CIBONEY GROUP LIMITED

NOTICE is hereby given that the **NINTH ANNUAL GENERAL MEETING** of **CIBONEY GROUP LIMITED** will be held at the **JAMAICA PEGASUS HOTEL** Knutsford Boulevard, Kingston 5 the **9**th day of **MARCH 2006** at 3:00 p.m. for the following purposes:

A G E N D A

A. To receive and consider the Directors' and Auditors' Reports and Financial Statements for the years ended May 31, 2004 and May 31, 2005, and if thought fit, pass the following Resolution:
"That the Directors' and Auditors' Reports and Financial Statements for the years ended May 31, 2004 and May 31, 2005 be and are hereby adopted."

B. To consider and if thought fit, pass the following Resolutions:

1. To fix the remuneration of the Auditors.
"That the remuneration of the Auditors, Messrs. KPMG, who have indicated their willingness to continue in office, be fixed by the Directors in respect of the period ending with the conclusion of the next Annual General Meeting."

2. To elect Directors. The Directors retiring by rotation in accordance with the Articles of Association are Mr. Wilberne Persaud. and Mrs. Marjorie Chevannes Campbell.

i) "That Mr Wilberne Persaud be not re-elected a director of the Company."

ii) "That Mrs. Marjorie Chevannes-Campbell be and is hereby re-elected a director of the Company.

C. To consider any other business which may be conducted at an Annual General Meeting.

BY ORDER OF THE BOARD

SBurke

SHARON BURKE (Mrs.)
Secretary
9 Dumfries Road, Kingston 10
Dated this 10th day of January 2006

N.B. Any member of the Company who is entitled to attend and vote at the Ninth Annual General Meeting may appoint a Proxy to attend and on a poll, vote on his/her behalf. A Proxy need not be a member of the company. Forms of proxy must be lodged at the registered office of the company not less than forty-eight hours before the meeting and to which should be affixed postage stamps to the value of $100.00.

CIBONEY GROUP LIMITED

CHAIRMAN'S REPORT

Rios Hotel Management Limited (Rios) has been operating the Resort in Ocho Rios as Sandals Grande Ocho Rios under a lease with an Option to purchase from Ciboney Group of Companies (Ciboney Group) for US$17.5 million. This option was exercised by Rios and the sale of the property resulted in a gain of J$395.8 million which is reflected in the accounts for the year ended May 31, 2004. This sale is now complete and the balance of the proceeds of sale was received in December 2005. The unaudited accounts for Ciboney Group at November 30, 2005 show a net deficit of J$14.1 million.

The Directors are now making active attempts to dispose of the Company's assets including the land at Culloden which is stated in the accounts at $44 million and liquidating all debts. The best offer received to date for the Culloden property is $100 million which has not been accepted as the Directors are seeking to obtain a higher price The net asset value of the Company and the amounts remaining to distribute to shareholders cannot be determined until this exercise is completed. This situation should be clearer by the date of the Annual General Meeting.

Patrick Hylton
Chairman

Dated this 10th day of January 2006

CIBONEY GROUP LIMITED

DIRECTORS' REPORT TO THE STOCKHOLDERS

The directors take pleasure in submitting this Report and the Audited Financial Statements for the years ended May 31, 2004 and 2005.

FINANCIAL RESULTS

Highlights are set out in the table below:

	2005	2004	2003
	J$000s	J$000s	J$000s
Total income	105,599	132,833	127,549
Net loss from fluctuations in exchange rates	(2,744)	(23,712)	(122,724)
Gain on disposal of property, plant and equipment	-	395,809	-
Share of (Loss)/profit of Associated Companies	-	-	216
Net (Loss)/profit attributable to members	(15,051)	350,844	(54,303)
(Loss)/profit per stock unit	(0.28)c	6.43c	(9.94)c

DIVIDENDS
Your directors do not recommend payment of a dividend.

DIRECTORS
The directors retiring by rotation in accordance with the Articles of Association are Mr. Wilberne Persaud and Mrs. Marjorie Chevannes-Campbell. However, only Mrs. Chevannes-Campbell is offering herself for re-election.

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

Patrick Hylton
Chairman

Dated this 10th day of January 2006

Ciboney

CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2005

KPMG
Chartered Accountants
The Victoria Mutual Building
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To the Members of
CIBONEY GROUP LIMITED

Auditors' Report

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") as of and for the year ended May 31, 2005, set out on pages 8 to 25, and have obtained all the information and explanations which we required. These financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements have been prepared on the basis that contemplates continuation of the company and the group as going concerns. However, (1) the resort complex, which was substantially the group's only material operating asset, was disposed of effective as of January 1, 2004; and (2) as more fully explained in note 2, at the balance sheet date, the company and the group have been experiencing recurring losses, and has net current liabilities and a stockholders' deficit. Accordingly, the continuation of the company and the group as going concerns is uncertain and depends on their ability to obtain continued financing and to identify and successfully pursue profitable undertakings. No adjustments have been made in the financial statements for any effects the resolution of this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give, except for the effects, if any, of the resolution of the uncertainties referred to in the immediately preceding paragraph, a true and fair view of the state of affairs of the company and the group as at May 31, 2005 and of the results of operations and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act.

