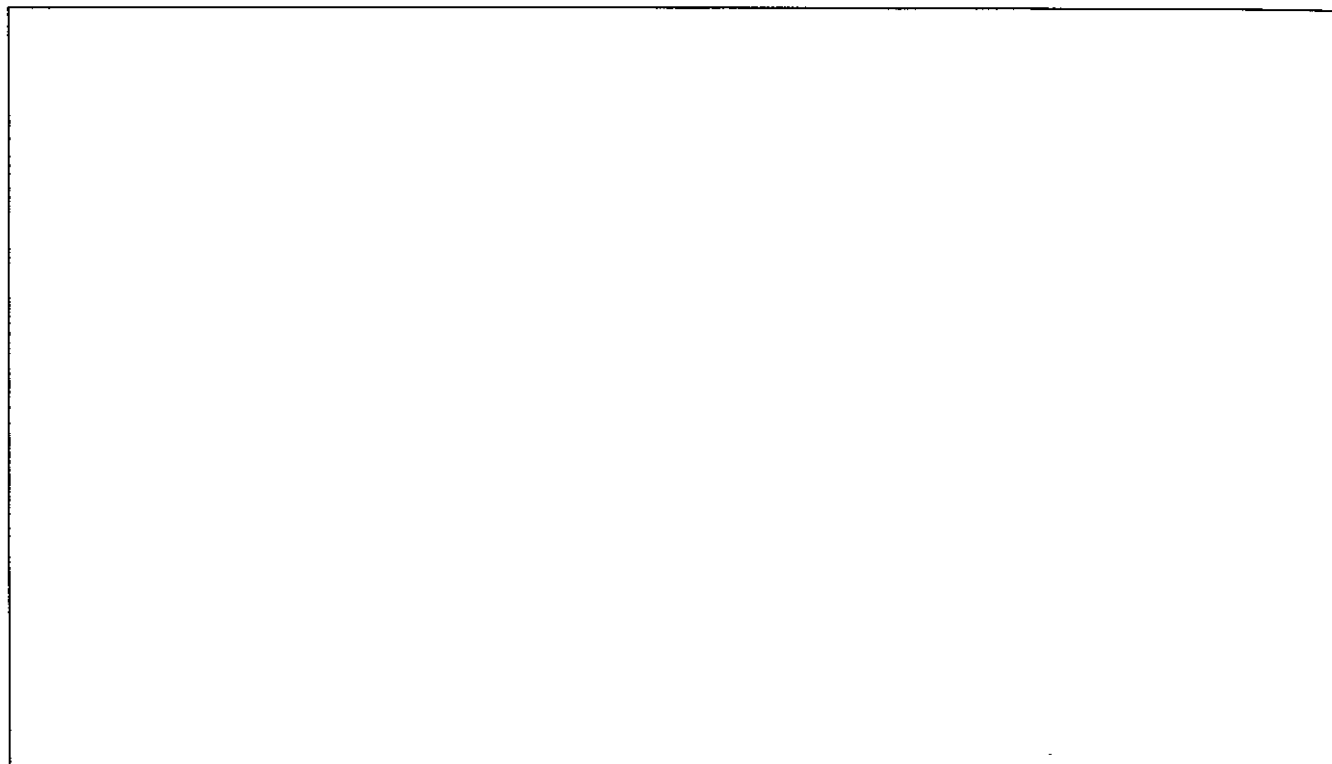
The executive Directors' service contracts are of two years in duration and the non-executive Directors are appointed for a three year term and retire by rotation.

A remuneration committee comprising the three non-executive Directors and the Chairman has been constituted to review and set the remuneration of the executive Directors.

The auditors have confirmed that, in their opinion: with respect to the Directors' statements on internal control and going concern on this page the Directors have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information of which they are aware from their audit work on the financial statements; and that the Directors' other statements on this page appropriately reflect the Company's compliance with the other paragraphs of the Code specified for their review. They were not required to perform the additional work necessary to, and did not, express any opinion on the effectiveness of either the Company's system of internal control or its corporate governance procedures nor on the ability of the Company to continue in operational existence.

Colony Club

Crystal Cove



Coconut Creek

DIRECTORS AND THEIR INTERESTS

The present Directors and their interests are as follows:

	<i>Holdings of Ordinary shares at 31 March 1995</i>	<i>Holdings of Ordinary shares at 31 March 1994</i>
R Y F Horney	12,669,196	12,540,497
J R Alleyne	267,963	265,241
T M Hanton	66,988	66,308
E T Williams	66,988	66,308
M J L Horney	12,669,196	12,540,497
R B Pomphrett*	20,213	8
T Quinn*	—	—
K McDonald*	—	—

The interests of R Y F Horney and M J L Horney are duplicated in the above table and represent the shareholding of West Indies Builders (C.I.) Limited which is controlled by a trust in which R Y F Horney and M J L Horney hold a beneficial interest.

