

CORPORATE ADMINISTRATION

BOARD OF DIRECTORS

ERROL CAMPBELL – CHAIRMAN
GEOFFREY MESSADO
ROBERT STEPHENS
MICHAEL CAMPBELL

SECRETARY

SHARON BURKE

AUDITORS

KPMG
6 DUKE STREET, KINGSTON, JAMAICA

ATTORNEYS-AT-LAW

DUNNCOX
48 DUKE STREET, KINGSTON, JAMAICA

SAMUDA & JOHNSON
2-6 GRENADA CRESCENT, KINGSTON 5

BANKERS

SAGICOR BANK JAMAICA LIMITED

REGISTRAR AND TRANSFER AGENTS

KPMG REGULATORY AND COMPLIANCE SERVICES
6 DUKE STREET, KINGSTON, JAMAICA

REGISTERED OFFICE

LOT 41, CARACAS AVENUE, KINGSTON FREE ZONE, JAMAICA

Email: ciboneygroup@gmail.com

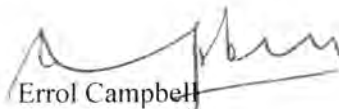
CIBONEY GROUP LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS **FINANCIAL YEAR 2014**

Ciboney Group Limited and its subsidiaries were formerly the major investors in the Sandals Ocho Rios and Ciboney hotels. It was heavily indebted to a number of Financial Institutions which were acquired by FINSAC in the latter years of the 1990s. These properties were subsequently sold and the principal amounts owed to FINSAC were paid off.

The current situation is that the Group has J\$71 million in current assets and J\$101 million in current liabilities, a net current liability of J\$30 million. The other major significant asset that the Group has is 6.56 hectares (16.2 acres) of beach front property at Culloden in Westmoreland which is approximately 2 kilometres away from the Sandals Whitehouse resort. The last valuation for this property was US\$2.75 million although it is stated in the accounts at \$44 million. As was disclosed at previous Annual General Meetings, the Company has been attempting to sell the Culloden property at or near to the valuation without success.

The Directors have also been holding discussions with professional advisors and the relevant authorities regarding the restructuring of the companies in the group to achieve the realization of assets and will keep the shareholders informed as events develop.


Errol Campbell
Chairman
September 15, 2014


Geoffrey Messado
Director

CIBONEY GROUP LIMITED

DIRECTORS' REPORT TO THE STOCKHOLDERS

The Directors take pleasure in submitting this Report and the Audited Financial Statements for the year ended May 31, 2014.

FINANCIAL RESULTS

Highlights are set out in the table below:

	2014	2013
	J\$000s	J\$000s
Interest and other income	584	1,157
Administrative Expenses	(12,221)	(7,771)
Net gain/(loss) from fluctuations in exchange rates	2,930	3,410
Profit/(loss) attributable to members	(8,707)	(3,204)
Profit/(loss) per stock unit	\$(0.016)	\$(0.006)

AUDIT COMMITTEE

The Board of Directors of Ciboney Group Limited exercises its responsibilities for the Financial Statements included in this Report through its Audit Committee which meets quarterly and consist of non-management Board Members; Messrs: Robert Stephens, Chairman, Errol Campbell and Michael Campbell.

DIVIDENDS

Your Directors do not recommend payment of a dividend.

DIRECTORS

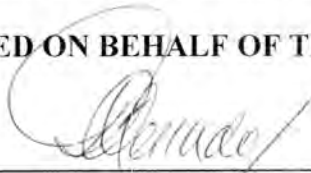
The Director retiring by rotation in accordance with the Articles of Association is Mr. Robert Stephens.

AUDITORS

KPMG has indicated their willingness to continue in office and their re-appointment will be proposed at the forthcoming Annual General Meeting.

The Directors wish to thank the Management and Staff for their dedication and commitment throughout the year.

SIGNED ON BEHALF OF THE BOARD



Director

Dated this 15th day of September, 2014

CIBONEY GROUP LIMITED

CORPORATE GOVERNANCE GUIDELINES

The company has adopted a Code of Corporate Governance which is based on the Private Sector Organisation of Jamaica (PSOJ) Codes.

As such, we are committed to report to our shareholders on areas as are believed to be of critical informational value.

1. THE BOARD

(a) Directors

The Board of Directors is responsible to the shareholders for the success of the Company by effectively directing and supervising the company's affairs. The Board is responsible for establishing broad corporate policies and for the overall performance of the business. The Directors meet regularly to review significant developments affecting the Company and to take decisions requiring Board approval. Responsibility for implementing the decisions of the Board is delegated to the Management team.

