KPMG

To the Members of
CIBONEY GROUP LIMITED

Report on the Financial Statements, continued

Basis for Qualified Opinion

As disclosed in note 2(e), the financial statements have been prepared in conformity with International Financial Reporting Standards, on a basis which contemplates continuation of the company and the group as a going concern. This basis, however, may not be appropriate in the preparation of the financial statements. 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, the only operating asset, the *Beaches Grande Sport at Ciboney* Resort was disposed of. In addition, the Directors of the company consider that the operations of the company and its subsidiaries could be discontinued in the foreseeable future. The specified timing and other terms and the circumstances of the contemplated discontinuation have not yet been determined.

Except where subsidiaries have entered liquidation proceedings, 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.

Opinion

In our opinion, the financial statements give, except for any adjustment as might have been deemed necessary in respect of the matter referred to in the *Basis for Qualified Opinion* paragraph, a true and fair view of the financial positions of the company and the group as at May 31, 2011, 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 the provisions of the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

Except as mentioned in the *Basis for Qualified Opinion* paragraph, 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, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

August 30, 2011

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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 23, which comprise the company's and group's statement of financial position as at May 31, 2011, the company's and group's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 relating to the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we 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 qualified audit opinion.

CIBONEY GROUP LIMITED

Company Statement of Financial Position
May 31, 2011

	Notes	2011	2010
CURRENT ASSETS			
Cash and cash equivalents		7,744,180	17,448,741
Resale agreements	4	32,588,461	32,511,791
Income tax recoverable	5	4,319,500	5,559,721
Total current assets		44,652,141	55,520,253
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	529,124	14,240,537
Interest payable	8	99,447,890	99,447,890
Owed to subsidiary		46,093,390	45,946,501
Total current liabilities		146,070,404	159,634,928
Net current liabilities		(101,418,263)	(104,114,675)
NON-CURRENT ASSETS			
Interest in subsidiaries	9	49,026,764	49,026,764
Property, plant and equipment	10	1	1
Total non-current assets		49,026,765	49,026,765
Net liabilities		$(52,391,498)	(55,087,910)
Represented by:			
STOCKHOLDERS' EQUITY (NET DEFICIT)			
Share capital	11	329,436,230	329,436,230
Accumulated deficit		(381,827,728)	(384,524,140)
Total stockholders' net deficit		$(52,391,498)	(55,087,910)

The financial statements on pages 3 to 23 were approved for issue by the Board of Directors on August 30, 2011 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 Statement of Financial Position
May 31, 2011

	Notes	2011	2010
CURRENT ASSETS			
Cash and cash equivalents		7,744,180	17,602,640
Resale agreements	4	32,588,461	32,511,791
Income tax recoverable	5	4,319,500	5,559,721
Land held for sale	6	44,000,000	44,000,000
Total current assets		88,652,141	99,674,152
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	1,005,333	14,246,199
Interest payable	8	99,447,890	99,447,890
Total current liabilities		100,453,223	113,694,089
Net current liabilities		(11,801,082)	(14,019,937)
NON-CURRENT ASSETS			
Property, plant and equipment, being total non-current assets	10	1	1
Net liabilities		$(11,801,081)	(14,019,936)
Represented by:			
STOCKHOLDERS' EQUITY (NET DEFICIT)			
Share capital	11	329,436,230	329,436,230
Reserves	12	46,213,068	46,213,068
Accumulated deficit		(387,450,379)	(389,669,234)
Total stockholders' net deficit		$(11,801,081)	(14,019,936)

The financial statements on pages 3 to 23 were approved for issue by the Board of Directors on August 30, 2011 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 Comprehensive Income
Year ended May 31, 2011

	Note	2011	2010
Interest income		1,667,738	2,806,944
Other income		-	487,793
Dividends received from subsidiary		-	13,638,056
Contingent balances written back		13,495,854	-
		15,163,592	16,932,793
Administration expenses		(9,485,504)	(7,976,748)
Net loss from fluctuations in exchange rates		(1,324,520)	(674,094)
Profit before taxation		4,353,568	8,281,951
Taxation		(1,657,156)	-
Profit, being total comprehensive income for the year	13	$ 2,696,412	8,281,951