KPMG

October 3, 2005

CIBONEY GROUP LIMITED

Company Balance Sheet
May 31, 2005

	Notes	2005	2004
CURRENT ASSETS			
Cash and cash equivalents		407,251	552,900
Accounts receivable		302,670	863,303
Income tax recoverable		3,086,478	3,079,851
		3,796,399	4,496,054
CURRENT LIABILITIES			
Accounts payable and accrued charges		14,923,912	14,400,578
Interest payable		228,593,811	138,370,637
Current portion of long-term loans	13	3,297,953	18,192,000
Owed to parent company		167,558,698	167,558,698
Owed to ultimate parent company – Finsac Limited		3,155,485	3,155,485
		417,529,859	341,677,398
NET CURRENT LIABILITIES		(413,733,460)	(337,181,344)
INTEREST IN SUBSIDIARIES	8	395,824,677	518,639,513
PROPERTY, PLANT AND EQUIPMENT	9	154,151	215,811
		$(17,754,632)	181,673,980
Financed by:			
STOCKHOLDERS' DEFICIT			
Share capital	11	329,436,230	54,600,000
Reserves		-	274,836,230
Accumulated deficit		(690,166,326)	(664,345,414)
		(360,730,096)	(334,909,184)
LONG-TERM LOANS	13	342,975,464	516,583,164
		$(17,754,632)	181,673,980

The financial statements on pages 8 to 25 were approved for issue by the Board of Directors on October 3, 2005 and signed on its behalf by:

______________________ Director
Patrick Hylton

______________________ Director
Geoffrey Messado

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

CIBONEY GROUP LIMITED

Consolidated Balance Sheet
May 31, 2005

	Notes	2005	2004
CURRENT ASSETS			
Cash and cash equivalents	4	119,192,681	93,212,179
Resale agreements	5	-	67,047,902
Accounts receivable	6	25,005,320	35,038,590
Time-share receivable	7	5,520,312	13,317,079
Current portion of mortgage note receivable	10	174,951,758	144,391,845
Income tax recoverable		7,079,993	6,822,619
		331,750,064	359,830,214
CURRENT LIABILITIES			
Accounts payable and accrued charges		156,407,685	154,238,401
Interest payable		239,245,037	151,818,882
Current and past due portion of long-term loans	13	47,156,229	90,574,126
Owed to parent company		167,558,698	167,558,698
Owed to ultimate parent company- Finsac Limited		3,155,485	3,155,485
		613,523,134	567,345,592
NET CURRENT LIABILITIES		(281,773,070)	(207,515,378)
PROPERTY, PLANT AND EQUIPMENT	9	44,154,151	44,215,811
MORTGAGE NOTE RECEIVABLE	10	555,462,058	713,063,815
		$317,843,139	549,764,248
Financed by:			
STOCKHOLDERS' DEFICIT			
Share capital	11	329,436,230	54,600,000
Reserves		46,213,068	321,049,298
Accumulated deficit		(400,781,623)	(385,730,678)
		(25,132,325)	(10,081,380)
LONG-TERM LOANS	13	342,975,464	559,845,628
		$317,843,139	549,764,248

The financial statements on pages 8 to 25 were approved for issue by the Board of Directors on October 3, 2005 and signed on its behalf by:

________________ Director
Patrick Hylton

________________ Director
Geoffrey Messado

CIBONEY GROUP LIMITED

Statement of Consolidated Revenue and Expenses
Year ended May 31, 2005

	Notes	2005	2004
Operating revenue	14	-	78,420,884
Cost of operating revenue		-	(14,060,777)
Gross profit		-	64,360,107
Other operating income		105,598,945	54,411,696
		105,598,945	118,771,803
Administrative expenses		(13,223,747)	(7,637,055)
Depreciation		(61,660)	(12,251,924)
Gain on disposal of property, plant and equipment		-	395,808,976
Deferred income write-off		-	21,907,496
Net loss from fluctuations in exchange rates		(2,744,056)	(23,712,068)
Finance costs		(100,398,601)	(142,111,900)
(Loss)/profit before income tax	15	(10,829,119)	350,775,328
Income tax	16	(4,221,826)	-
(Loss)/profit after income tax		(15,050,945)	350,775,328
Minority interest		-	68,364
(Loss)/profit for the year attributable to members		$(15,050,945)	350,843,692
(Loss)/profit per stock unit	17	(0.28)cents	6.43cents

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

CIBONEY GROUP LIMITED

Statement of Changes in Deficit
Year ended May 31, 2005

Company:

	Share capital	Reserves: Share premium	Reserves: Other	Accumulated deficit	Total
Balances at May 31, 2003	54,600,000	274,836,230	4,239,145	(615,416,782)	(281,741,407)
Transfer	-	-	(4,239,145)	4,239,145	-
Loss for the year, being total recognised losses	-	-	-	(53,167,777)	(53,167,777)
Balances at May 31, 2004	54,600,000	274,836,230	-	(664,345,414)	(334,909,184)
Reclassification of share premium (note 11)	274,836,230	(274,836,230)	-	-	-
Loss for the year, being total recognised losses	-	-	-	(25,820,912)	(25,820,912)
Balances at May 31, 2005	$329,436,230	-	-	(690,166,326)	(360,730,096)