The roles of Chairman and Executive Director are exercised by Mr. Errol Campbell and Mr. Geoffrey Messado respectively.

Four Board meetings were convened in 2014 and four are scheduled for 2015.

(b) Board Balance

The composition of the Board ensures that no individual or small group of individuals can dominate the Board's decision making. The Board of Ciboney Group Limited is comprised of 4 Directors.

- One (1) Executive Director – Mr. Geoffrey Messado, and three (3) non-executive Directors.

The non-executive Director provides independent judgement on issues of strategy, performance and standards conduct.

(c) Performance Evaluation of Board of Directors

From 2010 onwards the Board undertook to do its own evaluation performance on an annual basis. The process confirmed that all Directors continued to contribute effectively and with proper commitment to their roles.

CORPORATE GOVERNANCE GUIDELINES (CONT'D)

(d) Appointment

The appointment of Directors conforms to the requirements of the Articles of Association. They retire by rotation and so reappointment is done subject to endorsement by the Board and the shareholders in Annual General Meeting.

2. STATEMENT OF INTERNAL CONTROL

The Board is responsible for reviewing the Company's internal controls and ensuring that a sound system of internal control and risk management is maintained to safeguard shareholders' investment and company's assets. In 2014 internal and external audits of the company's financial, operational and compliance controls and risk management systems were conducted.

3. AUDIT COMMITTEE

In keeping with requirements of the Stock Exchange, an Audit Committee was established. The Committee is comprised of all the independent directors. At least one is required to have relevant financial experience. The Committee's main role will be to monitor the integrity of the financial statements of the company and review and make recommendations to the Board on business risks, internal controls and compliance. The Committee will also be delegated with the task of satisfying itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place within the company to identify and contain business risks.

CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2014



KPMG
Chartered Accountants
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Kingston
Jamaica, W.I.

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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 21, which comprise the company's and group's statement of financial position as at May 31, 2014, the company's and the group's statements of profit or loss and other 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.



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, 2014, and of the company's and the group's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and 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

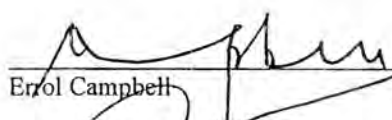
Chartered Accountants
Kingston, Jamaica


August 26, 2014

CIBONEY GROUP LIMITEDCompany Statement of Financial Position
May 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents		477,700	314,698
Resale agreements	4	21,295,863	30,603,055
Income tax recoverable	5	<u>5,193,002</u>	<u>5,047,056</u>
		<u>26,966,565</u>	<u>35,964,809</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	955,586	1,246,559
Interest payable	8	99,447,890	99,447,890
Due to subsidiary		<u>46,093,390</u>	<u>46,093,390</u>
		<u>146,496,866</u>	<u>146,787,839</u>
NET CURRENT LIABILITIES		<u>(119,530,301)</u>	<u>(110,823,030)</u>
NON-CURRENT ASSETS			
Investment in subsidiaries	9	49,026,764	49,026,764
Property, plant and equipment	10	<u>1</u>	<u>1</u>
		<u>49,026,765</u>	<u>49,026,765</u>
		<u>\$(70,503,536)</u>	<u>(61,796,265)</u>
STOCKHOLDERS' NET DEFICIT			
Share capital	11	329,436,230	329,436,230
Accumulated deficit		<u>(399,939,766)</u>	<u>(391,232,495)</u>
Total stockholders' net deficit		<u>\$(70,503,536)</u>	<u>(61,796,265)</u>

The financial statements on pages 3 to 21 were approved for issue by the Board of Directors on August 26, 2014, and signed on its behalf by:


 Errol Campbell Director

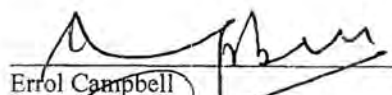

 Geoffrey Messado Director

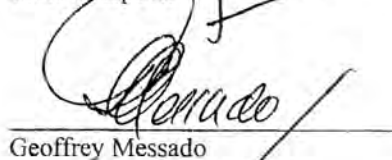
The accompanying notes form an integral part of the financial statements.