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

CIBONEY GROUP LIMITED

Statement of Consolidated Comprehensive Income
Year ended May 31, 2011

	Notes	2011	2010
Interest income		1,667,738	2,806,944
Other income		-	487,793
Contingent balances written-back		13,495,854	13,678,662
		15,163,592	16,973,399
Administration expenses		(9,963,061)	(8,353,917)
Net loss from fluctuations in exchange rates		(1,324,520)	(674,094)
Profit before taxation		3,876,011	7,945,388
Taxation		(1,657,156)	-
Profit attributable to members, being total comprehensive income for the year	13	$ 2,218,855	7,945,388
Profit per stock unit	15	$ 0.004	0.015

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

CIBONEY GROUP LIMITED

Statement of Changes in Equity
Year ended May 31, 2011

Company:

	Share capital (note 11)	Accumulated deficit	Total
Balances at May 31, 2009	329,436,230	(392,806,091)	(63,369,861)
Total comprehensive income	-	8,281,951	8,281,951
Balances at May 31, 2010	329,436,230	(384,524,140)	(55,087,910)
Total comprehensive income	-	2,696,412	2,696,412
Balances at May 31, 2011	$329,436,230	(381,827,728)	(52,391,498)

Group:

	Share capital (note 11)	Reserves (note 12)	Accumulated deficit	Total
Balances at May 31, 2009	329,436,230	46,213,068	(397,614,622)	(21,965,324)
Total comprehensive income	-	-	7,945,388	7,945,388
Balances at May 31, 2010	329,436,230	46,213,068	(389,669,234)	(14,019,936)
Total comprehensive income	-	-	2,218,855	2,218,855
Balances at May 31, 2011	$329,436,230	46,213,068	(387,450,379)	(11,801,081)

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

CIBONEY GROUP LIMITED

Statement of Company Cash Flows
Year ended May 31, 2011

	2011	2010
Cash flows from operating activities:		
Profit for the year	2,696,412	8,281,951
Adjustments to reconcile profit for the year to net cash used in operating activities:		
Items not involving cash:		
Interest income	(1,667,738)	(2,806,944)
Contingent balances written off	(13,495,854)	-
Taxes withheld from interest income written off	1,657,156	-
Unrealised currency exchange loss	1,324,520	674,094
Interest in subsidiaries	-	200
	(9,485,504)	6,149,301
Decrease in current liabilities:		
Accounts payable and accrued charges	(215,559)	(193,548)
	(9,701,063)	5,955,753
Income tax paid	(416,935)	(701,695)
Net cash (used)/provided by operating activities	(10,117,998)	5,254,058
Cash flows from investing activities:		
Interest received	1,667,738	2,806,944
Resale agreements	(76,670)	(925,308)
Net cash provided by investing activities	1,591,068	1,881,636
Cash flows from financing activities:		
Owed to subsidiary, being net cash provided/(used) by financing activities	146,889	(13,938,056)
Net decrease in cash and cash equivalents	(8,380,041)	(6,802,362)
Effect of exchange rate fluctuations on cash and cash equivalents	(1,324,520)	(674,094)
Cash and cash equivalents at beginning of year	17,448,741	24,925,197
Cash and cash equivalents at end of year	$ 7,744,180	17,448,741

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

CIBONEY GROUP LIMITED

Statement of Consolidated Cash Flows
Year ended May 31, 2011

	2011	2010
Cash flows from operating activities:		
Profit attributable to members for the year	2,218,855	7,945,388
Adjustments to reconcile profit		
to net cash used in operating activities:		
Items not involving cash:		
Interest income	(1,667,738)	(2,806,944)
Contingent balances written off	(13,495,854)	(13,678,662)
Taxes withheld from interest income written off	1,657,156	-
Unrealised currency exchange loss	1,324,520	674,094
	(9,963,061)	(7,866,124)
Decrease in current assets:		
Accounts receivable	-	217,213
Increase/(decrease) in current liabilities:		
Accounts payable and accrued charges	254,988	(369,948)
	(9,708,073)	(8,018,859)
Income tax paid	(416,935)	(701,695)
Net cash used in operating activities	(10,125,008)	(8,720,554)
Cash flows from investing activities:		
Interest received	1,667,738	2,806,944
Resale agreements	(76,670)	(925,308)
Net cash provided by investing activities	1,591,068	1,881,636
Net decrease in cash and cash equivalents	(8,533,940)	(6,838,918)
Effect of foreign exchange on cash and cash equivalents	(1,324,520)	(674,094)
Cash and cash equivalents at beginning of year	17,602,640	25,115,652
Cash and cash equivalents at end of year	$ 7,744,180	17,602,640