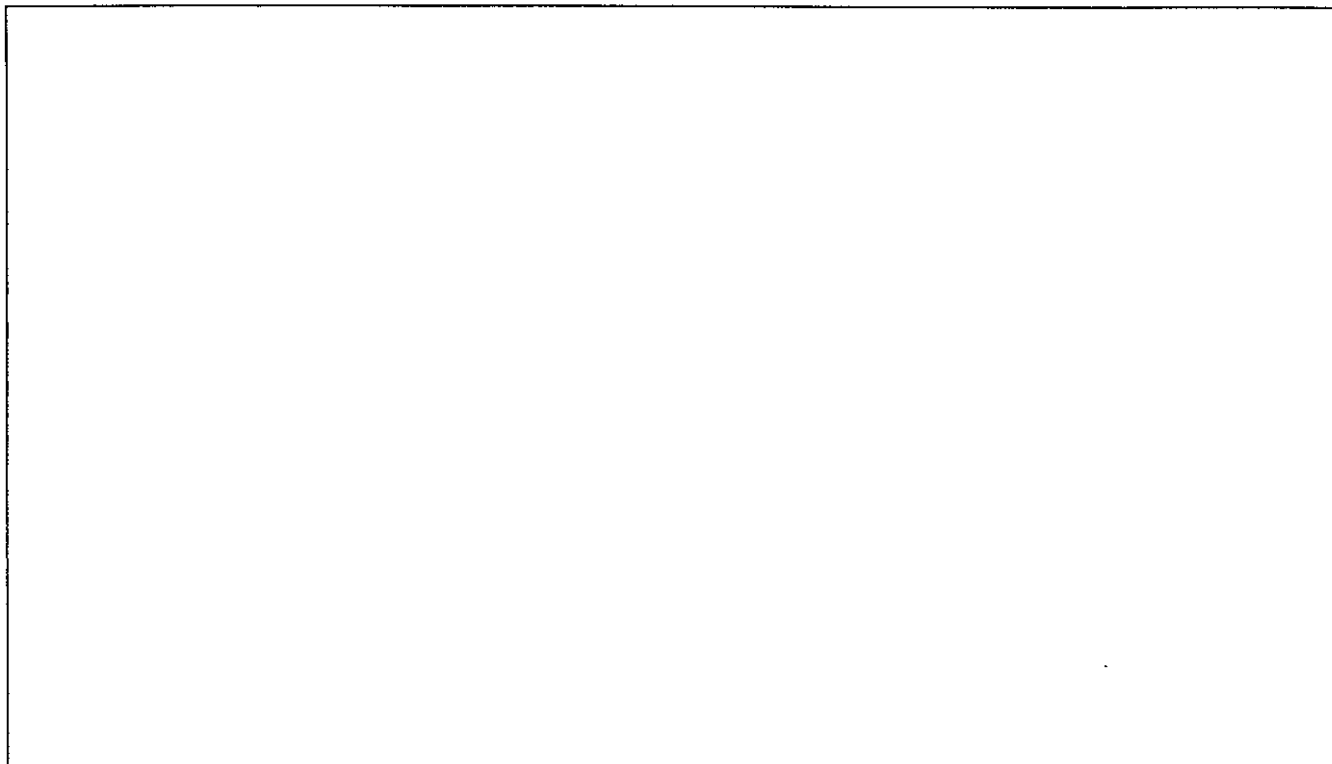
* Non-executive

R B Pomphrett acquired, on 8 April 1994, 20,000 Ordinary shares, and his total holding at the date of this report amounts to 20,213 Ordinary shares. The Directors all elected for the scrip dividend option in respect of the interim dividend and their holdings changed accordingly.

None of the Directors' shareholdings were acquired as part of their remuneration benefits.

There have been no changes in the Directors' holdings since 31 March 1995.

During 1991, Strathbrook Limited, a subsidiary of St James Beach Hotels (Barbados) Limited, entered into an agreement with J R Alleyne and P B Altman to purchase the entire share capital of Paynes Bay Investments Limited in tranches over a five year period. This company was owned in equal shares by J R Alleyne and P B Altman and owns land adjacent to one of the Group's hotels. At 31 March 1995, a total of £278,000 had so far been paid by Strathbrook Limited. An amount of £376,000 remains to be paid during 1995/96 under the terms of this agreement and has been included in creditors due within one year in the balance sheet on page 13.

*Crystal Cove*

Rayford Holdings Limited, a group previously controlled by R Y F Horney, rents office space, facilities and services to Caribbean Promotions Limited which provides marketing services to the Group in the UK. Caribbean Promotions Limited recharges certain costs and expenses to St. James Beach Hotels Services Limited relating to the services it provides to the Group, among which re-charges are the costs paid to Rayford Holdings Limited.

Save as disclosed there are no contracts of significance between the Company and any Director or controlling shareholder.

The Directors noted above comprised the Board for the whole of the year.

The details of the non-executive Directors are noted below:

R B Pomphrett (aged 51), appointed 7 March 1994, acts as Company Secretary. He has been involved in corporate finance for over 25 years. He was formerly a Partner with W Greenwell & Co and became a Director of Greenwell Montagu Limited when the partnership was acquired by that Company.

Since leaving Greenwell Montagu Limited in 1987, he has held a number of non-executive positions and is currently a Director and Company Secretary of Chemex International PLC.

T Quinn (aged 56), appointed 25 March 1994, is a consultant to Hambros Bank Limited. He was previously a Director of Barclays de Zoete Wedd Limited for 5 years and prior to that was a Partner at W Greenwell & Co.

K McDonald (aged 61), appointed 25 March 1994, is Chairman and Managing Director of Polypipe Plc. He co-founded Polypipe Plc in 1980 which was listed on the London Stock Exchange in 1985.

T Quinn is retiring by rotation and, being eligible, offers himself for re-election at the annual general meeting. He is a non-executive Director and does not have a service contract with the Company.

The Company has obtained insurance for its Directors against liabilities in relation to the Company.



SUBSTANTIAL SHAREHOLDINGS

At the date of this report, save for the following persons and the Directors shown above, the Directors had not been notified of any person directly or indirectly interested in 3 per cent or more of the issued share capital of the Company.

	<i>Number of Ordinary shares</i>	<i>Percentage of Ordinary shares</i>
--	--------------------------------------	--

Interested Persons

West Indies Builders

(C.I.) Limited	12,669,196	57.1%
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Fleming Mercantile

Investment Trust Plc	1,400,000	6.3%
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TAX STATUS

The Company is at present a close Company within the meaning of the Income and Corporation Taxes Act 1988 and there has been no change in that respect since the end of the financial year.