Group:

	Share capital	Reserves: Share premium	Reserves: Other	Accumulated deficit	Total
Balances at May 31, 2003	54,600,000	274,836,230	46,213,068	(743,967,473)	(368,318,175)
Realised gain on sale of property, plant and equipment	-	-	-	4,239,146	4,239,146
Eliminated on disposal of subsidiary	-	-	-	3,153,957	3,153,957
Profit for the year, being total recognised gains	-	-	-	350,843,692	350,843,692
Balances at May 31, 2004	54,600,000	274,836,230	46,213,068	(385,730,678)	(10,081,380)
Reclassification of share premium (note 11)	274,836,230	(274,836,230)	-	-	-
Loss for the year, being total recognised losses	-	-	-	(15,050,945)	(15,050,945)
Balances at May 31, 2005	$329,436,230	-	46,213,068	(400,781,623)	(25,132,325)

Accumulated deficit retained in:

	2005	2004
The company	(690,166,326)	(664,345,414)
Subsidiaries	289,384,703	278,614,736
	$(400,781,623)	(385,730,678)

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

CIBONEY GROUP LIMITED

Statement of Consolidated Cash Flows
Year ended May 31, 2005

	2005	2004
Cash flows from operating activities:		
(Loss)/profit for the year	(15,050,945)	350,843,692
Adjustments to reconcile (loss)/profit for the year to cash provided by/(used in) operating activities:		
Items not involving cash:		
Depreciation	61,660	12,251,924
Interest income	(105,598,945)	(54,411,696)
Interest expense	100,398,601	142,111,900
Investment written off	-	300,000
Minority share of subsidiary's loss	-	(68,364)
Unrealised currency exchange losses	2,744,056	24,633,793
Gain on disposal of property, plant and equipment	-	(395,808,976)
Amortisation and write-off of deferred time-share sales	-	(125,730,094)
	(17,445,573)	(45,877,821)
(Increase)/decrease in current assets:		
Resale agreements	67,047,902	(2,318,932)
Accounts receivable	10,033,270	74,672,823
Income tax recoverable	(257,374)	(1,004,011)
Increase/(decrease) in current liabilities:		
Accounts payable and accrued charges	2,169,284	(48,012,502)
Cash provided by/(used in) operating activities	61,547,509	(22,540,443)
Interest paid	(12,972,446)	(19,350,188)
Net cash provided by/(used in) operating activities	48,575,063	(41,890,631)
Cash flows from investing activities:		
Interest received	105,598,945	54,411,696
Net proceeds of disposal of property, plant and equipment	-	972,872,863
Time-share receivable	7,796,767	11,819,295
Mortgage note receivable	127,041,844	(857,455,660)
Net cash provided by investing activities	240,437,556	181,648,194
Cash flows from financing activities:		
Bank loan and overdraft	-	(796,608)
Long-term loans	(263,032,117)	(134,294,492)
Net cash used in financing activities	(263,032,117)	(135,091,100)
Net increase in cash and cash equivalents	25,980,502	4,666,463
Cash and cash equivalents at beginning of year	93,212,179	88,545,716
Cash and cash equivalents at end of year	$119,192,681	93,212,179

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

1. Identification

(a) Ciboney Group Limited ("the company") is a subsidiary of Crown Eagle Life Insurance Company Limited ("parent") and its ultimate parent is Finsac Limited. All these companies are incorporated and domiciled in Jamaica. The registered office of the company is located at 9 Dumfries Road, Kingston 10, Jamaica.

Its primary activities are in the hospitality industry.

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

(i) Ciboney Hotels Limited

(ii) Leisure Operators Limited

(iii) Luxury Resorts Enterprises Limited and its wholly-owned subsidiary, Number Sixty Limited. These entities were established to engage in the business of acquiring, developing and letting resort properties. The proposal for such development has since been abandoned and the land being held is to be sold [note 9(b)].

(c) The sale of the resort, including the shares of Ciboney Properties Limited, the company which owns and manages the common property, was recognised as effective in the previous financial year, although some of the legal formalities to effect the transfer are still in the process of being completed.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), and the relevant provisions of the Companies Act ("the Act").

The financial statements are prepared on the historical cost basis and presented in Jamaica dollars, unless otherwise indicated.

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

The preparation of the financial statements in accordance with IFRS also assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia*, that the balance sheet and the statement of revenue and expenses assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis. The financial statements have been prepared on the going concern basis; however, the future of the company and the group are uncertain as they have been experiencing recurring losses, have net current liabilities and a stockholders' deficit, and, in the previous period disposed of their only operating asset, the *Beaches Grande Sport at Ciboney* Resort.

The future of the company and the group as going concerns is, therefore, dependent on their ability to obtain continued financing and identify and successfully pursue profitable undertakings. No adjustments have been made in the financial statements for any effects this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date.

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, 2005, after eliminating material intra-group amounts. Where the minority interest in the losses of a subsidiary exceeds the minority interest in the net assets of the subsidiary, the excess is charged against the majority interest.

(b) Property, plant and equipment

(i) Cost:

Property, plant and equipment are stated at cost; where cost is not practicably determinable, the previous carrying amount is deemed to be cost.

