

**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

**REGISTRAR AND TRANSFER AGENTS**

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

**REGISTERED OFFICE**

LOT 41, CARACAS AVENUE, KINGSTON FREE ZONE

**Email:** [ciboneygroup@gmail.com](mailto:ciboneygroup@gmail.com)

# CIBONEY GROUP LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS FINANCIAL YEAR 2018

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 in previous years and the principal amounts owed to FINSAC were paid off.

The Group sold the Culloden property in Westmoreland in December 2017 for US\$2 million. In addition, in January 2018, FINSAC Limited wrote off \$74 million of the \$99 million of accrued interest and a Capital Distribution of 34¢ per share amounting to \$186 million was paid on March 9, 2018.

The net effect of these transactions were as follows:

	<u>J\$000</u>
Net Proceeds US\$1,807,413.63	226,269
Less book value of land	<u>44,000</u>
Net gain on sale	182,269
Finsac's debt forgiven	<u>74,448</u>
	256,717
Capital Distribution 34¢ per share	<u>185,640</u>
	<u>41,077</u>



Errol Campbell  
Chairman  
September 12, 2018



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, 2018.

#### **FINANCIAL RESULTS**

Highlights are set out in the table below:

	2018	2017
	J\$000s	J\$000s
Interest and other income	1,715	154
Portion of Finsac debt forgiven	74,448	0
Gain on disposal of land held for sale	182,269	0
Administrative expenses	(10,786)	(5,425)
Net gain/(loss) from fluctuations in exchange rates	(103)	211
Taxation	(120)	(180)
Profit/(loss) attributable to members	247,543	5,240
Profit/(loss) per stock unit	\$ 0.45	\$(0.01)

#### **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 approved the payment of a capital distribution of 34¢ per share on March 9, 2018 and do not recommend payment of any further dividends.

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

#### **SIGNED ON BEHALF OF THE BOARD**

  

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Director

Dated this 12th of September, 2018

## **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 2017/2018 and four are scheduled for 2018/2019.

##### **(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 provide independent judgement on issues of strategy, performance and standards conduct.

##### **(c) Performance Evaluation of Board of Directors**

From 2010, the Board undertook an evaluation of its own performance. The process confirmed that all Directors continued to contribute effectively and with proper commitment to their roles.

**(d) Appointment**

The appointment of Directors conform 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 2018 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.

**INTEREST OF DIRECTORS AND  
SENIOR MANAGEMENT AND THEIR CONNECTED PERSONS**

The interests of the Directors and Senior Management and their connected persons holding office as at May 31, 2018 in the ordinary stock units of the Company were as follows:

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

NAME	CONNECTED PERSONS	COMPANY	UNITS
Michael Campbell	-	-	-
Robert Stephens	Donna Stephens	-	20,000
Geoffrey Messado	Jennifer Messado	Sonado Limited	22,000
Errol Campbell	-	-	-
<b>TOTAL</b>			<b>42,000</b>

**TOP TEN (10) STOCKHOLDERS AS AT MAY 31, 2018**

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	33,670,110
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	5,079,736
Karl P. Wright	3,614,877
Gordon K.G. Sharp	3,000,000
John Mafood	2,907,530
<b>TOTAL</b>	<b>447,439,953</b>