

Ciboney Group Limited 2003

Auditors' Report

To the Members of
CIBONEY GROUP LIMITED

We have audited the financial statements set out on pages 2 to 19 and have obtained all the information and explanations which we required. The financial statements are the responsibility of the directors and management. In preparing the financial statements, the directors and management are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards and apply the going concern basis, unless it is inappropriate to presume that the company and the group will continue in business for the foreseeable future. The directors and management are responsible for maintaining proper accounting records, for safeguarding the assets of the company, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors and management, and evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements have been prepared on a basis that contemplates continuation of the company and the group as going concerns. However, (1) as more fully explained in note 1(b)(ii),

the resort complex, which is substantially the group's only material operating asset, is the subject of an option granted to another party to purchase it; and (2) as more fully explained in note 2, at the balance sheet date, the company and the group have net current liabilities and stockholders' net deficit. Accordingly, the continuation of the company and the group as going concerns depends on the outcome of the group's planned disposal of the resort complex, upon their ability to generate sufficient revenue to service their obligations and upon future profitable operations.

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith and have been prepared in accordance with generally accepted accounting principles in Jamaica, give, except for the effects, if any, of the resolution of the uncertainties referred to in the immediately preceding paragraph, a true and fair view of the state of affairs of the company and the group as at May 31, 2003 and of the results of operations and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act.

KPMG Peat Marwick

November 19, 2003