ANNUAL GENERAL MEETING

The notice of the annual general meeting to be held on 30 August 1995 is included on pages 30 and 31.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office as auditors and a resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board

R B Pomphrett

Secretary

26 July 1995



DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Under the Companies Act 1985, the Directors are required to prepare accounts which give a true and fair view of the state of affairs of the Group as at the end of its financial year and of the profit and loss for the financial year. The Directors are also responsible for ensuring that adequate accounting records are maintained and that there exists an appropriate system of internal control.

Suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the accounts and applicable accounting standards have been followed.

The Directors are also responsible to the Group for taking reasonable steps to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS of St. James Beach Hotels PLC

We have audited the financial statements on pages 12 to 29 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 15 and 16.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as

to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 March 1995 and of the profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants and Registered Auditors
Barbados

26 July 1995

DIRECTORS

Raymond Yeoman Frederick Horney	Executive Chairman
John Richard Alleyne	Managing Director
Terence Michael Hanton ACA	Finance Director
Edison Theodore Williams	Sales and Marketing Director
Maureen Jessica Louise Horney	Quality Control Director
Kevin McDonald	Non-Executive Director
Reginald Benjamin Pomphrett ACIS MSI	Non-Executive Director
Thomas Quinn	Non-Executive Director

all of

St James Beach Hotels Plc, Rayford House, School Road, Hove, Sussex BN3 5HX

COMPANY SECRETARY

Reginald Benjamin Pomphrett ACIS MSI

**REGISTERED OFFICE
AND HEAD OFFICE**

Rayford House, School Road, Hove, Sussex BN3 5HX

**BROKERS TO THE
COMPANY**

Butterfield Securities, 24 Chiswell Street, London EC1Y 4TY

AUDITORS

Price Waterhouse, PO Box 634C, Collymore Rock, St Michael, Barbados,
West Indies

**SOLICITORS TO THE
COMPANY**

Berwin Leighton, Adelaide House, London Bridge, London EC4R 9HA
Carrington & Sealy, Lucas Street, Bridgetown, Barbados

PRINCIPAL BANKERS

The Bank of Nova Scotia, Broad Street, Bridgetown, Barbados
Royal Bank of Canada, Broad Street, Bridgetown, Barbados

**REGISTRARS AND
TRANSFER OFFICE**

Connaught St Michaels Limited, PO Box 30, Victoria Street, Luton,
Bedfordshire LU1 2PZ



CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (Restated - Note 11) (£000s)	Year ended 31 March 1994 (Restated - Note 11) (£000s)
Turnover (Note 3)	10,422	5,761	8,846
Cost of Sales	<u>(4,265)</u>	<u>(1,880)</u>	<u>(3,448)</u>
Gross profit	6,157	3,881	5,398
Administration and other costs (Note 6)	(3,838)	(1,970)	(3,584)
Other operating income	<u>309</u>	<u>135</u>	<u>218</u>
Operating profit (Note 4)	2,628	2,046	2,032
Interest payable (Notes 6 & 7)	(753)	(127)	(366)
Interest receivable	<u>49</u>	<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation	1,924	1,919	1,666
Taxation (Note 8)	<u>(88)</u>	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation	1,836	1,919	1,666
Dividend (Note 9)	<u>(875)</u>	<u>-</u>	<u>-</u>
Retained profit for the financial year	<u>961</u>	<u>1,919</u>	<u>1,666</u>
Earnings per share (Note 10)	<u>8.88p</u>	<u>13.95p</u>	<u>12.11p</u>

There is no material difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

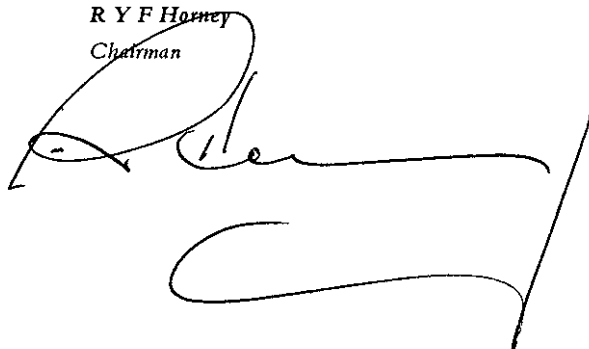
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Profit on ordinary activities after taxation	1,836	1,919	1,666
Unrealised surplus on revaluation of properties	1,633	143	143
Exchange adjustments	(2,153)	116	219
Total recognised gains and losses in the year	<u>1,316</u>	<u>2,178</u>	<u>2,028</u>

BALANCE SHEETS

	Group at 31 March 1995 (£000s)	Company at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)	Company at 31 March 1994 (£000s)
FIXED ASSETS				
Tangible assets (Note 12)	39,376	—	25,049	—
Investments (Note 13)	—	11,539	—	3,439
	<u>39,376</u>	<u>11,539</u>	<u>25,049</u>	<u>3,439</u>
CURRENT ASSETS				
Stocks (Note 14)	802	—	260	—
Debtors (Note 15)	2,952	1,000	1,479	—
Cash at bank and in hand	487	—	503	—
	<u>4,241</u>	<u>1,000</u>	<u>2,242</u>	<u>—</u>
CREDITORS DUE WITHIN ONE YEAR				
Bank and other borrowings (Note 16)	(843)	—	(777)	—
Other creditors (Note 17)	(4,035)	(710)	(1,240)	—
	<u>(4,878)</u>	<u>(710)</u>	<u>(2,017)</u>	<u>—</u>
NET CURRENT (LIABILITIES)/ASSETS	(637)	290	225	—
TOTAL ASSETS LESS CURRENT LIABILITIES	38,739	11,829	25,274	3,439
CREDITORS DUE AFTER MORE THAN ONE YEAR (Note 18)	(10,618)	—	(5,918)	—
	<u>28,121</u>	<u>11,829</u>	<u>19,356</u>	<u>3,439</u>
CAPITAL AND RESERVES				
Share capital (Note 19)	5,323	5,323	3,439	3,439
Share premium (Note 20)	6,440	6,440	—	—
Merger reserve (Note 20)	(1,906)	—	(1,906)	—
Revaluation reserve (Note 20)	12,487	—	11,730	—
Profit and loss account (Note 20)	5,777	66	6,093	—
	<u>28,121</u>	<u>11,829</u>	<u>19,356</u>	<u>3,439</u>

