CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2009

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INDEPENDENT AUDITORS' REPORT

To the Members of
CIBONEY GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of Ciboney Group Limited ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 3 to 24, which comprise the company's and group's balance sheets as at May 31, 2009, the company's and group's statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

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Caryl A. Fenton
R. Tarun Handa
Patrick A. Chin
Patricia O. Dailey-Smith

Linroy J. Marshall
Cynthia L. Lawrence
Rajan Trehan
Norman O. Rainford
Nigel R. Chambers

To the Members of
CIBONEY GROUP LIMITED

Report on the Financial Statements (cont'd)

Opinion

As disclosed in note 2, the financial statements have been prepared in conformity with International Financial Reporting Standards, which contemplate continuation of the company and the group as a going concern. The company had net current liabilities of $112,396,826 (2008: $119,209,172) and the group had net current liabilities of $21,965,325 (2008: $22,980,254). There was also a stockholders' net deficit at the balance sheet date for the company of $63,369,861 (2008: 70,182,207) and the group of $21,965,324 (2008: $22,980,253). The directors of the company have also determined that the operations of the company and its subsidiaries will be discontinued in the forseeable future. The specified timing and other terms and the circumstances of the contemplated discontinuation are uncertain. No adjustments have been made in the financial statements for any effects this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date, and on the results of operations for the year then ended.

In our opinion, the financial statements give, except for the resolution of the matter referred to in the immediately preceding paragraph, a true and fair view of the financial positions of the company and the group as at May 31, 2009, and of the company's and the group's financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the provisions of the Jamaican Companies Act.

Report on other matters required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required by the Jamaican Companies Act in the manner so required.

KPMG

September 14, 2009

CIBONEY GROUP LIMITED

Company Balance Sheet
May 31, 2009

	Notes	2009	2008
CURRENT ASSETS			
Cash and cash equivalents	4	24,925,197	1,856,129
Accounts receivable		-	535,432
Resale agreements	5	31,586,483	31,161,100
Income tax recoverable	6	4,858,026	4,188,253
Total current assets		61,369,706	37,740,914
CURRENT LIABILITIES			
Accounts payable and accrued charges	8	14,434,085	14,713,790
Interest payable	9	99,447,890	99,447,890
Owed to subsidiary		59,884,557	42,788,406
Total current liabilities		173,766,532	156,950,086
Net current liabilities		(112,396,826)	(119,209,172)
NON-CURRENT ASSETS			
Interest in subsidiaries	10	49,026,964	49,026,964
Property, plant and equipment	11	1	1
Total non-current assets		49,026,965	49,026,965
Net liabilities		$(63,369,861)	(70,182,207)
STOCKHOLDERS' DEFICIT			
Share capital	12	329,436,230	329,436,230
Accumulated deficit		(392,806,091)	(399,618,437)
Total stockholders' deficit		$(63,369,861)	(70,182,207)

The financial statements on pages 3 to 24 were approved for issue by the Board of Directors on September 14, 2009 and signed on its behalf by:

_____________________ Director
Errol Campbell

_____________________ Director
Geoffrey Messado

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Consolidated Balance Sheet
May 31, 2009

	Notes	2009	2008
CURRENT ASSETS			
Cash and cash equivalents	4	25,115,652	21,364,608
Resale agreements	5	31,586,483	31,161,100
Accounts receivable		217,213	752,645
Income tax recoverable	6	4,858,026	7,871,779
Land held for sale	7	44,000,000	44,000,000
Total current assets		105,777,374	105,150,132
CURRENT LIABILITIES			
Accounts payable and accrued charges	8	28,294,809	28,682,496
Interest payable	9	99,447,890	99,447,890
Total current liabilities		127,742,699	128,130,386
Net current liabilities		(21,965,325)	(22,980,254)
NON-CURRENT ASSETS			
Property, plant and equipment, being total non-current assets	11	1	1
Net liabilities		$(21,965,324)	(22,980,253)
STOCKHOLDERS' DEFICIT			
Share capital	12	329,436,230	329,436,230
Reserves	13	46,213,068	46,213,068
Accumulated deficit		(397,614,622)	(398,629,551)
Total stockholders' deficit		$(21,965,324)	(22,980,253)

The financial statements on pages 3 to 24 were approved for issue by the Board of Directors on September 14, 2009 and signed on its behalf by:

Director
Errol Campbell

Director
Geoffrey Messado

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Company Statement of Revenue and Expenses
Year ended May 31, 2009