(ii) Depreciation:

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

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

(c) Foreign currencies:

(i) Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. The official spot market weighted average buying exchange rate for the United States dollar at the balance sheet date was J$61.45 (2004: J$60.64) [see note 18(b)(iii)].

(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 the statement of consolidated revenue and expenses.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and include short-term deposits and other monetary investments with maturities ranging between one and twelve months from balance sheet date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management activities are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant accounting policies (cont'd)

(e) Provisions:

A provision is recognised in the balance sheet when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

If the effect of discounting is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(f) Resale agreements:

Securities purchased under resale agreements ("resale agreements") are accounted for as collateralised lending. They are classified as originated loans 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.

(g) Time-share income and receivable:

Proceeds of sale of time-share weeks are deferred and included in current income in equal annual amounts over the expected life of the contract. Contracts are for periods of up to 60 years.

(h) Income tax:

Income tax is recognised in the statement of consolidated revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

3. Significant accounting policies (cont'd)

(i) Impairment:

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

(i) Calculation of recoverable amount

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

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

(ii) Reversals of impairment

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

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

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

4. Cash and cash equivalents

Cash and cash equivalents of the group includes $99,644,308 (2004: $87,013,025) received from time-share owners and held in trust for Ciboney Hotels Limited, pending its transfer to Rios Hotel Management Limited ("Rios") under the terms of the agreement under which it acquired the resort complex from the group. On finalization of the sale note 1(c), this amount, together with any interest earned thereon, will be transferred to Rios.

5. Resale agreements

The group makes funds available to third parties by entering into short-term agreements with them. The group, on delivering the funds, receives the securities (or other documents evidencing an interest in the securities) and agrees to resell them (or surrender the documents) on a specified date and at a specified price. The securities are not transferred, however, unless the counterparty fails to repurchase them in accordance with the agreement.

6. Accounts receivable

Accounts receivable of the group includes stamp duties amounting to $22,623,523 (2004: $22,623,523) recoverable from Rios. The amount was advanced in connection with the pending transfer of the resort [note 1(c)].

7. Time-share receivable

This represents the balance of proceeds of sale of time-share vacation weeks. Under the terms of the vendor-financed contracts, the purchase price is to be settled by a minimum deposit of 20%, with the balance receivable by 84 monthly instalments and bearing interest at a rate of 14.9% per annum. On completion of the sale of the resort [note 1(c)], the time-share receivable will be transferred to Rios.

8. Interest in subsidiaries

	Company	
	2005	2004
Ordinary shares, at cost	120,826,764	120,826,764
Loans	11,808,500	11,808,500
Current accounts, net	334,989,413	458,804,249
	467,624,677	591,439,513
Less: impairment losses	(71,800,000)	(72,800,000)
	$395,824,677	518,639,513

The loans are unsecured, non-interest bearing and repayable only upon the winding up of the subsidiary.

9. Property, plant and equipment

Company:

	Furniture & fixtures	Office equipment	Computer equipment	Total
Cost:				
May 31, 2004 and 2005	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2004	213,590	128,699	58,500	400,789
Charge for the year	32,860	19,800	9,000	61,660
May 31, 2005	246,450	148,499	67,500	462,449
Net book values:				
May 31, 2005	$ 82,150	49,501	22,500	154,151
May 31, 2004	$115,010	69,301	31,500	215,811

Group:

	Land [note (b)]	Furniture, fixtures and	Office equipment	Computer equipment	Total
Cost:					
May 31, 2004 and 2005	44,000,000	328,600	198,000	90,000	44,616,600
Depreciation:					
May 31, 2004	-	213,590	128,699	58,500	400,789
Charge for the year	-	32,860	19,800	9,000	61,600
May 31, 2005	-	246,450	148,499	67,500	462,449
Net book values:					
May 31, 2005	$44,000,000	82,150	49,501	22,500	44,154,151
May 31, 2004	$44,000,000	115,010	69,301	31,500	44,215,811

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

(b) The carrying value of land, of $44,000,000, was determined in an independent appraisal by The C D Alexander Company Realty Limited in February 2002. Formal transfer to the group of title to the land is yet to be effected.

10. Mortgage note receivable

	2005	2004
Mortgage note receivable	730,413,816	857,455,660
Less current portion	(174,951,758)	(144,391,845)
Non-current portion	$555,462,058	713,063,815

Upon sale of the resort [note 1(c)], the company provided Rios with a vendor mortgage for the amount of US$14,875,000, the balance of the purchase price, to be repaid in 60 equal, consecutive, monthly instalments, beginning January 31, 2004 at an interest rate of 12.5% per annum.

11. Share capital

	Company and Group	
	2005	2004
Authorized, issued and fully paid:		
546,000,000 ordinary shares, no par value (2004: $0.10 each)	$329,436,230	54,600,000

The ordinary shares were, when issued, converted to stock units. The Companies Act 2004, which became effective on February 1, 2005, provides that all shares in issue have no par or nominal value, unless the company, by ordinary resolution, had elected, by July 31, 2005, to retain its shares with a par value for a period of eighteen months. The company did not so elect. Accordingly, the share capital for 2005 includes the amount previously presented as share premium.