R Y F Horney
Chairman



CONSOLIDATED CASH FLOW STATEMENT

	<i>Year ended 31 March 1995 (£000s)</i>	<i>Six months ended 31 March 1994 (£000s)</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES (Note 22)	<u>1,055</u>	<u>1,055</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(680)	(300)
Interest received	49	—
Dividend paid	<u>(101)</u>	<u>(52)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(732)</u>	<u>(352)</u>
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(14,333)	(839)
Disposal proceeds	<u>66</u>	<u>—</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(14,267)</u>	<u>(839)</u>
NET CASH OUTFLOW BEFORE FINANCING	(13,944)	(136)
FINANCING		
Proceeds of external borrowings	6,063	185
Repayment of external borrowings	(32)	(85)
Proceeds of shares issued	8,160	—
Proceeds of shares issued by subsidiary	<u>—</u>	<u>111</u>
	<u>14,191</u>	<u>211</u>
MOVEMENT IN INTERCOMPANY FUNDING	<u>—</u>	<u>(2)</u>
NET CASH INFLOW FROM FINANCING	<u>14,191</u>	<u>209</u>
INCREASE IN CASH AND CASH EQUIVALENTS (Note 22)	<u>247</u>	<u>73</u>

1 ACCOUNTING CONVENTION

The accounts are presented in accordance with applicable UK accounting standards and under the historical cost convention, as modified by the revaluation of freehold land and buildings and in accordance with the Companies Act 1985 as amended by the Companies Act 1989. As permitted by s.230 of the Companies Act 1985 the profit and loss account of the Company has not been presented.

2 ACCOUNTING POLICIES

The principal accounting policies which have been applied throughout the year are:

Basis of consolidation

The accounts incorporate the results of operations, financial position and cash flow of St. James Beach Hotels Plc consolidated with its subsidiary undertakings. The consolidation has been performed using the merger method of accounting. Under this method, the acquisition by the Company of Colony Hotel Limited is shown as if it had taken place on 1 October 1992, being the closest practicable date to 11 August 1992 from which accounts for Colony Hotel Limited could be drawn up. The amount by which the nominal amount of shares offered by St. James Beach Hotels Plc exceeds the nominal amount of shares acquired in Colony Hotel Limited is shown as a merger reserve. Balances and transactions between the Group's subsidiary undertakings, as well as intercompany profits and dividends are eliminated on consolidation. In addition the profit and loss account for the year ended 31 March 1994 is provided by way of illustration as a basis for comparison against the results for the year ended 31 March 1995.

Goodwill

Goodwill is calculated as being the difference between the fair value of the net assets acquired and the consideration, and is eliminated against reserves in the year in which it arises.

Investments

The investment in a subsidiary Company is stated at cost.

Fixed assets

The Company's properties are periodically revalued and the resultant value is included in the balance sheet. The difference between the valuation and historic cost is recorded in revaluation reserve to the extent that the valuation exceeds historic cost on a property by property basis. Any permanent diminution in the value of a property is charged to the profit and loss account after making the appropriate adjustment to revaluation reserve.

Interest on amounts borrowed for the construction and major development of hotels is capitalised, as part of the cost of construction, until the hotels start to trade.

Depreciation

No depreciation is provided on freehold properties or on integral fixed plant. It is the Group's practice to maintain these assets in a continual state of sound repair and to extend or make improvements thereto from time to time, and accordingly the Directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are so high that their depreciation is insignificant. Fixtures and fittings, which are classified within freehold land and buildings, are depreciated on a straight line basis at rates varying between 5% and 20% per annum. Certain pre-opening and development expenses incurred up to the commencement of full trading are included in freehold land and buildings and are written off over five years.



2 ACCOUNTING POLICIES (continued)

Depreciation of other tangible fixed assets is calculated to write off the cost of fixed assets over their estimated useful lives as follows:

Furniture and equipment	20% - reducing balance
Motor vehicles	20% - reducing balance

Stocks

Stocks are stated at the lower of cost or net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies at the balance sheet date are translated into pounds sterling using the closing rate method. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Assets and liabilities of foreign subsidiary undertakings are translated into pounds sterling at rates of exchange at the date of the balance sheet and the results of the foreign subsidiary undertakings are translated at the average rate of exchange for the year. Exchange differences arising on translation of the financial statements of overseas subsidiaries are treated as movements on reserves.

The principal rates of exchange used in the translation were:

	<i>Year ended 31 March 1995</i>	<i>Six months ended 31 March 1994</i>	<i>Year ended 31 March 1994</i>
Average rate	3.12	2.98	2.98
Closing rate	3.21	2.97	2.97

Deferred taxation

Provision is made under the liability method for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that a liability or asset is expected to crystallise in the foreseeable future.

Turnover

Turnover represents amounts receivable for goods sold and services provided, excluding intra group sales, and sales taxes.