	Notes	2009	2008
Interest income		2,678,911	2,147,183
Administrative expenses		(7,140,919)	(8,245,070)
Depreciation		-	(30,830)
Net gain from fluctuations in exchange rates		11,274,354	1,675,963
Profit/(loss) for the year	14	$ 6,812,346	(4,452,754)

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Statement of Consolidated Revenue and Expenses
Year ended May 31, 2009

	Notes	2009	2008
Interest income		3,010,916	2,923,504
Administrative expenses		(9,562,752)	(8,817,192)
Depreciation		-	(30,830)
Net gain from fluctuations in exchange rates		11,333,293	2,543,123
Profit/(loss) before income tax	14	4,781,457	(3,381,395)
Income tax	15	(3,766,528)	(68,066)
Profit/(loss) for the year attributable to members		$ 1,014,929	(3,449,461)
Profit/(loss) per stock unit	16	$ 0.19	(0.63)

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Statement of Changes in Deficit
Year ended May 31, 2009

Company:

	Share capital (Note 12)	Accumulated deficit	Total
Balances at May 31, 2007	329,436,230	(395,165,683)	(65,729,453)
Loss for the year, being total recognised losses	-	(4,452,754)	(4,452,754)
Balances at May 31, 2008	329,436,230	(399,618,437)	(70,182,207)
Profit for the year, being total recognised gains	-	6,812,346	6,812,346
Balances at May 31, 2009	$329,436,230	(392,806,091)	(63,369,861)

Group:

	Share capital (Note 12)	Other (Note 13)	Accumulated deficit	Total
Balances at May 31, 2007	329,436,230	46,213,068	(395,180,090)	(19,530,792)
Loss for the year, being total recognised losses	-	-	(3,449,461)	(3,449,461)
Balances at May 31, 2008	329,436,230	46,213,068	(398,629,551)	(22,980,253)
Profit for the year, being total recognised gains	-	-	1,014,929	1,014,929
Balances at May 31, 2009	$329,436,230	46,213,068	(397,614,622)	(21,965,324)

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Statement of Company Cash Flows
Year ended May 31, 2009

	2009	2008
Cash flows from operating activities:		
Profit /(loss) for the year	6,812,346	(4,452,754)
Adjustments to reconcile profit/(loss) for the year to net cash used in operating activities:		
Items not involving cash:		
Depreciation	-	30,830
Interest income	(2,678,911)	(2,147,183)
Unrealised currency exchange gains	(11,274,354)	(1,675,963)
	(7,140,919)	(8,245,070)
Increase in current assets:		
Income tax paid	(669,773)	(535,237)
Accounts receivable	535,432	(232,762)
Increase/(decrease) in current liability:		
Accounts payable and accrued charges	(279,705)	(1,449,113)
Net cash used in operating activities	(7,554,965)	(10,462,182)
Cash flows from investing activities:		
Interest received	2,678,911	2,147,183
Resale agreements	(425,383)	8,473,409
Net cash provided by investing activities	2,253,528	10,620,592
Cash flows from financing activities:		
Due to subsidiaries being net cash provided by/(used in) financing activities	17,096,151	(912,800)
Net increase/(decrease) in cash and cash equivalents	11,794,714	(754,390)
Effect of exchange rate fluctuations on cash and cash equivalents	11,274,354	1,675,963
Cash and cash equivalents at beginning of year	1,856,129	934,556
Cash and cash equivalents at end of year	$24,925,197	1,856,129

The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITED

Statement of Consolidated Cash Flows
Year ended May 31, 2009

	2009	2008
Cash flows from operating activities:		
Profit/(loss) for the year	1,014,929	(3,449,461)
Adjustments to reconcile profit/(loss) for the year to net cash used in operating activities:		
Items not involving cash:		
Income tax charge	-	68,066
Depreciation	-	30,830
Interest income	(3,010,916)	(2,923,504)
Taxes withheld from interest income written off	3,766,528	-
Unrealised currency exchange gains	(11,333,293)	(2,543,123)
	(9,562,752)	(8,817,192)
(Increase)/decrease in current assets:		
Income tax paid	(752,775)	(729,316)
Income tax recoverable	-	-
(Decrease)/increase in current liability:		
Accounts payable and accrued charges	(387,687)	(1,771,464)
Net cash used in operating activities	(10,703,214)	(11,317,972)
Cash flows from investing activities:		
Interest received	3,546,348	2,690,742
Resale agreements	(425,383)	8,473,409
Net cash provided by investing activities	3,120,965	11,164,151
Net decrease in cash and cash equivalents	(7,582,249)	(153,821)
Effect of foreign exchange on cash and cash equivalents	11,333,293	2,543,123
Cash and cash equivalents at beginning of year	21,364,608	18,975,306
Cash and cash equivalents at end of year	$25,115,652	21,364,608

The accompanying notes form an integral part of the financial statements.