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 is the operation of a holding company and the orderly disposition of its investments in the hospitality industry.

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

(i) Luxury Resorts Enterprises Limited:

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 6).

(ii) Ciboney Hotels Limited:

Effective May 12, 2010, Ciboney Hotels Limited entered voluntary liquidation proceedings. As at the balance sheet date, these proceedings have not yet been finalised.

(iii) Leisure Operators Limited:

Effective May 31, 2010, the operations of Leisure Operators Limited were wound up and all the assets and liabilities were liquidated.

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the Jamaican Companies Act ("the Act").

New and revised standards and interpretations that became effective during the year

Certain new and revised standards and interpretations which were in issue came into effect for the current financial year. Their adoption did not result in any change in accounting policies and did not have any significant effect on the financial statements.

New and revised standards and interpretations that are not yet effective

At the date of authorisation of the financial statements, certain new and revised standards and interpretations have been issued but are not yet effective, and which the company has not early-adopted. The company has assessed the following standards as relevant but none will have a significant impact on the financial statements:

2. Basis of preparation (cont'd)

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

New and revised standards and interpretations that are not yet effective (continued)

- IFRS 7, *Financial Instruments: Disclosures*, has been amended to add an explicit statement that the interaction between qualitative and quantitative disclosures better enables users to evaluate an entity's exposure to risks arising from financial instruments. Existing disclosures relating to maximum exposure to credit risk, financial effect of collateral held as security and other enhancements in respect of a financial instrument have been amended. Certain disclosures relating to carrying amount of financial assets that are not past due or are not impaired as a result of their terms having been renegotiated and description of collateral held as security for financial assets that are past due have been removed. The amendment is effective for annual reporting periods beginning on or after January 1, 2011.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2013, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement,* on the recognition and de-recognition of financial assets and financial liabilities.

- IAS 1 *Presentation of Financial Statements*: *Presentation of Items of Other Comprehensive Income* has been amended to require an entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit of loss. Consequently an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from *Statement of Comprehensive Income* to *Statement of Profit or Loss and Other Comprehensive Income.* However, an entity is still allowed to use other titles. The amendment is effective for annual periods beginning on or after July 1, 2012

(b) Basis of measurement:

The financial statements are prepared on the historical cost basis.

(c) Functional currency:

Unless otherwise indicated, the financial statements are presented in Jamaica dollars, 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 assumes that the company and the group will continue in operational existence for the foreseeable future. This means, *inter alia,* that the statements of financial position and comprehensive income assume no intention or necessity to liquidate the company or curtail the scale of operations. This is commonly referred to as the going concern basis, however, this basis, may not be appropriate in the preparation of the financial statements. 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' net deficit, and, in a previous period, the only operating asset, the *Beaches Grande Sport at Ciboney* Resort was disposed of. In addition, the Directors of the company consider that the operations of the company and its subsidiaries could be discontinued in the foreseeable future.

The specified timing and other terms and the circumstances of the contemplated discontinuation have not yet been determined. Except where subsidiaries have entered liquidation proceedings, 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 reporting date, and on the profit or loss 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, 2011, after eliminating material intra-group amounts.

(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%.

3. Significant accounting policies (cont'd)

(c) Foreign currencies:

(i) Foreign currency balances outstanding at the reporting 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$85.39 (2010: J$87.70) [see note 16(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 profit or loss.

(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 [note 3(i)].

(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 comprehensive income 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the 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 reporting date.

3. Significant accounting policies (cont'd)

(h) Taxation (cont'd):

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.