3 SEGMENTAL ANALYSIS

The turnover and profit on ordinary activities before taxation is wholly attributable to the principal activity of the Group, being the operation of hotels. Turnover arises and net assets are located wholly within Barbados.

4 OPERATING PROFIT

Operating Profit is after charging

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Depreciation of tangible assets	134	71	147
Staff costs	2,863	1,148	2,182
Directors' emoluments (Note 5)	358	73	147
Auditors' remuneration - audit fees	40	16	26
Auditors' remuneration - other	3	9	9
Repairs and maintenance expenditure	185	68	175

Staff costs comprise:

Wages and salaries	2,649	1,052	1,979
Social security costs	214	96	203
	<u>2,863</u>	<u>1,148</u>	<u>2,182</u>

	Year ended 31 March 1995 NUMBER	Six months ended 31 March 1994 NUMBER	Year ended 31 March 1994 NUMBER
The average number of staff during each period was:	<u>484</u>	<u>440</u>	<u>410</u>

5 DIRECTORS' EMOLUMENTS

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Total emoluments for Directors	<u>358</u>	<u>73</u>	<u>147</u>

The emoluments of the chairman, the highest paid director, in the year were

<u>80</u>	<u>28</u>	<u>56</u>
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	NUMBER	NUMBER	NUMBER
All Directors			
£0 - £5000	1	5	5
£10,001 - £15,000	2	-	-
£20,001 - £25,000	-	2	-
£25,001 - £30,000	-	1	-
£30,001 - £35,000	1	-	-
£45,001 - £50,000	-	-	2
£55,001 - £60,000	-	-	1
£60,001 - £65,000	2	-	-
£75,001 - £80,000	2	-	-

T Quinn waived emoluments totalling £10,000 in the year ended 31 March 1995.

6 EXCEPTIONAL ITEMS

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Included in administration and other costs:			
Commissions and management fees waived by related undertakings	—	286	286
Included in interest payable:			
Interest waived by related undertakings	—	130	130
	<u>—</u>	<u>416</u>	<u>416</u>
Included in administration and other costs:			
Deficit on revaluation of land	—	115	115
	<u>—</u>	<u>115</u>	<u>115</u>

7 INTEREST PAYABLE

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
On bank loans and overdrafts:			
Repayable within five years	359	38	75
Repayable wholly or partly in more than five years	407	219	421
	<u>766</u>	<u>257</u>	<u>496</u>
Interest capitalised	(13)	—	—
Interest waived by related undertakings	—	(130)	(130)
	<u>753</u>	<u>127</u>	<u>366</u>

8 TAXATION

Under Chapter 72 of the laws of Barbados, the Hotel Aids Act grants income tax relief in respect of capital expenditure incurred by companies which operate hotels on the island. Such tax relief can be carried forward for a maximum of nine years and offset against profits of future years, after allowing tax losses arising from trade.

There has been no taxation charge in respect of the reporting periods due to taxation losses brought forward and the effect of relief granted by the Hotel Aids Act.

No provision has been made for deferred taxation since the Directors are of the view that tax deferred by the effect of the differences is unlikely to crystallise in the foreseeable future. The deferred tax asset arising from tax losses amounts to £473,239, whilst the net deferred tax liability arising from fixed assets is £109,293. Hotel Aids Act costs available for carry forward amount to £13,169,406.

No provision is required for withholding or UK tax payable in respect of the unremitted profits of non-UK subsidiary undertakings. Provision has been made for Advance Corporation Tax (ACT) on cash dividends paid and proposed by the Company in respect of the year ended 31 March 1995 as disclosed in Note 17. This tax is irrecoverable because the Company obtains double taxation relief under the UK/Barbados double taxation agreement in respect of dividends it receives from its Barbadian subsidiary undertakings, which reduces its corporation tax liability to nil. Consequently there would be no corporation tax liability against which to offset the ACT.

9 DIVIDENDS

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Interim paid, net 1.25p	265	—	—
Final proposed, net 2.75p	610	—	—
	<u>875</u>	<u>—</u>	<u>—</u>

10 EARNINGS PER SHARE

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Attributable profit	1,836	1,919	1,666
Number of shares in issue	20,664,734	13,756,265	13,756,265
Earnings per share	8.88p	13.95p	12.11p
Subsequent to the year end -			
Number of shares in issue			20,256,265
Fully diluted earnings per share			8.22p

Earnings per share have been calculated on the net basis. The number of shares in issue for the year ended 31 March 1995 is the average number of shares during the year weighted on a time basis.

11 COMPARATIVE FIGURES

Certain of the comparative figures in the profit and loss account for the six months ended 31 March 1994 and the year ended 31 March 1994 have been restated to conform with the 1995 presentation.

	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
Reclassified from Administration and other costs to Cost of sales	193	438
Reclassified from Other operating income to Administration and other costs	85	131