CIBONEY GROUP LIMITEDConsolidated Statement of Financial Position
May 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
CURRENT ASSETS			
Cash and cash equivalents		477,700	314,698
Resale agreements	4	21,295,863	30,603,055
Income tax recoverable	5	5,193,002	5,047,056
Land held for sale	6	<u>44,000,000</u>	<u>44,000,000</u>
		<u>70,966,565</u>	<u>79,964,809</u>
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	1,431,795	1,722,768
Interest payable	8	<u>99,447,890</u>	<u>99,447,890</u>
		<u>100,879,685</u>	<u>101,170,658</u>
NET CURRENT LIABILITIES		(29,913,120)	(21,205,849)
NON-CURRENT ASSET			
Property, plant and equipment	10	<u>1</u>	<u>1</u>
		<u>\$(29,913,119)</u>	<u>\$(21,205,848)</u>
STOCKHOLDERS' NET DEFICIT			
Share capital	11	329,436,230	329,436,230
Reserves	12	46,213,068	46,213,068
Accumulated deficit		<u>(405,562,417)</u>	<u>(396,855,146)</u>
Total stockholders' net deficit		<u>\$(29,913,119)</u>	<u>(21,205,848)</u>

The financial statements on pages 3 to 21 were approved for issue by the Board of Directors on August 26, 2014, and signed on its behalf by:


Errol Campbell Director


Geoffrey Messado Director

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

CIBONEY GROUP LIMITED

Company Statement of Profit or Loss and Other Comprehensive Income
 Year ended May 31, 2014

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Interest income		583,783	1,157,165
Administrative expenses		(12,221,059)	(7,771,280)
Foreign exchange gains		<u>2,930,005</u>	<u>3,409,687</u>
Loss, being total comprehensive loss for the year	13	\$(<u>8,707,271</u>)	(<u>3,204,428</u>)

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

CIBONEY GROUP LIMITEDStatement of Consolidated Profit or Loss and Other Comprehensive Income
Year ended May 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u>
Interest income		583,783	1,157,165
Administrative expenses		(12,221,059)	(7,771,280)
Foreign exchange gains		<u>2,930,005</u>	<u>3,409,687</u>
Loss attributable to members, being total comprehensive loss for the year	13	\$ <u>(8,707,271)</u>	<u>(3,204,428)</u>
Loss per stock unit	15	\$ <u>(0.016)</u>	<u>(0.006)</u>

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

CIBONEY GROUP LIMITEDStatement of Changes in Equity
Year ended May 31, 2014**Company:**

	Share capital (note 11)	Accumulated deficit	Total
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)
Total comprehensive loss	-	(8,707,271)	(8,707,271)
Balances at May 31, 2014	<u>329,436,230</u>	<u>(399,939,766)</u>	<u>(70,503,536)</u>

Group:

	Share capital (note 11)	Reserves (note 12)	Accumulated deficit	Total
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)
Total comprehensive loss	-	-	(8,707,271)	(8,707,271)
Balances at May 31, 2014	<u>329,436,230</u>	<u>46,213,068</u>	<u>(405,562,417)</u>	<u>(29,913,119)</u>

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

CIBONEY GROUP LIMITEDStatement of Cash Flows
Year ended May 31, 2014

	<u>Company and Group</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Loss for the year:	(8,707,271)	(3,204,428)
Adjustments for:		
Interest income	(583,783)	(1,157,165)
Unrealised foreign exchange gains	(2,930,005)	(3,409,687)
	(12,221,059)	(7,771,280)
Increase in current liability:		
Income tax recoverable	(145,946)	-
Accounts payable and accrued charges	(290,973)	616,359
	(12,657,978)	(7,154,921)
Income tax paid	-	(298,291)
Net cash used by operating activities	<u>(12,657,978)</u>	<u>(7,453,212)</u>
Cash flows from investing activities:		
Interest received	583,783	1,157,165
Resale agreements	<u>9,307,192</u>	<u>(4,108,117)</u>
Net cash provided/(used) by investing activities	<u>9,890,975</u>	<u>(2,950,952)</u>
Net decrease in cash and cash equivalents	(2,767,003)	(10,404,164)
Effect of exchange rate fluctuations on cash and cash equivalents	2,930,005	3,409,687
Cash and cash equivalents at beginning of the year	<u>314,698</u>	<u>7,309,175</u>
Cash and cash equivalents at end of the year	<u>\$ 477,700</u>	<u>314,698</u>

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

CIBONEY GROUP LIMITED

Notes to the Financial Statements
May 31, 2014

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 41 Caracas Avenue, Kingston Freezone, 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. The adoption of those standards did not result in any change in accounting policies and did not have any effect on the financial statements, except for IAS1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income. Aside from the change in the title from "Statement of Comprehensive Income" to "Statement of Profit or Loss and Other Comprehensive Income" as shown on page 5, the standard did not have any other impact 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 standard may be relevant to its activities but is not expected to have a significant impact on the financial statements in future accounting periods:

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

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)

Amendments to IAS 32 Financial instruments: Presentation (effective for annual reporting periods beginning on or after January 1, 2014). The standard clarifies that an entity currently has a legal enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparts. In addition, it clarifies that gross settlement is equivalent to net settlement if, and only if, the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.