(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 comprehensive income.

(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) Financial instrument:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalents and resale agreements. Similarly, financial liabilities include accounts payable, interest payable and owed to subsidiary.

3. Significant accounting policies (cont'd)

(k) 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.

(l) 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.

(m) Land held for sale:

Land held for sale is shown at the lower of cost and net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the land held for sale are expected to realise. These estimates take into consideration the current market value of properties at comparable locations at the end of the year, and the expected cash flows likely to be realised from the sale of developed lots.

4. 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, 2011, the fair value of securities used as collateral for resale agreements amounted to $32,588,461 (2010: $32,704,099).

5. Income tax recoverable

This represents tax withheld at source from interest received.

6. 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.

7. Accounts payable and accrued charges

	Company		Group	
	2011	2010	2011	2010
Audit fees	382,440	598,000	382,440	598,000
Due to other hotels	-	13,495,854	-	13,245,855
Other	146,684	146,683	622,893	402,344
	$529,124	14,240,537	1,005,333	14,246,199

8. Interest payable

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

9. Interest in subsidiaries

		Company	
		2011	2010
Ordinary shares, at cost	- Ciboney Hotels Limited [see note 1(b)]	5,026,764	5,026,764
	- Leisure Operators Limited [see note 1(b)]		-
	- Luxury Resorts Enterprises Limited	115,800,000	115,800,000
		120,826,764	120,826,764
Less: impairment losses		(71,800,000)	(71,800,000)
		$ 49,026,764	49,026,764

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2011

10. Property, plant and equipment

Company and Group:

	Furniture & fixtures	Office equipment	Computer equipment	Total
Cost:				
May 31, 2009, 2010 and 2011	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2009	328,600	197,999	90,000	616,599
Charge for the year	-	-	-	-
May 31, 2010	328,600	197,999	90,000	616,599
Charge for the year	-	-	-	-
May 31, 2011	328,600	197,999	90,000	616,599
Net book values:				
May 31, 2011	$ -	1	-	1
May 31, 2010	$ -	1	-	1

11. Share capital

	2011	2010
Authorised, issued and fully paid:		
546,000,000 ordinary stock units, no par value	$329,436,230	329,436,230

12. Reserves

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

13. Profit attributable to members

The following are among the items which have been charged in arriving at the profit for the year:

	Company		Group	
	2011 $	2010 $	2011 $	2010 $
Auditors' remuneration	800,000	797,028	800,000	797,028
Directors' emoluments [note 19(b)]				
Management remuneration	1,980,000	1,980,000	1,980,000	1,980,000
Fees	117,000	94,500	117,000	94,500

14. Taxation

Company and Group:

(a) The tax charge represents irrecoverable withholding taxes being written off.

(b) At the reporting date, taxation losses, subject to agreement by the Commissioner, Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $179 million (2010: $186 million) for the company and approximately $180 million (2010: $187 million) for the group.

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.

15. Profit per stock unit

Profit per stock unit is calculated by dividing group profit for the year attributable to members of $2,218,855 (2010: $7,945,388), by the number of stock units in issue, 546,000,000 (2010: 546,000,000).

16. Financial instruments and financial risk management

The company and its subsidiaries had few transactions during the year and, therefore, have little exposure to the following risks from the use of financial instruments: credit risk, liquidity risk and market risk including interest rate risk and currency risk. Information about the group's exposure to each of the above risks, the group'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 group's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the group, 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 group's activities.

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.

16. Financial instruments and financial risk management (cont'd)

(i) Credit risk (cont'd):

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

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Cash and cash equivalents	7,744,180	17,448,741	7,744,180	17,602,640
Resale agreements	32,588,461	32,511,791	32,588,461	32,511,791
	40,332,641	49,960,532	40,332,641	50,114,431

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

There was no change in the group's management and 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.

