CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2013

KPMG
Chartered Accountants
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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, 2013, the company's and the 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 of financial statements that gives a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control as management determines is 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 our 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 of financial statements that give a true and fair view 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 control. 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

To the Members of
CIBONEY GROUP LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company and the group as at May 31, 2013, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(d) which discloses that 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.

Report on additional matters as 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, so far as appears from our examination of those records, 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 22, 2013

CIBONEY GROUP LIMITED

Company Statement of Financial Position
May 31, 2013

	Notes	2013	2012
CURRENT ASSETS			
Cash and cash equivalents		314,698	7,309,175
Resale agreements	4	30,603,055	26,494,938
Income tax recoverable	5	5,047,056	4,748,765
		35,964,809	38,552,878
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	1,246,559	630,200
Interest payable	8	99,447,890	99,447,890
Owed to subsidiary		46,093,390	46,093,390
		146,787,839	146,171,480
NET CURRENT LIABILITIES		(110,823,030)	(107,618,602)
NON-CURRENT ASSETS			
Investment in subsidiaries	9	49,026,764	49,026,764
Property, plant and equipment	10	1	1
		49,026,765	49,026,765
		$(61,796,265)	(58,591,837)
STOCKHOLDERS' NET DEFICIT			
Share capital	11	329,436,230	329,436,230
Accumulated deficit		(391,232,495)	(388,028,067)
Total stockholders' net deficit		$(61,796,265)	(58,591,837)

The financial statements on pages 3 to 23 were approved for issue by the Board of Directors on August 22, 2013, 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, 2013

	Notes	2013	2012
CURRENT ASSETS			
Cash and cash equivalents		314,698	7,309,175
Resale agreements	4	30,603,055	26,494,938
Income tax recoverable	5	5,047,056	4,748,765
Land held for sale	6	44,000,000	44,000,000
		79,964,809	82,552,878
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	1,722,768	1,106,409
Interest payable	8	99,447,890	99,447,890
		101,170,658	100,554,299
NET CURRENT LIABILITIES		(21,205,849)	(18,001,421)
NON-CURRENT ASSET			
Property, plant and equipment	10	1	1
		$(21,205,848)	(18,001,420)
STOCKHOLDERS' NET DEFICIT			
Share capital	11	329,436,230	329,436,230
Reserves	12	46,213,068	46,213,068
Accumulated deficit		(396,855,146)	(393,650,718)
Total stockholders' net deficit		$(21,205,848)	(18,001,420)

The financial statements on pages 3 to 23 were approved for issue by the Board of Directors on August 22, 2013, 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, 2013

	Note	2013	2012
Interest income		1,157,165	1,563,313
Administrative expenses		(7,771,280)	(8,555,615)
Foreign exchange gains		3,409,687	791,963
Loss, being total comprehensive loss for the year	13	$(3,204,428)	(6,200,339)

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

CIBONEY GROUP LIMITED

Statement of Consolidated Comprehensive Income
Year ended May 31, 2013

	Notes	2013	2012
Interest income		1,157,165	1,563,313
Administrative expenses		(7,771,280)	(8,555,615)
Foreign exchange gains		3,409,687	791,963
Loss attributable to members, being total comprehensive loss for the year	13	$(3,204,428)	(6,200,339)
Loss per stock unit	15	$(0.006)	(0.011)

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

CIBONEY GROUP LIMITED

Statement of Changes in Equity
Year ended May 31, 2013

Company:

	Share capital (note 11)	Accumulated deficit	Total
Balances at May 31, 2011	329,436,230	(381,827,728)	(52,391,498)
Total comprehensive loss	-	(6,200,339)	(6,200,339)
Balances at May 31, 2012	329,436,230	(388,028,067)	(58,591,837)
Total comprehensive loss	-	(3,204,428)	(3,204,428)
Balances at May 31, 2013	$329,436,230	(391,232,495)	(61,796,265)

Group:

	Share capital (note 11)	Reserves (note 12)	Accumulated deficit	Total
Balances at May 31, 2011	329,436,230	46,213,068	(387,450,379)	(11,801,081)
Total comprehensive loss	-	-	(6,200,339)	(6,200,339)
Balances at May 31, 2012	329,436,230	46,213,068	(393,650,718)	(18,001,420)
Total comprehensive loss	-	-	(3,204,428)	(3,204,428)
Balances at May 31, 2013	$329,436,230	46,213,068	(396,855,146)	(21,205,848)