1. Identification

(a) Ciboney Group Limited ("the company") is a subsidiary of Crown Eagle Life Insurance Company Limited ("parent") and its ultimate parent is Finsac Limited. All these companies are incorporated and domiciled in Jamaica. The registered office of the company is located at 69-75 Constant Spring Road, Kingston 10, Jamaica.

Its primary activities are in the hospitality industry.

(b) "Group" refers to the company and its wholly-owned subsidiaries, namely:

(i) Ciboney Hotels Limited

(ii) Leisure Operators Limited

(iii) Luxury Resorts Enterprises Limited and its wholly-owned subsidiary, Number Sixty Limited. These entities were established to engage in the business of acquiring, developing and letting resort properties. The proposal for such development has since been abandoned and the land being held for sale (note 7).

2. Basis of preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant provisions of the Companies Act ("the Act").

New and revised standards and interpretations not yet effective

At the date of approval of these financial statements, certain new standards, amendments to standards and interpretations are in issue, but not yet effective, and have therefore not been applied in preparing these financial statements. Those which the directors consider might become applicable in the foreseeable future are as follows:

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. IAS 1 (revised) becomes effective for annual reporting periods beginning on or after January 1, 2009 and is not expected to have any significant impact on the company's or the group's financial statements.

- *IAS 23(Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and, instead, requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23 becomes effective for annual reporting periods beginning on or after January 1, 2009 and will not have any significant impact on the company's or the group's financial statements.

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New and revised standards and interpretations not yet effective (cont'd)

- *IAS 23(Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23, which becomes mandatory for the 2010 financial statements, is not expected to have any significant impact on the company's or the group's financial statements.

- Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions are not expected to have any impact on the company's or the group's financial statements.

- Amendments to IFRS 7 *Financial Instruments: Disclosures* requires enhanced disclosures in respect of two aspects: disclosures over fair value measurement relating to financial instruments specifically in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments will become mandatory for the 2010 financial statements. The revisions are not expected to have any impact on the company's or the group's financial statements.

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis.

(c) Functional currency:

The financial statements are presented in Jamaica dollars, unless otherwise indicated, which is the functional currency of the company and all its subsidiaries.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of, and other disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

2. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd):

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements that carry the risk of a material adjustment in the next financial year.

(e) Future of the group:

The preparation of the financial statements in accordance with IFRS also assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia,* that the balance sheet and the statement of revenue and expenses assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis. The financial statements have been prepared on the going concern basis; however, the future of the company and its subsidiaries as a group is uncertain as there is a significant accumulated deficit, continuing negative operating cash flows, net current liabilities, a stockholders' deficit, and, in a previous period disposed of its only operating asset, the *Beaches Grande Sport at Ciboney* Resort. In addition, the directors of the company have determined that the operations of the company and its subsidiaries could be discontinued in the forseeable future.

The specified timing and other terms and the circumstances of the contemplated discontinuation are uncertain. No adjustments have been made in the financial statements for any effects this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date, and on the results of operations for the year then ended.

3. Significant accounting policies

(a) Consolidation:

The consolidated financial statements combine the financial position and results of operations of the company and its subsidiaries [note 1(b)] made up to May 31, 2009, after eliminating material intra-group amounts. Where the minority interest in the losses of a subsidiary exceeds the minority interest in the net assets of the subsidiary, the excess is charged against the majority interest.

(b) Property, plant and equipment:

Property, plant and equipment are stated at cost

Property, plant and equipment, except for land, on which no depreciation is provided, are depreciated by the straight-line method at annual rates estimated to write off the depreciable amount of the assets over their expected useful lives.

The depreciation rate for furniture, fixtures and equipment is 10%

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2009

3. Significant accounting policies (cont'd)

(c) Foreign currencies:

(i) Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. The official spot market weighted average buying exchange rate for the United States dollar, which is the principal intervention foreign currency, at the balance sheet date was J$88.87 (2008: J$71.39) [see note 17(iii)(b)].