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

continued

12 TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings at cost or valuation (£000s)</i>	<i>Furniture and equipment at cost (£000s)</i>	<i>Motor vehicles at cost (£000s)</i>	<i>Total (£000s)</i>
Cost or valuation at 1 April 1994	24,400	2,042	73	26,515
Exchange adjustments	(1,825)	(151)	(6)	(1,982)
Additions	12,793	1,909	-	14,702
Disposals	-	-	(15)	(15)
Surplus on revaluation	1,633	-	-	1,633
Cost or valuation at 31 March 1995	<u>37,001</u>	<u>3,800</u>	<u>52</u>	<u>40,853</u>
Depreciation at 1 April 1994	22	1,403	41	1,466
Exchange adjustments	(2)	(107)	(3)	(112)
Provision for the year	6	122	6	134
Disposals	-	-	(11)	(11)
Depreciation at 31 March 1995	<u>26</u>	<u>1,418</u>	<u>33</u>	<u>1,477</u>
Net book value at 1 April 1994	<u>24,378</u>	<u>639</u>	<u>32</u>	<u>25,049</u>
Net book value at 31 March 1995	<u>36,975</u>	<u>2,382</u>	<u>19</u>	<u>39,376</u>
Analysis of cost or valuation				
Year of valuation:				
1994	13,785	-	-	13,785
Exchange adjustment	(1,031)	-	-	(1,031)
1995	<u>17,075</u>	<u>-</u>	<u>-</u>	<u>17,075</u>
Assets held at valuation	29,829	-	-	29,829
Assets held at cost	<u>7,146</u>	<u>2,382</u>	<u>19</u>	<u>9,547</u>
	<u>36,975</u>	<u>2,382</u>	<u>19</u>	<u>39,376</u>

Certain of the Group's properties were revalued in January 1994 and March 1995 based on professional valuations from Alleyne Aguilar & Altman Ltd., real estate agents, Barbados, on an open market existing use basis.

Additions to fixed assets includes interest capitalised of £13,000.

13 FIXED ASSET INVESTMENTS

Fixed asset investments consist of investment in shares of group undertakings of £3,439,000 and loans to group undertakings of £8,100,000.

14 STOCKS

	Group at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)
Raw materials and consumables	63	35
Goods for resale	61	35
Linen, cutlery and glassware	678	190
	<u>802</u>	<u>260</u>

15 DEBTORS

	Group at 31 March 1995 (£000s)	Company at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)
Trade debtors	2,602	—	1,413
Prepayments and accrued income	231	—	10
Other debtors	119	—	56
Dividend receivable from subsidiary undertaking	—	1,000	—
	<u>2,952</u>	<u>1,000</u>	<u>1,479</u>

16 BANK AND OTHER BORROWINGS

	Group at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)
Current portion of long term loans	372	34
Amounts due from parent undertaking	—	(2)
	<u>372</u>	<u>32</u>
Bank overdrafts	471	745
	<u>843</u>	<u>777</u>

Details of the terms, status and conditions relating to long term loans are set out in Note 18.

The bank overdrafts are secured by registered equitable mortgages and first legal mortgages over the properties of the respective Group companies and are repayable on demand.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

continued

17 OTHER CREDITORS

	Group at 31 March 1995 (£000s)	Company at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)
Trade creditors	1,766	—	409
Advance deposits	220	—	282
Dividend payable	610	610	—
Tax and social security	689	—	128
Advance corporation tax	88	88	—
Accruals and deferred income	276	—	362
Other creditors	386	12	59
	<u>4,035</u>	<u>710</u>	<u>1,240</u>

18 CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group at 31 March 1995 (£000s)	Group at 31 March 1994 (£000s)
Secured bank loans		
Bank of Nova Scotia (1)	1,863	1,498
Bank of Nova Scotia (2)	1,246	1,010
Bank of Nova Scotia (3)	2,360	2,550
Barbados Development Bank(4)	210	261
Royal Bank of Canada (5)	207	224
Bank of Nova Scotia (6)	1,991	—
Bank of Nova Scotia (7)	1,245	—
Bank of Nova Scotia (8)	1,868	—
Other creditors due after more than one year	—	409
	<u>10,990</u>	<u>5,952</u>
Less current portion	(372)	(34)
	<u>10,618</u>	<u>5,918</u>

Repayment Analysis

Repayable by Instalments

- Between one and two years	519	292
- Between two and five years	3,380	2,125
- In five years or more	6,719	3,501
	<u>10,618</u>	<u>5,918</u>

18 CREDITORS DUE AFTER MORE THAN ONE YEAR (continued)

- (1) This loan is payable in Barbados dollars. It is secured by a debenture creating a first floating charge over all the assets of Colony Club (Barbados) Limited, a subsidiary of the Company, except real estate, and a first legal mortgage over the real estate. Interest is being charged at 1% over the bank's base rate. At 31 March 1995 the interest rate was 10.75%.
- (2),(3) These loans are secured by a mortgage over the property of Strathbrook Limited, a subsidiary of the Company.
- (2) This loan is payable in Barbados dollars. Interest on this loan is being charged at 1% over the bank's base rate. At 31 March 1995, the interest rate was 10.75%.
- (3) This loan is payable in US dollars. Interest on this loan has been fixed for a period of five years and the interest rate is 7.25%.
- (4) This loan is payable in Barbados dollars. It is secured by a registered demand mortgage creating a fixed and floating charge over the assets of Coconut Creek Hotel Limited, a subsidiary of the Company. Interest is being charged at 12.5% per annum.
- (5) This loan is payable in Barbados dollars. It is secured by a registered demand mortgage ranking pari passu with the Barbados Development Bank loan and creating a fixed and floating charge over the assets of Coconut Creek Hotel Limited. Interest is being charged at 1% over the bank's base rate. At 31 March 1995 the interest rate was 10.75%.
- (6) This loan is payable in US dollars. It is secured by a debenture creating a first floating charge over all the assets of Colony Club (Barbados) Limited, a subsidiary of the Company, except real estate, and a first legal mortgage over the real estate. Interest on this loan is being charged at 2% over LIBOR. At 31 March 1995 the interest rate was 8.75%.
- (7) This loan is payable in US dollars. It is secured by a debenture creating a first floating charge over all the assets of Crystal Cove Hotel Limited, a subsidiary of the Company, except real estate, and a first legal mortgage over the real estate. Interest on this loan is being charged at 2% over LIBOR. At 31 March 1995 the interest rate was 8.75%.
- (8) This loan is payable in Barbados dollars. It is secured by a debenture creating a first floating charge over all the assets of Crystal Cove Hotel Limited, a subsidiary of the Company, except real estate, and a first legal mortgage over the real estate. Interest is being charged at 1% over the bank's base rate. At 31 March 1995 the interest rate was 10.75%.