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

CIBONEY GROUP LIMITED

Company Statement of Cash Flows
Year ended May 31, 2013

	2013	2012
Cash flows from operating activities:		
Loss for the year:	(3,204,428)	(6,200,339)
Adjustments for:		
Interest income	(1,157,165)	(1,563,313)
Unrealised foreign exchange gains	(3,409,687)	(791,963)
	(7,771,280)	(8,555,615)
Increase in current liability:		
Accounts payable and accrued charges	616,359	101,076
	(7,154,921)	(8,454,539)
Income tax paid	(298,291)	(429,265)
Net cash used by operating activities	(7,453,212)	(8,883,804)
Cash flows from investing activities:		
Interest received	1,157,165	1,563,313
Resale agreements	(4,108,117)	6,093,523
Net cash (used)/provided by investing activities	(2,950,952)	7,656,836
Net decrease in cash and cash equivalents	(10,404,164)	(1,226,968)
Effect of exchange rate fluctuations on cash and cash equivalents	3,409,687	791,963
Cash and cash equivalents at beginning of the year	7,309,175	7,744,180
Cash and cash equivalents at end of the year	$ 314,698	7,309,175

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

CIBONEY GROUP LIMITED

Consolidated Statement of Cash Flows
Year ended May 31, 2013

	2013	2012
Cash flows from operating activities:		
Loss attributable to members for the year	(3,204,428)	(6,200,339)
Adjustments for:		
Interest income	(1,157,165)	(1,563,313)
Unrealised foreign exchange gains	(3,409,687)	(791,963)
	(7,771,280)	(8,555,615)
Increase in current liability:		
Accounts payable and accrued charges	616,359	101,076
	(7,154,921)	(8,454,539)
Income tax paid	(298,291)	(429,265)
Net cash used in operating activities	(7,453,212)	(8,883,804)
Cash flows from investing activities:		
Interest received	1,157,165	1,563,313
Resale agreements	(4,108,117)	6,093,523
Net cash (used)/provided by investing activities	(2,950,952)	7,656,836
Net decrease in cash and cash equivalents	(10,404,164)	(1,226,968)
Effect of exchange rate fluctuations on cash and cash equivalents	3,409,687	791,963
Cash and cash equivalents at beginning of the year	7,309,175	7,744,180
Cash and cash equivalents at end of the year	$ 314,698	7,309,175

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 ("the parent company") and its ultimate parent company 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.

The primary activities of the company are the operation of a holding company and the orderly disposal of assets owned by its subsidiaries.

(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 is being held for sale (note 6).

(ii) Ciboney Hotels Limited:

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

2. Basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board and the provisions of 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 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 group has not early-adopted. The group has assessed that the following standards may be relevant to its activities but none is expected to have a significant impact on the financial statements in future accounting periods:

2. Basis of preparation (cont'd)

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

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

- IFRS 9 *Financial Instruments* (effective for annual reporting periods beginning on or after January 1, 2015) 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.

- IFRS 13 *Fair Value Measurement (*effective for annual reporting periods beginning on or after January 1, 2013) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- 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 reporting periods beginning on or after July 1, 2012.

- Improvements to IFRS 2009 - 2011 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendment applicable to the group is as follows:

  - IAS 1 *Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

2. Basis of preparation (cont'd)

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

Management is assessing the impact that these standards may have on the group's financial statements when they are adopted.

(b) Basis of measurement and functional currency:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the group.

(c) Use of estimated 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 reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

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, 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.

(d) Going concern:

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 and the group 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2013

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, 2013, after eliminating intra-group amounts. The company and its subsidiaries are collectively referred to as the "group".

(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 on the straight-line method at annual rates estimated to write down the depreciable amount of the assets over their expected useful lives to their estimated residual value.

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

(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 reporting date was J$99.4495 (2012: J$87.65) [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 instruments 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 short-term 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.

3. Significant accounting policies (cont'd)

(f) Accounts receivable:

Accounts receivable are stated at amortised cost.

(g) Accounts payable and accrued charges:

Accounts payable and accrued charges are stated at amortised cost.

(h) Taxation:

Taxation on the results for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income. 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.

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 group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. 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 profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of 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 pre-tax 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.

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd):

(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) Related parties:

A related party is a person or entity that is related to the entity which is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity").

(a) A person or a close member of that person's family is considered related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is considered related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

3. Significant accounting policies (cont'd)

(j) Related parties (cont'd):

(b) An entity is considered related to a reporting entity if any of the following conditions applies (cont'd):

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(k) Financial instrument:

A financial instrument is any contract that gives rise to 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 and owed to subsidiary for the company and accounts payable for the group.

(l) 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. The group's financial instruments lack an available trading market, therefore the fair values disclosed may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

(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 is 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2013

4. Resale agreements (cont'd)

At the reporting date, the fair value of securities used as collateral for resale agreements approximated the carrying value of the agreements.