12. Deferred income

	Group	
	2005	2004
Time-share sales	-	125,730,094
Less: amount included in income for the year	-	(3,492,503)
Amount transferred upon sale of hotel	-	(122,237,591)
	$ -	-

Deferred income represented an amount set aside out of the proceeds of sale of time-share vacation weeks to cover the company's obligation to supply vacation weeks in the future under the time-share contracts. The unamortized amount was credited to income consequent on the sale of the resort and related obligation.

13. Long-term loans

		Company		Group	
		2005	2004	2005	2004
Loan No. 1	[TDB]	-	27,288,000	-	27,288,000
Loan No. 2	[DBJ]	-	-	7,071,403	7,071,403
Loan No. 3	[CDC]	-	-	36,786,873	108,573,187
Loan No. 4	[Recon]	219,926,691	217,027,739	219,926,691	217,027,739
Loan No. 5	[Recon]	3,297,953	169,032,613	3,297,953	169,032,613
Loans No. 6 & 7	[Refin]	123,048,773	121,426,812	123,048,773	121,426,812
		346,273,417	534,775,164	390,131,693	650,419,754
Less: Current and past-due portion		(3,297,953)	(18,192,000)	(47,156,229)	(90,574,126)
		$342,975,464	516,583,164	342,975,464	559,845,628

13. Long-term loans (cont'd)

Note: TDB = Trafalgar Development Bank Limited; DBJ = Development Bank of Jamaica Limited, formerly National Development Bank of Jamaica Limited; CDC = Commonwealth Development Corporation; Recon = Recon Trust Limited; Refin = Refin Trust Limited (Recon and Refin are subsidiaries of Finsac Limited [note 1(a)]).

FINSAC Limited, through Recon Trust Limited and Refin Trust Limited, has assumed responsibility for repayment of the debts previously owed by the company to certain financial entities and has authorised the cancellation of all interest accrued from 1998 on several loans, those with balances at the balance sheet date being loans 5,6 and 7. New repayment schedules and other terms have not yet been finalised.

Loan No. 1, approximately the equivalent of US$1,350,000, was rescheduled for repayment in 16 semi-annual instalments of US$93,750, commencing January 1, 2000, with interest at 12.5% per annum. It was repaid during the year.

Loan No. 2 is the balance on an amount that was disbursed, and repayable, through "approved financial institutions" (AFI). The AFI involved was EMBJ, but the loan had since been assumed by Finsac. It was to have been repaid in 28 equal quarterly instalments, which commenced June 1993. The loan is made up as follows:

	2005	2004	
Finsac (assumed from EMBJ**)	6,258,546	6,258,546	at interest rate of 13% p.a.
Finsac (assumed from EMBJ**)	812,857	812,857	at interest rate of 15% p.a.
	$7,071,403	7,071,403	

** EMBJ = Eagle Merchant Bank of Jamaica Limited

It is secured by the hypothecation of the shares and shareholders unsecured notes related to specified villas, in addition to other securities listed below:

Loan Nos. 1 and 2 are secured by:

(i) debentures creating a specific charge over specified villa units together with the shares in the common property attaching to them;

(ii) legal assignment of all rentals receivable under leases of the specified villa units owned by Ciboney Hotels Limited ('CHL') and leased to Leisure Operators Limited ('LOL');

(iii) a specific charge by way of supplemental mortgage over specified villas retained by CHL;* and

(iv) the guarantee of the company and/or CHL.

The several securities were the subject of a security sharing agreement among the lenders previously involved in certain of the loans.

13. Long-term loans (cont'd)

Loan No. 3 was rescheduled in 2000 to be repaid by twelve semi-annual instalments, which commenced on January 31, 2000. The rescheduling also included the cancellation of accrued interest of $13,941,589. Interest rate is fixed at 10.5% per annum. The loan is repayable in Pounds Sterling, and the above balance represents the equivalent of £328,427 (2004: £985,582). On November 11, 1998, the House of Representatives of Jamaica approved a Government of Jamaica guarantee of £4,200,000 for this CDC loan. Upon the issue of this guarantee, a Supplemental Agreement was signed transferring all securities from CDC to the guarantor, Government of Jamaica.

Loan No. 4, approximately the equivalent of US$3,578,953 (2004: US$3,578,953), is secured by the guarantee of Ciboney Hotels Limited (CHL) up to US$4 million supported by a charge over nine specified villas.*

Loan No. 5 is secured by guarantees from the company and CHL stamped to cover $143,000,000 and US$600,000. The guarantee by CHL is supported by first legal mortgages over nineteen villas at the *Beaches Grande Sport at Ciboney* Resort.*

Loan No. 6, approximately the equivalent of a balance of US$2,002,421 (2004: US$2,002,421), the Jamaica dollar amount of which is $123,048,773 (2004: $121,426,809), is secured by a mortgage on villas owned by CHL stamped to cover US$1,000,000; guarantee of CHL; and assignment of peril insurance for mortgaged property.*

* These assets are among those disposed of in the previous year [note 1(c)].

14. Operating revenue

The revenue of the group is comprised mainly of lease rental.