19 SHARE CAPITAL

Authorised

The authorised share capital of the Company at 31 March 1995 was £7,250,000 made up of 29,000,000 ordinary shares of 25p each.

Allotted Called Up and Fully Paid

	<i>Group at 31 March 1995 (£000s)</i>	<i>Company at 31 March 1995 (£000s)</i>	<i>Group at 31 March 1994 (£000s)</i>	<i>Company at 31 March 1994 (£000s)</i>
21,290,432 Ordinary shares of 25p each	5,323	5,323	3,439	3,439
(31 March 1994 - 13,756,265)				

On 8 April 1994, 6,500,000 shares of 25p each were issued for a consideration of £7,800,000 and on 30 August 1994, 900,000 shares of 25p each were issued for a consideration of £1,080,000, in order to raise capital. On 20 January 1995, 134,167 shares of 25p each were issued for a consideration of £163,415 to existing shareholders by way of a scrip option in respect of the interim dividend.

20 RESERVES

Movements in reserves are as follows:

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)	Year ended 31 March 1994 (£000s)
SHARE PREMIUM			
At start of year	—	—	—
Shares issued	7,030	—	—
Share issue costs	(720)	—	—
Shares issued in lieu of cash dividends	130	—	—
At end of year	<u>6,440</u>	<u>—</u>	<u>—</u>
MERGER RESERVE			
At start of year	(1,906)	(2,412)	(2,412)
Effect of rights issue in subsidiary	—	506	506
At end of year	<u>(1,906)</u>	<u>(1,906)</u>	<u>(1,906)</u>
REVALUATION RESERVE			
At start of year	11,730	11,510	11,433
Revaluation of freehold land and buildings	1,633	143	143
Exchange adjustment	(876)	77	154
At end of year	<u>12,487</u>	<u>11,730</u>	<u>11,730</u>
PROFIT AND LOSS ACCOUNT			
At start of year	6,093	3,480	3,707
Retained profit for the financial year	961	1,919	1,666
Waiver of dividend	—	655	655
Exchange adjustments	(1,277)	39	65
At end of year	<u>5,777</u>	<u>6,093</u>	<u>6,093</u>

The Company issued 11,791,080 shares being 6.3 shares with a nominal value of 25p for each no par value share issued and outstanding in Colony Hotel Limited as at 1 October 1992. The merger reserve represents the difference between the carrying value of the shares issued by the Company and the nominal value of the shares of St James Beach Hotels (Barbados) Limited (formerly Colony Hotel Limited).

Goodwill cumulatively written off to reserves up to 31 March 1995 was £319,422.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

continued

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s) GROUP	Year ended 31 March 1994 (£000s)
Recognised gains and losses in the year	1,316	2,178	2,028
Dividends	(875)	—	—
Shares issued	8,160	491	491
Shares issued in lieu of cash dividends	164	—	—
Effect of rights issue in subsidiary	—	506	506
Waiver of dividend	—	655	655
Net addition to shareholders' funds	8,765	3,830	3,680
Opening shareholders' funds	19,356	15,526	15,676
Closing shareholders' funds	28,121	19,356	19,356
		COMPANY	
Recognised gains and losses in the year	941	—	—
Dividends	(875)	—	—
Shares issued	8,160	3,439	3,439
Shares issued in lieu of cash dividends	164	—	—
Net addition to shareholders' funds	8,390	3,439	3,439
Opening shareholders' funds	3,439	—	—
Closing shareholders' funds	11,829	3,439	3,439

22 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(1) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)
Operating profit for the period	2,628	2,046
Management fees and commissions waived by related undertakings	—	(286)
Depreciation charge	134	71
Increase in stocks	(577)	(62)
Increase in debtors	(1,629)	(777)
Increase in creditors	1,000	63
Profit on fixed asset sales	(63)	—
Exchange adjustments	(438)	—
Net cash inflow from operating activities	<u>1,055</u>	<u>1,055</u>

(2) Analysis of changes in cash and cash equivalents

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)
At start of year	(242)	(313)
Net cash flow	247	73
Exchange adjustments	<u>11</u>	<u>(2)</u>
At end of year	<u>16</u>	<u>(242)</u>
Analysed as follows:		
Cash at bank and in hand	487	503
Bank overdrafts	<u>(471)</u>	<u>(745)</u>
At end of year	<u>16</u>	<u>(242)</u>

(3) External borrowings

	Year ended 31 March 1995 (£000s)	Six months ended 31 March 1994 (£000s)
At start of year	5,543	5,407
Increase in loans	6,063	185
Repayment of loans	(32)	(85)
Exchange adjustments	(584)	36
At end of year	<u>10,990</u>	<u>5,543</u>

23 SUBSIDIARY UNDERTAKINGS

Subsidiaries comprise the following companies all of which operate principally in Barbados:

Name of company	Country of Incorporation and Operation	Percentage of Equity held	Nature of business
St. James Beach Hotels (Barbados) Limited (formerly Colony Hotel Limited)	Barbados	100%	Holding company
Coconut Creek Hotel Limited	Barbados	100%	Hotel owner and operator
Colony Club (Barbados) Limited	Barbados	100%	Hotel owner and operator
Strathbrook Limited	Barbados	100%	Hotel owner and operator
St. James Beach Hotels Services Limited (formerly St. James Beach Hotels Limited)	Barbados	100%	Provision of administrative services to other group companies
Paynes Bay Investments Limited	Barbados	42%	Property company (non-trading)
Crystal Cove Hotel Limited	Barbados	100%	Hotel owner and operator
Printhold Inc.	Barbados	100%	Property company
Mountain Peak Company Limited	Bahamas	100%	Holding company (non-trading)
Tamarind Cove Hotel Company Limited	Barbados	100%	Property company (non-trading)

All of the above subsidiaries have been consolidated with St. James Beach Hotels Plc.