Management is assessing the impact that this standard may have on the group's financial statements when it is 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 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 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 profit or loss and other 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

2. Basis of preparation (cont'd)

(d) Going concern (cont'd):

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, 2014, 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 are depreciated on the straight-line basis at annual rates estimated to write down the assets over their expected useful lives to their estimated residual value.

The depreciation rate for furniture, fixtures and equipment is 10% and computer equipment is 33⅓%. The depreciation method, useful lives and residual values are reassessed at each reporting date.

(c) Foreign currencies:

Foreign currency balances outstanding at the reporting date are translated at the rates of exchange ruling on that date. Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions.

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. Cash and cash equivalents are carried at amortised cost.

(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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

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 financial assets measured at amortised cost 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
 May 31, 2014

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd):

(ii) Reversals of impairment:

An impairment loss in respect of financial assets measured at amortised cost 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" that is the group).

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

- (i) has control or joint control over the group;
- (ii) has significant influence over the group; or
- (iii) is a member of the key management personnel of the group or of a parent of the group.

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

- (i) The entity and the group 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 established for the benefit of employees of either the group or an entity related to the group.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

3. Significant accounting policies (cont'd)

(j) Related parties (cont'd):

(b) An entity is considered related to the group 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) Income and expenses:

Income and expenses are recognised on the accrual basis.

(l) 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 due to subsidiary for the company and accounts payable and accrued charges for the group.

(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 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, 2014

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.

7. Accounts payable and accrued charges

	<u>Company</u>		<u>Group</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Professional fees	656,267	606,617	656,267	606,617
Other	<u>299,319</u>	<u>639,942</u>	<u>775,528</u>	<u>1,116,151</u>
	<u>\$955,586</u>	<u>1,246,559</u>	<u>1,431,795</u>	<u>1,722,768</u>

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

	<u>Company</u>	
	<u>2014</u>	<u>2013</u>
Ordinary shares, at cost - Ciboney Hotels Limited [see note 1(b)]	5,026,764	5,026,764
- Luxury Resorts Enterprises Limited	<u>115,800,000</u>	<u>115,800,000</u>
	120,826,764	120,826,764
Less: Allowance for impairment	<u>(71,800,000)</u>	<u>(71,800,000)</u>
	<u>\$ 49,026,764</u>	<u>49,026,764</u>

CIBONEY GROUP LIMITEDNotes to the Financial Statements (Continued)
May 31, 201410. Property, plant and equipment

Company and Group:

	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Computer equipment</u>	<u>Total</u>
Cost:				
May 31, 2012, 2013 and 2014	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2012, 2013 and 2014	<u>328,600</u>	<u>197,999</u>	<u>90,000</u>	<u>616,599</u>
Net book values:				
May 31, 2014 and 2013	\$ <u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>

11. Share capital

	<u>2014</u>	<u>2013</u>
Authorised:		
546,000,000 (2013: 546,000,000) ordinary stock units		
Stated capital:		
Issued and fully paid:		
546,000,000 (2013: 546,000,000) ordinary stock units	\$ <u>329,436,230</u>	<u>329,436,230</u>

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:

	<u>Company and Group</u>	
	<u>2014</u>	<u>2013</u>
	<u>\$</u>	<u>\$</u>
Auditors' remuneration	500,000	500,000
Directors' emoluments		
Management remuneration [note 19(b)]	1,980,000	1,980,000
Fees	<u>18,000</u>	<u>45,000</u>

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 \$199 million (2013: \$192 million) for the company and the group. As at the reporting date, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the taxable profit for the year.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

14. Taxation (cont'd)

A deferred tax asset of \$50 million (2013: \$48 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 \$8,707,271 (2013: \$3,204,428), by the number of stock units in issue, 546,000,000 (2013: 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, 2014

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 way the group manages and measures of credit risk during the 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:

	<u>Within 3 months</u>	<u>No maturity</u>	<u>Carrying amounts</u>	<u>Contractual cash flows</u>
Accounts payable	955,586	-	955,586	955,586
Due to subsidiary	<u>-</u>	<u>46,093,390</u>	<u>46,093,390</u>	<u>46,093,390</u>
May 31, 2014	<u>\$ 955,586</u>	<u>46,093,390</u>	<u>47,048,976</u>	<u>47,048,976</u>
Accounts payable	1,246,559	-	1,246,559	1,246,559
Due to subsidiary	<u>-</u>	<u>46,093,390</u>	<u>46,093,390</u>	<u>46,093,390</u>
May 31, 2013	<u>\$1,246,559</u>	<u>46,093,390</u>	<u>47,339,949</u>	<u>47,339,949</u>