15. (Loss)/profit before income tax

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

		2005	2004
		$	$
Depreciation		61,660	12,251,924
Auditors' remuneration		1,540,000	1,276,264
Directors' emoluments	- management	Nil	Nil
	- fees	73,800	149,400
Interest expense	- overdraft	29,216	29,209
	- loan	100,369,385	18,241,820

16. Income tax

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

(b) The income tax charge represents an additional provision for the liability of a subsidiary in respect of a prior year.

(c) At the balance sheet date, income tax losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $35 million (2004: $101 million) for the company and approximately $42 million (2004: $156 million) for the Group.

(d) A deferred tax asset has not been recognised because it is not probable that sufficient taxable profits will be available in the foreseeable future to enable the company to benefit.

17. (Loss)/profit per stock unit

(Loss)/profit per stock unit is calculated by dividing (loss)/profit for the year attributable to members of $(15,050,945) (2004: $350,843,692), by 546,000,000 (2004: 546,000,000), the number of stock units in issue.

18. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, resale agreements, accounts receivable, time-share receivable and mortgage note receivable. Its financial liabilities comprise accounts payable, owed to parent and ultimate parent, subsidiary and other related companies, and long-term loans. Information relating to fair values and financial instruments is set out below.

(a) Fair values:

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

18. Financial instruments (cont'd)

(a) Fair values (cont'd):

The fair values of cash and cash equivalents, resale agreements, accounts receivable, bank overdraft, and accounts payable are assumed to approximate their carrying values, due to their short-term nature. The fair values of time-share receivable, owed to parent, ultimate parent, subsidiary and other related companies, and long-term loans cannot practicably be determined due, generally, to the unavailability of quoted market prices or other relevant market information.

The fair value of the mortgage note receivable is considered to approximate its carrying amount because the discount rate approximates the coupon rate.

(b) Financial instruments risks:

The group does not use derivatives as a risk management strategy at this time. Accordingly, exposure to credit, interest rate, foreign currency, liquidity, market and cash flow risks arises in the ordinary course of the group's operations.

(i) Credit risk:

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

(ii) Interest rate risk:

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

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

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

(iii) Foreign currency risk:

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

18. Financial instruments (cont'd)

(b) Financial instrument risks (cont'd):

(iii) Foreign currency risk (cont'd):

	Company		Group	
	2005	2004	2005	2004
Net US$ denominated (liabilities)/assets	US$(5,569,826)	(5,275,637)	6,733,609	8,748,918
Net sterling denominated liabilities	£ -	-	339,922	1,019,767

(iv) 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 group had net current liabilities at the balance sheet date, but is, to some extent, supported by its ultimate parent.

(v) 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 is of little significance for the group as it does not hold any traded securities.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The group manages this risk by ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched to mitigate any significant adverse cash flows.

19. Employee numbers and costs

The number of persons employed by the company and the group at the end of the year was as follows:

	2005	2004
Company	2	2
Group	2	2

19. Employee numbers and costs (cont'd)

The aggregate payroll costs for these persons were as follows:

	Company		Group	
	2005	2004	2005	2004
Salaries	720,125	526,017	720,125	526,017
Statutory payroll contributions	78,740	265,768	78,740	265,768
	$798,865	791,785	798,865	791,785

20. Related parties

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

	2005 $	2004 $
Transaction with subsidiary:		
Management fees charged to subsidiary	-	(8,276,000)
Interest earned on loans to subsidiary	(76,614,032)	(80,568,271)
Transaction with director:		
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000

21. Contingent liability

Several years ago, a hotel guest (at the former Seawind Beach Hotel) has alleged that she fell and suffered injuries and has filed a claim, as yet unquantified, for loss of earnings and for medical expenses. The company has filed a defence, and no provision has been made in the financial statements for this claim as the directors are confident that the outcome of the case is not likely to have any material adverse impact on the group.

Ciboney

CIBONEY GROUP LIMITED

FINANCIAL STATEMENTS

MAY 31, 2004

KPMG

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Chartered Accountants

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To the Members of
CIBONEY GROUP LIMITED

Auditors' Report

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") as of and for the year ended May 31, 2004, set out on pages 30 to 48, and have obtained all the information and explanations which we required. These financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The financial statements have been prepared on the basis that contemplates continuation of the company and the group as going concerns. However, (1) as more fully explained in note 1(b)(ii), the resort complex, which is substantially the group's only material operating asset, was disposed of effective as of January 1, 2004; and (2) as more fully explained in note 2, at the balance sheet date, the company and the group have net current liabilities and stockholders' net deficit. Accordingly, the continuation of the company and the group as going concerns is uncertain and depends on their ability to obtain continued financing and to identify and successfully pursue profitable undertakings. No adjustments have been made in the financial statements for any effects the resolution of this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with International Financial Reporting Standards, give, except for the effects, if any, of the resolution of the uncertainties referred to in the immediately preceding paragraph, a true and fair view of the state of affairs of the company and the group as at May 31, 2004 and of the results of operations and cash flows of the group for the year then ended, and comply with the provisions of the Companies Act.