The percentage of voting rights held by St. James Beach Hotels Plc is equal to the percentage of the equity held for all subsidiary undertakings shown above with the exception of Paynes Bay Investments Limited (see Note 25 (1)).

24 COMMITMENTS

At 31 March 1995 the Group had authorised the purchase of Windward Investments Limited for a cost of £1.5million. See Note 26.

25 RELATED PARTY TRANSACTIONS

During 1991, Strathbrook Limited, a subsidiary of St James Beach Hotels (Barbados) Limited, entered into an agreement with J R Alleyne and P B Altman to purchase the entire share capital of Paynes Bay Investments Limited in tranches over a five year period. This company was owned in equal shares by P B Altman and J R Alleyne and owns land adjacent to one of the Group's hotels. At 31 March 1995, a total of £278,000 had so far been paid by Strathbrook Limited. An amount of £376,000 remains to be paid during 1995/96 under the terms of this agreement and has been included in creditors due within one year in the balance sheet on page 13.

Rayford Holdings Limited, a group previously controlled by R Y F Horney, rents office space, facilities and services to Caribbean Promotions Limited which provides marketing services to the Group in the UK. Caribbean Promotions Limited re-charges certain costs and expenses to St. James Beach Hotels Services Limited relating to the services it provides to the Group, among which re-charges are the costs paid to Rayford Holdings Limited.

26 SUBSEQUENT EVENTS

On 12 May 1995, the Board of Directors authorised capital expenditure for the year to 31 March 1996 as follows:

- * Redevelopment of Buccaneer Bay Hotel and its incorporation into an expanded Tamarind Cove Hotel
- * The refurbishment of Coconut Creek Hotel.
- * Minor renovation works to the other properties.

The total of the above approved expenditure amounts to £4.6 million.

On 3 March 1995, the Company contracted to purchase Windward Investments Limited for £1.5million. Windward Investments Limited owns the freehold of Buccaneer Bay Hotel and the leasehold of Bamboo Beach Bar, both adjoining the Tamarind Cove Hotel. The purchase was completed on 25 April 1995 and the consideration was satisfied by payment of cash of £320,000 and the issue of 901,808 ordinary shares of 25p each in the Company.

At an extraordinary general meeting on 25 May 1995, a resolution was approved for the increase of the authorised share capital from £7,250,000 to £10,550,000 by the creation of 3,000,000 preference shares and 1,200,000 ordinary shares. The authorised share capital now comprises 3,000,000 8.25% redeemable preference shares of £1 each and 30,200,000 ordinary shares of 25p each. The preference shares have warrants to subscribe for 645,161 ordinary shares of 25p each at a price of 155p during the period 25 May 1996 to 30 June 2001. The preference shares were placed on 25 May 1995 with Throgmorton Preferred Income Trust Plc.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 24 Chiswell Street, London EC1Y 4TY, at 12.00 noon on Wednesday 30 August 1995 for the following purposes:

ORDINARY BUSINESS

To propose the following resolutions as ordinary resolutions:

- 1 To receive and adopt the Directors' Report and the accounts for the financial year ended 31 March 1995.
- 2 To approve a final dividend on the ordinary share capital of the Company.
- 3 To re-elect T. Quinn as a Director of the Company.
- 4 To re-appoint Price Waterhouse as auditors to hold office until the conclusion of the next annual general meeting.
- 5 To authorise the Directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

- 6 For the purpose of Section 80 of the Companies Act 1985, the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of the said section 80) up to an aggregate nominal amount of £2,001,940 provided that this authority shall expire five years from the date of the passing of this resolution (unless previously revoked, varied or extended by the Company in general meeting), except that the Company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass the following resolution as a special resolution:

- 7 That, subject to the passing of the preceding resolution, the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the said Act) pursuant to the authority conferred upon them by the preceding resolution (as varied from time to time by the Company in general meeting) as if section 89(1) of the said Act did not apply to any such allotment PROVIDED THAT such power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with overseas shareholders, fractional entitlements or any other legal and practical difficulties; and

NOTICE OF ANNUAL GENERAL MEETING

continued

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £277,403 (being approximately 5 per cent of the nominal issued share capital of the Company);

and shall expire on whichever is the earlier of the conclusion of the next annual general meeting of the Company or the date falling fifteen months from the date of the passing of this resolution unless renewed or extended prior to or at such meeting except that the Company may before the expiry of any power contained in this resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By order of the Board

R. B. Pomphrett

Secretary



7 August 1995

Registered Office:

Rayford House
School Road
Hove
Sussex BN3 5HX

NOTES

- 1 A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member.
- 2 A form of proxy is enclosed. Completion of the proxy form does not preclude a shareholder from attending the meeting and voting in person. Proxies must be received by the Company's registrars, Connaught St. Michaels Limited, PO Box 30, CSM House, Victoria Street, Luton, Bedfordshire LU1 2BR not less than 48 hours before the time fixed for the meeting.
- 3 There will be available for inspection at the Company's registered office during normal business hours from the date of this notice to the date of the annual general meeting, and at the place of the meeting for 15 minutes prior to and during the meeting the following:
 - (a) the register of Directors' interests in shares of the Company, and
 - (b) copies of Directors' contracts of service with the Company or its subsidiaries.