(ii) Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions.

(iii) Gains and losses arising from fluctuations in exchange rates are included in revenue and expenses.

(d) Cash and cash equivalents:

Cash comprises cash in hand and demand and call deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(e) Resale agreements:

Securities purchased under resale agreements ("resale agreements") are accounted for as collateralised lending. They are classified as loans and receivables and carried at amortised cost. The difference between the purchase price and the resale amount is recognised as interest income over the life of each agreement using the effective interest method.

(f) Accounts receivable:

Accounts receivable are stated at amortised cost less impairment losses, if any.

(g) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at amortised cost.

(h) Taxation:

Income tax is recognised in the statement of revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies (cont'd)

(i) Impairment:

The carrying amounts of the company's and the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of revenue and expenses.

(i) Calculation of recoverable amount:

The recoverable amount of the company's and the group's investments in originated securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of an originated and held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Fair values:

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Where quoted market prices are not available, the fair values of financial instruments have been determined, where practicable, using a generally accepted alternative method. However, considerable judgement is required in interpreting market data to develop estimates of fair value and even greater judgement where there is no public or over-the-counter market. Accordingly, the estimates presented below are not necessarily indicative of the amounts that the company or the group would receive on realisation of its financial assets or would pay to settle its financial liabilities in a current market exchange.

3. Significant accounting policies (cont'd)

(k) Related parties:

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the company that gives it significant influence over the company; or
- has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4. Cash and cash equivalents

Cash and cash equivalents include US$2,509 (2008: US$271,819) held in escrow by a bank for the group pending the fulfilment of all commitments related to the sale of a resort property in a previous period.

5. Resale agreements

The company and the group make funds available to third parties by entering into short-term agreements with them. On delivering the funds, securities are received (or other documents evidencing an interest in the securities) and an agreement entered into to resell them (or surrender the documents) on a specified date and at a specified price. The underlying securities are not transferred, however, unless the counterparty fails to repurchase them in accordance with the agreement. These resale agreements are collateralised by Government of Jamaica Securities.

At May 31, 2009, the fair value of securities used as collateral for resale agreements amounted to $31,646,421 (2008: $31,153,874).

6. Income tax recoverable

This represents tax withheld at source from interest received.

7. Land held for sale

The carrying value of land, of $44,000,000, was determined in an independent appraisal by The CD Alexander Company Realty Limited in February 2002 and treated as deemed cost at June 1, 2002, the group's date of transition to IFRS. Formal transfer to the group of title to the land is yet to be effected.

8. Accounts payable and accrued charges

	Company		Group	
	2009	2008	2009	2008
Audit fees	449,422	735,492	925,632	1,344,681
Due to other hotels	13,800,598	13,800,598	13,800,598	13,800,598
Other	184,065	177,700	13,568,579	13,527,217
	$14,434,085	14,713,790	28,294,809	28,682,496

9. Interest payable

Interest payable is in respect of net balances which remain after repayment of debt to the ultimate parent, Finsac Limited.

10. Interest in subsidiaries

		Company	
		2009	2008
Ordinary shares, at cost	- Ciboney Hotels Limited	5,026,764	5,026,764
	- Leisure Operators Limited	200	200
	- Luxury Resorts Enterprises Limited	115,800,000	115,800,000
		120,826,964	120,826,964
Less: impairment losses		(71,800,000)	(71,800,000)
		$ 49,026,964	49,026,964

11. Property, plant and equipment

Company and Group:

	Furniture & fixtures	Office equipment	Computer equipment	Total
Cost:				
May 31, 2008 and 2009	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2007	312,170	188,099	85,500	585,769
Charge for the year	16,430	9,900	4,500	30,830
May 31, 2008	328,600	197,999	90,000	616,599
Charge for the year	-	-	-	-
May 31, 2009	328,600	197,999	90,000	616,599
Net book values:				
May 31, 2009	$ -	1	-	1
May 31, 2008	$ -	1	-	1

Property, plant and equipment are carried at cost; however, the previous carrying amounts (which included amounts based on valuations) were deemed to be cost as at June 1, 2002, the group's date of transition to IFRS (see also note 13).

12. Share capital

	2009	2008
Authorised:		
546,000,000 ordinary stock units, no par value		
Issued and fully paid:		
546,000,000 ordinary stock units, no par value	$329,436,230	329,436,230

13. Reserves

This amount represents revaluation reserves standing at the date of transition to IFRS on June 1, 2002.