KPMG Peat Marwick

November 3, 2004

CIBONEY GROUP LIMITED

Company Balance Sheet
May 31, 2004

	Notes	2004	2003
CURRENT ASSETS			
Cash and cash equivalents	4	552,900	3,149,990
Accounts receivable		564,103	3,470
Income tax recoverable		3,079,851	3,069,793
Owed by subsidiary		299,200	299,200
		4,496,054	6,522,453
CURRENT LIABILITIES			
Accounts payable and accrued charges	7	14,400,578	14,764,710
Interest payable		138,370,637	14,700,189
Current portion of long-term loans	14	18,192,000	17,724,000
Owed to parent company		167,558,698	167,558,698
Owed to ultimate parent company – Finsac Limited		3,155,485	3,155,485
		341,677,398	217,903,082
NET CURRENT LIABILITIES		(337,181,344)	(211,380,629)
INTEREST IN SUBSIDIARIES	8	518,639,513	502,898,831
UNQUOTED EQUITY INVESTMENT, at cost		-	300,000
PROPERTY, PLANT AND EQUIPMENT	10	215,811	277,471
		$181,673,980	292,095,673
Financed by:			
STOCKHOLDERS' NET DEFICIT			
Share capital	12	54,600,000	54,600,000
Reserves		274,836,230	279,075,375
Accumulated deficit		(664,345,414)	(615,416,782)
		(334,909,184)	(281,741,407)
LONG-TERM LOANS	14	516,583,164	573,837,080
		$181,673,980	292,095,673

The financial statements on pages 30 to 48, were approved for issue by the Board of Directors on November 3, 2004 and signed on its behalf by:

Director
Geoffrey Messado

Director
Patrick Hylton

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

CIBONEY GROUP LIMITED

Company Balance Sheet
May 31, 2004

	Notes	2004	2003
CURRENT ASSETS			
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Director
Geoffrey Messado

Director
Patrick Hylton

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

CIBONEY GROUP LIMITED

Statement of Consolidated Revenue and Expenses
Year ended May 31, 2004

	Notes	2004	2003
Operating revenue	15	78,420,884	115,355,921
Cost of operating revenue		(14,060,777)	(16,756,024)
Gross profit		64,360,107	98,599,897
Other operating income		54,411,696	12,193,366
		118,771,803	110,793,263
Administrative expenses		(7,637,055)	(6,389,349)
Depreciation		(12,251,924)	(12,569,632)
Gain on disposal of property, plant and equipment		395,808,976	-
Deferred income write-off		21,907,496	-
Net loss from fluctuations in exchange rates		(23,712,068)	(122,724,397)
Finance costs		(142,111,900)	(23,307,169)
Share of loss of associated company		-	(215,694)
Profit/(loss) before exceptional items	16	350,775,328	(54,412,978)
Exceptional items	17	-	4,574
Profit/(loss) before income tax		350,775,328	(54,408,404)
Income tax	18	-	(11,672)
Profit/(loss) after income tax		350,775,328	(54,420,076)
Minority interest		68,364	117,268
Net profit/(loss) for the year attributable to members		$350,843,692	(54,302,808)
Profit/(loss) per stock unit	19	6.43cents	(9.94)cents

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

CIBONEY GROUP LIMITED

Statement of Changes in Stockholders' Net Deficit
Year ended May 31, 2004

Company:

		Reserves			Revenue	
	Share capital	Share premium	Revaluation reserve	Other	Accumulated deficit	Total
Balances at May 31, 2002	54,600,000	274,836,230	-	4,239,145	(562,222,832)	(228,547,457)
Net loss, being total recognised losses for the year	-	-	-	-	(53,193,950)	(53,193,950)
Balances at May 31, 2003	54,600,000	274,836,230	-	4,239,145	(615,416,782)	(281,741,407)
Transfer	-	-	-	(4,239,145)	4,239,145	-
Net loss, being total recognised losses for the year	-	-	-	-	(53,167,777)	(53,167,777)
Balances at May 31, 2004	$54,600,000	274,836,230	-	-	(664,345,414)	(334,909,184)

Group:

		Reserves			Revenue	
	Share capital	Share premium	Revaluation reserve	Other	Accumulated deficit	Total
Balances at May 31, 2002:						
As previously reported	54,600,000	274,836,230	154,704,518	64,218,904	(862,375,019)	(314,015,367)
Effect of first time adoption of IFRS: IAS 16 – Property plant and equipment	-	-	(154,704,518)	(18,005,836)	172,710,354	-
As restated	54,600,000	274,836,230	-	46,213,068	(689,664,665)	(314,015,367)
Net loss, being total recognised losses for the year	-	-	-	-	(54,302,808)	(54,302,808)
Balances at May 31, 2003 as restated	54,600,000	274,836,230	-	46,213,068	(743,967,473)	(368,318,175)
Realised gain on sale of property, plant and equipment	-	-	-	-	4,239,146	4,239,146
Eliminated on disposal of subsidiary	-	-	-	-	3,153,957	3,153,957
Net profit, being total recognised profit for the year	-	-	-	-	350,843,692	350,843,692
Balances at May 31, 2004	$54,600,000	274,836,230	-	46,213,068	(385,730,678)	(10,081,380)

Accumulated deficit retained in:

	2004	2003 (Restated)
The company	(664,345,414)	(615,416,782)
Subsidiaries	278,614,736	(128,550,691)
	$(385,730,678)	(743,967,473)