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	
	2013	2012	2013	2012
Audit fees	606,617	508,897	606,617	508,897
Other	639,942	121,303	1,116,151	597,512
	$1,246,559	630,200	1,722,768	1,106,409

8. Interest payable

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

9. Investment in subsidiaries

	Company	
	2013	2012
Ordinary shares, at cost - Ciboney Hotels Limited [see note 1(b)]	5,026,764	5,026,764
- Luxury Resorts Enterprises Limited	115,800,000	115,800,000
	120,826,764	120,826,764
Less: Allowance for impairment	(71,800,000)	(71,800,000)
	$ 49,026,764	49,026,764

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2013

10. Property, plant and equipment

Company and Group:

	Furniture and fixtures	Office equipment	Computer equipment	Total
Cost:				
May 31, 2011, 2012 and 2013	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2011, 2011 and 2013	328,600	197,999	90,000	616,599
Net book values:				
May 31, 2013 and 2012	$ -	1	-	1

11. Share capital

	2013	2012
Authorised:		
546,000,000 (2012: 546,000,000) ordinary stock units		
Stated capital:		
Issued and fully paid:		
546,000,000 (2012: 546,000,000) ordinary stock units	$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. Loss attributable to members

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

	Company and Group	
	2013	2012
	$	$
Auditors' remuneration	500,000	950,000
Directors' emoluments		
Management remuneration [note 19(b)]	1,980,000	1,980,000
Fees	45,000	76,500

14. Taxation

Company and Group:

At the reporting date, taxation losses, subject to agreement by the Commissioner General of Tax Administration Jamaica, available for set-off against future taxable profits, amounted to approximately $192 million (2012: $185 million) for the company and the group.

14. Taxation (cont'd)

A deferred tax asset of $48 million (2012: $62 million), 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 against which the tax losses can be utilised.

15. Loss per stock unit

Loss per stock unit is calculated by dividing group loss for the year attributable to members of $3,204,428 (2012: $6,200,339), by the number of stock units in issue, 546,000,000 (2012: 546,000,000).

16. Financial instruments

The company and the group have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The company and its subsidiaries had few transactions during the year and, therefore, have little exposure to credit risk, liquidity risk and market risk, including interest rate risk and currency risk, from the use of financial instruments. 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 of financial loss to the group if a counter-party to a financial instrument fails to discharge its obligations. 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2013

16. Financial instruments (cont'd)

(i) Credit risk (cont'd):

The carrying amount of financial assets represents the maximum credit exposure and there were no past-due and no impaired financial assets.

Cash and cash equivalents and resale agreements are placed with substantial financial institutions who are approximately licensed and regulated for short-term periods and management believes these institutions have a minimal risk of default.

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 reporting date, but are, to some extent, supported by the ultimate parent in a limited way.

The following table shows the maturities of financial liabilities based on the earliest date on which the group can be required to pay:

Company:

	Within 3 months	No maturity	Carrying amounts	Contractual cash flows
Accounts payable	1,246,559	-	1,246,559	1,246,559
Due to subsidiary	-	46,093,390	46,093,390	46,093,390
May 31, 2013	$1,246,559	46,093,390	47,339,949	47,339,949
Accounts payable	630,200	-	630,200	630,200
Due to subsidiary	-	46,093,390	46,093,390	46,093,390
May 31, 2012	$ 630,200	46,093,390	46,723,590	46,723,590

Group:

	Within 3 months	No maturity	Carrying amounts	Contractual cash flows
Accounts payable May 31, 2013	$1,722,768	-	1,722,768	1,722,768
Accounts payable May 31, 2012	$1,106,409	-	1,106,409	1,106,409

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

16. Financial instruments (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 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.

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

	Company		Group	
	2013 $	2012 $	2013 $	2012 $
Financial assets:				
Cash and cash equivalents	314,698	7,309,175	314,698	7,309,175
Resale agreements	30,603,055	26,494,938	30,603,055	26,494,938
	30,917,753	33,804,113	30,917,753	33,804,113

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 and Group	
	2013 (%) Within 3 months	2012 (%) Within 3 months
Cash and cash equivalents	0.02	5.80
Resale agreements	4.05	3.60

16. Financial instruments (cont'd)

(iii) Market risk (cont'd):

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

Sensitivity Analysis:

A change of 250 (2012: 100) basis points in interest rates would have affected results for the year by $772,944 (2012: $309,178) for the company and the group. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

The group does not hold any fixed rate financial instruments that are carried at fair value. Therefore, a change in interest rates at the reporting date would not affect the carrying value of the group's financial instruments.

(b) Foreign currency risk:

Foreign currency risk is the risk that the 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 reporting date as follows:

	Company and Group	
	2013	2012
US$ denominated assets	US$ 2,029	304,007

Sensitivity analysis:

A 1% strengthening (2012: 1%) of the Jamaica dollar ($) against the US dollar at May 31 would have increased loss by $2,002 (2012: $266,462) for the company and the group. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

A 1 % weakening (2012: 1%) 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, securities purchased under 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 to the unavailability of relevant market information and there are no market conditions attached to the balance.

18. Staff costs

	Company and Group	
	2013	2012
	$	$
Salaries	797,782	722,117
Statutory payroll contributions	183,195	233,406
	980,977	955,523

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 statement of financial position.

	Company and Group	
	2013	2012
	$	$
Transactions with Director:		
Key management personnel compensation (note 13):		
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000

20. Contingent liability

The group is contingently liable for penalties and interest on General Consumption Tax (GCT) of $5,752,000 on one of its subsidiaries. No provision has been made in the financial statements as management is disputing the charges, which is now before the Taxpayer Appeals Department.