14. Profit/(loss) before income tax

The following are among the items which have been charged in arriving at the profit/(loss) before income tax:

		Company		Group	
		2009	2008	2009	2008
		$	$	$	$
Depreciation		-	30,830	-	30,830
Auditors' remuneration		400,000	600,000	800,000	1,050,000
Directors' emoluments	- management	1,980,000	1,980,000	1,980,000	1,980,000
	- fees	45,000	64,125	45,000	64,125

15. Income tax

Company:

Reconciliation of effective tax charge and rate:

The effective tax rate for 2009 was Nil (2008: Nil) compared to the statutory tax rate of 33⅓% (2008: 33⅓%). The actual charge of $Nil (2008: $Nil) differs from the "expected" tax charge for the year as follows:

	2009 $	2008 $
Profit/(loss) before income tax	6,812,346	(4,452,754)
Computed "expected" tax charge/(credit) @33⅓	2,270,782	(1,484,251)
Tax effect of treating items differently for financial statements and tax reporting purposes:		
Disallowed expenses	(3,786,665)	(551,511)
Tax losses utilised	1,515,883	2,035,762
	-	-

Group:

(a) The underlying hotel property, which was sold in January 2004, was, at commencement, declared an "Approved Hotel Enterprise" under the Hotels (Incentives) Act by virtue of which profits derived from its operations are relieved of income tax. The relief was for fifteen years, which commenced with year of assessment 1991.

(i) Income tax is computed at 33⅓% of the results for the year, as adjusted for taxation purposes, and comprises:

	2009 $	2008 $
Current tax charge:		
Provision for charge on current year's results	-	68,066
Prior year adjustment (ii)	3,766,528	-
	3,766,528	68,066

15. Income tax (cont'd)

(a) (Cont'd)

(ii) Reconciliation of effective tax charge and rate:

The effective tax rate for 2009 was Nil [2008: (6.35%)] compared to the statutory tax rate of 33⅓% (2008: 33⅓%). The actual charge differs from the "expected" tax charge for the year as follows:

	2009 $	2008 $
Profit/(loss) for the year before income tax	4,781,457	(3,381,395)
Computed "expected" tax charge/(credit) at 33⅓%	1,593,819	(1,127,132)
Tax effect of treating items differently for financial statements and tax reporting purposes:		
Disallowed expenses	(3,806,312)	(840,565)
Tax loss utilised	2,212,493	2,035,763
Taxes with-held from interest income in prior years, written off	3,766,528	-
Actual tax charge	3,766,528	68,066

(b) At the balance sheet date, income tax losses, subject to agreement by the Commissioner, Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $195 million (2008: $190 million) for the company and approximately $195 million (2008: $190 million) for the group.

(c) A deferred tax asset, in respect of net unutilised tax losses, has not been recognised because it is not probable that sufficient taxable profits will be available in the foreseeable future to enable the company to benefit.

16. Profit/(loss) per stock unit

Profit/(loss) per stock unit is calculated by dividing profit/(loss) for the year attributable to members of $1,014,929 (2008: loss of $3,449,461), by the number of stock units in issue, 546,000,000 (2008: 546,000,000).

17. Financial instruments and financial risk management

The company had few transactions during the year and, therefore, has little exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk and currency risk. Information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk is detailed below.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

17. Financial risk management (cont'd)

No derivative instruments are presently used to manage, mitigate or eliminate exposure to financial instrument risks.

(i) Credit risk:

Credit risk is the risk that a loss may occur from the failure of one party to perform according to the terms of a contract. The group has no formal policy for managing credit risk but it does seek to follow up debtors in order to reduce the risk of credit losses; however, the group is involved in a very limited range of activities.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Company		Group	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	24,925,197	1,856,129	25,115,652	21,364,608
Resale agreements	31,586,483	31,161,100	31,586,483	31,161,100
Accounts receivable	-	535,432	217,213	752,645
	56,511,680	33,552,661	56,919,348	53,278,353

There were no past-due and no impaired financial assets.

There was no change in the group's management of credit risk since the end of the preceding financial year.

(ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and ensuring the availability of funding through an adequate amount of committed facilities. The company and the group had net current liabilities at the balance sheet date, but are, to some extent, supported by the ultimate parent in a limited way.