Group:

	<u>Within 3 months</u>	<u>No maturity</u>	<u>Carrying amounts</u>	<u>Contractual cash flows</u>
Accounts payable				
May 31, 2014	<u>\$1,431,795</u>	<u>-</u>	<u>1,431,795</u>	<u>1,431,795</u>
Accounts payable				
May 31, 2013	<u>\$1,722,768</u>	<u>-</u>	<u>1,722,768</u>	<u>1,722,768</u>

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

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

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 or cash flows from 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:

	<u>Company and Group</u>		<u>Average effective yields</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$</u>	<u>\$</u>	<u>%</u>	<u>%</u>
			<u>Within</u>	<u>Within</u>
			<u>3 months</u>	<u>3 months</u>
Financial assets:				
Cash and cash equivalents	-	200,207	0.02	0.02
Resale agreements	<u>21,295,863</u>	<u>30,603,055</u>	<u>2.50</u>	<u>4.05</u>
	<u>21,295,863</u>	<u>30,803,262</u>		

There are no interest-bearing financial liabilities.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

16. Financial instruments (cont'd)(iii) Market risk (cont'd):(a) Interest rate risk (cont'd):Sensitivity Analysis:

A change of 250 (2013: 250) basis points in interest rates would have affected results for the year by \$532,396 (2013: \$770,081) 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 2013.

The group does not hold any 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, a 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. There were net foreign currency assets at the reporting date as follows:

	<u>Company and Group</u>	
	<u>2014</u>	<u>2013</u>
US\$ denominated assets	US\$ <u>191,793</u>	<u>310,781</u>

The exchange rate of the Jamaica dollar to the US\$ was J\$110.9514: US\$1 (2013: J\$99.4495: US\$1).

Sensitivity analysis:

A 1% strengthening (2013: 1%) of the Jamaica dollar (\$) against the US dollar at the reporting date would have increased loss for the year by \$212,797 (2013: \$309,070) for the company and the group.

A 15 % weakening (2013: 10%) of the Jamaica dollar against the United States dollar at the reporting date would have reduced loss for the year by \$3,191,955 (2013: \$3,090,701) for the company and the group. The analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Capital management:

The company's capital consists of share capital and reserves 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.

CIBONEY GROUP LIMITED

Notes to the Financial Statements (Continued)
May 31, 2014

17. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instruments. The group does not carry any financial instrument at fair value.

The fair value of cash and cash equivalents, resale agreements and accounts payable and accrued charges are assumed to approximate their carrying values, due to their short-term nature. The fair value of due 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

	<u>Company and Group</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Salaries	795,000	797,782
Statutory payroll contributions	<u>222,095</u>	<u>183,195</u>
	<u>\$1,017,095</u>	<u>980,977</u>

19. Related parties

- (a) The company has a related party relationship with its parent and ultimate parent company 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, there were related party transactions in the ordinary course of business as follows:

	<u>Company and Group</u>	
	<u>2014</u>	<u>2013</u>
	\$	\$
Transactions with Director:		
Key management personnel compensation (note 13):		
Consultancy fees paid to Sonado Limited	<u>1,980,000</u>	<u>1,980,000</u>

20. Contingent liability

The group is contingently liable for penalties and interest on General Consumption Tax (GCT) of \$5,752,000 for 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.

**INTEREST OF DIRECTORS AND
SENIOR MANAGEMENT**

The interests of the Directors and Senior Management holding office as at May 31, 2014 in the ordinary stock units of the Company were as follows:

Ordinary Stock of Units of \$0.10 each, fully paid

Michael Campbell	-
Robert Stephens	20,000
Geoffrey Messado	22,000
Errol Campbell	-
TOTAL	42,000

TOP TEN (10) STOCKHOLDERS AS AT MAY 31, 2014

The interest of the largest stockholders at the end of the financial year in Ordinary Stock Units of the Company were as follows:

Ordinary Stock Units of \$0.10 each, fully paid

Trumpton Limited	223,406,286
Crown Eagle Life Insurance Company	137,454,760
Marston Gordon	34,293,753
Eagle Merchant Bank of Jamaica Limited	16,529,376
Eagle Merchant Bank of Jamaica Equity A/C	15,500,000
Larry Chin	6,277,288
Edwin McKie	3,507,600
Bridgeton Management Services	2,603,471
Charles Gladstone White	2,225,333
Paul Lai	2,131,000
TOTAL	443,928,867