The following table shows the maturities of the financial liabilities:

Company:

	2011		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	529,124	-	529,124
Interest payable	-	99,447,890	99,447,890

	2010		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	744,683	13,495,854	14,240,537
Interest payable	-	99,447,890	99,447,890

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2011

16. Financial risk management (cont'd)

(ii) Liquidity risk (cont'd):

The following table shows the maturities of the financial liabilities (cont'd):

Group:

	2011		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	1,005,333	-	1,005,333
Interest payable	-	99,447,890	99,447,890

	2010		
	Within 3 months	No maturity	Total
	$	$	$
Accounts payable	1,000,344	13,245,855	14,246,199
Interest payable	-	99,447,890	99,447,890

There was no change in the group's management and management of liquidity risk during the year.

(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 only on its financial assets. 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 to the limited extent practicable.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2011

16. Financial risk management (cont'd)

(iii) Market risk (cont'd):

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

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

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Financial assets:				
Cash and cash equivalents	7,744,180	17,448,741	7,744,180	17,602,640
Resale agreements	32,588,461	32,511,791	32,588,461	32,511,791
	40,332,641	49,960,532	40,332,641	50,114,431

There are no interest-bearing financial 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	
	2011	2010	2011	2010
	(%)	(%)	(%)	(%)
	Within 3 months	Within 3 months	Within 3 months	Within 3 months
Cash and cash equivalents	3.8	3.8	3.8	3.8
Resale agreements	6.3	5.3	6.3	5.3

Sensitivity Analysis

A change of 100 (2010: 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 2010.

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Financial assets	403,326	999,211	404,865	1,002,289

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

16. Financial risk management (cont'd)

(iii) Market risk (cont'd):

(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 assets at the balance sheet date as follows:

	Company		Group	
	2011	2010	2011	2010
US$ denominated assets	US$382,302	567,516	382,302	567,516

Sensitivity analysis

A 1% strengthening (2010: 5%) of the Jamaica dollar ($) against the 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 2010.

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Decrease in profit	326,448	2,488,558	326,448	2,488,558

A 1% weakening (2010: 5%) 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.

(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.

17. Fair values

The fair values of cash and cash equivalents, resale agreements 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.

18. Staff costs

	Company		Group	
	2011	2010	2011	2010
Salaries	713,213	717,199	713,213	717,199
Statutory payroll contributions	237,737	241,916	237,737	241,916
	$950,950	959,115	950,950	959,115

19. 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 balances shown separately on the balance sheet.

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Transactions with Director:				
Key management personnel compensation (note 13):				
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000	1,980,000	1,980,000
Transactions with subsidiaries:				
Dividends received	-	13,638,056	-	-

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2011

18. Staff costs

	Company		Group	
	2011	2010	2011	2010
Salaries	713,213	717,199	713,213	717,199
Statutory payroll contributions	237,737	241,916	237,737	241,916
	$950,950	959,115	950,950	959,115

19. 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 balances shown separately on the balance sheet.

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Transactions with Director:				
Key management personnel compensation (note 13):				
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000	1,980,000	1,980,000
Transactions with subsidiaries:				
Dividends received	-	13,638,056	-	-

CIBONEY GROUP LIMITED

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2011

CIBONEY GROUP LIMITED

Administration Expenses
Year ended May 31, 2011

	2011	2010
Company:		
Accounting and audit fees	800,000	797,028
Bank charges	35,153	20,648
Directors remuneration	117,000	94,500
Donations	140,847	-
Office expenses and postage	1,314,532	884,287
Other expenses	1,765,614	1,084,097
Printing and stationery	753,506	914,888
Professional fees	2,772,307	2,109,315
Registrar expenses	803,375	1,063,870
Repairs and maintenance	32,650	29,000
Salaries and statutory contributions	950,520	979,115
	$9,485,504	7,976,748
Group:		
Accounting and audit fees	800,000	823,722
Bank charges	35,153	30,510
Directors remuneration	117,000	94,500
Donations	140,847	-
Office expenses and postage	1,314,532	884,287
Other expenses	1,765,614	1,084,097
Printing and stationery	753,506	914,888
Professional fees	2,772,307	2,109,315
Registrar expenses	803,375	1,063,870
Repairs and maintenance	32,650	29,000
Salaries and statutory contributions	950,520	979,115
Net balances on consolidation written-off	477,557	340,613
	$9,963,061	8,353,917