17. Financial risk management (cont'd)

(ii) Liquidity risk (cont'd):

The following table shows the maturities of the financial liabilities:

Company:

	2009		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	633,507	13,800,786	14,434,085
Interest payable	-	99,447,890	99,447,890
Owed to subsidiary	-	59,884,557	59,884,557

	2008		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	913,212	13,800,786	14,713,790
Interest payable	-	99,447,890	99,447,890
Owed to subsidiary	-	42,788,406	42,788,406

Group:

	2009		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	1,109,315	27,185,494	28,294,809
Interest payable	-	99,447,890	99,447,890

Group:

	2008		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	1,884,689	26,797,807	28,682,496
Interest payable	-	99,447,890	99,447,890

17. Financial risk management (cont'd)

(iii) Market risk:

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk comprises interest-rate risk, currency risk and other price risk.

(a) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. It arises when there is a mismatch in the maturity profiles of interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period.

The group is exposed to interest rate risk in that it has both interest-earning financial assets and interest-bearing financial liabilities. Some rates are subject to change as market rates move.

The group has no formal interest rate risk management policy. However, it monitors interest rates and adjusts its holding of financial assets and liabilities to the limited extent practicable.

Financial assets all earn fixed rates of interest and are as follows:

	Company		Group	
	2009	2008	2009	2008
	$	$	$	$
Financial assets:				
Cash and cash equivalents	24,925,197	1,856,129	25,115,652	21,364,608
Resale agreements	31,586,483	31,161,100	31,586,483	31,161,100
	56,511,680	33,017,229	56,702,135	52,525,708

There are no interest-bearing liabilities.

Average effective yields for financial assets by the earlier of the contractual repricing and maturity dates are presented in the following table:

	Company		Group	
	2009	2008	2009	2008
	(%)	(%)	(%)	(%)
	Within 3 months	Within 3 months	Within 3 months	Within 3 months
Cash and cash equivalents	2.5	2.4	3.0	4.0
Resale agreements	6.1	6.0	6.8	6.0

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
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17. Financial risk management (cont'd)

(iii) Market risk (cont'd):

(a) Interest rate risk (cont'd):

Sensitivity Analysis

A change of 200 basis points in interest rates would have increased or decreased results for the year by the amounts shown in the table below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Company		Group	
	2009	2008	2009	2008
	$	$	$	$
Financial assets	1,130,234	660,345	1,134,043	1,050,514

There has been no change in the company's approach to managing its market risk during the year.

(b) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The principal currency giving rise to this risk is the United States dollar (US$). The group manages the risk by reviewing foreign exchange rate movements and monitoring the extent to which balances are held in foreign currency against the background that it cannot practicably change some of these foreign currency commitments. There were net foreign currency balances at the balance sheet date as follows:

	Company		Group	
	2009	2008	2009	2008
US$ denominated assets	US$634,712	462,712	636,174	734,730

Sensitivity analysis

A 5% strengthening of the Jamaica dollar ($) against the following US dollar at May 31 would have decreased profit by the amounts shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2008.

Company		Group	
2009	2008	2009	2008
$2,820,265	1,638,508	2,826,763	3,044,797

A 5% weakening of the Jamaica dollar against the United States dollar at May 31 would have had the equal but opposite effect, on the basis that all other variables remain constant.

17. Financial risk management (cont'd)

(iv) Capital management:

The company's capital consists of ordinary shares net of accumulated deficit. A capital management policy is not considered necessary, as the directors expect the company to be wound up in due course and it is not subject to any externally-imposed capital requirements.

There were no changes to capital management during the year.

18. Fair values

The fair values of cash and cash equivalents, resale agreements, accounts receivable and accounts payable are assumed to approximate their carrying values, due to their short-term nature. The fair value of owed to subsidiary cannot practicably be determined due, generally, to the unavailability of quoted market prices or other relevant market information.

19. Staff costs

	Company		Group	
	2009	2008	2009	2008
Salaries	682,539	705,849	682,539	720,000
Statutory payroll contributions	219,724	192,059	219,724	192,059
	$902,263	897,908	902,263	912,059

20. Related parties

(a) The company has a related party relationship with its parent companies and its subsidiaries, as well as with its directors and those of the parents and subsidiaries. The directors of the company are collectively referred to as "key management personnel".

(b) During the year, transactions were entered into with related parties which gave rise to the following amounts, in addition to those shown separately on the balance sheet.

	Company		Group	
	2009	2008	2009	2008
	$	$	$	$
Transaction with director:				
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000	1,980,000	1,980,000