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

CIBONEY GROUP LIMITED

Statement of Consolidated Cash Flows
Year ended May 31, 2004

	2004	2003
Cash flows from operating activities:		
Net profit/(loss) for the year	350,843,692	(54,302,808)
Adjustments to reconcile net profit/(loss) for the year to cash provided by operating activities:		
Items not involving cash:		
Depreciation	12,251,924	12,569,632
Investment written off	300,000	-
Share of current year's loss of associated company	-	227,365
Adjustment in share of associated company's net assets	-	25,664
Minority share of subsidiary's loss	(68,364)	(117,268)
Currency exchange losses	24,633,793	123,284,470
Gain on disposal of property, plant and equipment	(395,808,976)	-
Amortisation and write-off of deferred time-share sales	(125,730,094)	(4,048,356)
	(133,578,025)	77,638,699
(Increase)/decrease in current assets:		
Resale agreements	(2,318,932)	94,615,190
Accounts receivable	74,672,823	(106,708,578)
Income tax recoverable	(1,004,011)	(1,728,352)
Increase/(decrease) in current liabilities:		
Accounts payable and accrued charges	(48,012,502)	33,824,963
Interest payable	122,761,712	1,864,074
Net cash provided by operating activities	12,521,065	99,505,996
Cash flows from investing activities:		
Interest in associated companies	-	317,635
Property, plant and equipment additions	-	(1,114,497)
Net proceeds of disposal of property, plant and equipment	972,872,863	-
Time-share receivable	11,819,295	8,266,674
Note receivable	(857,455,660)	-
Net cash provided by investing activities	127,236,498	7,469,812
Cash flows from financing activities:		
Bank loan and overdraft	(796,608)	786,743
Long-term loans	(134,294,492)	(76,038,233)
Net cash used by financing activities	(135,091,100)	(75,251,490)
Net increase in cash and short-term deposits	4,666,463	31,724,318
Cash and cash equivalents at beginning of year	88,545,716	56,821,398
Cash and cash equivalents at end of year	$ 93,212,179	88,545,716

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

1. Identification

(a) Ciboney Group Limited ("the company") is a subsidiary of Crown Eagle Life Insurance Company Limited ("parent") and its ultimate parent is Finsac Limited. All these companies are incorporated in Jamaica. The registered office of the company is located at 9 Dumfries Road, Kingston 10, Jamaica.

Its primary activities are in the hospitality industry.

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

(i) Ciboney Hotels Limited (CHL) and its 84.2% subsidiary, Ciboney Proprietors Limited (CPL). CHL is the owner of the land and buildings comprising the resort complex, now operating as *Beaches Grande Sport at Ciboney*, except for fifteen villas and the common land and facilities. CPL owns and is responsible for the management and maintenance of the resort's common land and facilities.

(ii) Leisure Operators Limited (LOL), lessee of the resort complex referred to in the preceding paragraph. Under an agreement dated December 15, 2000, Leisure Operators Limited sub-leased the resort to Rios Hotel Management Limited ("Rios") for three years from September 1, 2000. No sub-lease rental was charged for the three months from that date to November 30, 2000. The sub-lease rental is US$180,000 per month from December 1, 2000. Under the terms of a separate agreement, dated December 15, 2000, Rios had an option to purchase the resort for US$17.5 million during the three-year sub-lease period ended August 31, 2003. The option was not exercised by the expiration date, but an extension to December 31, 2003 was requested and granted. On January 1, 2004, Rios exercised the option to purchase the resort and as at the balance sheet date, the procedures required in closing were well advanced.

(iii) Luxury Resorts Enterprises Limited and its wholly-owned subsidiary, Number Sixty Limited, which were established to engage in the business of acquiring, developing and letting resort properties. The proposal for such development has since been abandoned and the land being held is to be sold [note 10(f)].

2. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and practice statements issued by the Institute of Chartered Accountants of Jamaica, as well as the relevant provisions of the Companies Act ("the Act").

Jamaica adopted IFRS effective for accounting periods beginning on or after July 1, 2002. Therefore, these are the company's first financial statements prepared in accordance with IFRS. There have been some changes in the significant accounting policies followed in these financial statements compared with those used in previous years. However, except as shown at page 4, the changes have had no material effect on the reported financial position, financial performance and cash flows. IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, which is effective for accounting periods beginning on or after January 1, 2004, has been adopted early in the preparation of these financial statements. The significant accounting policies (note 3) have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at June 1, 2002 for the purposes of the transition to IFRS.

2. Basis of preparation (cont'd)

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

The preparation of the financial statements in accordance with IFRS also assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia*, that the balance sheet and the statement of revenue and expenses assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis. The financial statements have been prepared on the going concern basis; however, the future of the company is uncertain as it has recurring losses and an accumulated deficit, and, as indicated in notes 1(b) and 4, has disposed of its only operating asset, the *Beaches Grande Sport at Ciboney* Resort. No adjustments have been made in the financial statements for any effect this might have on the carrying values of the company's assets and liabilities as at balance sheet date.

The financial statements have been prepared on the going concern basis; however, there is some uncertainty about the future of the company and the group because of the following:

(i) As at and for the year ended on the balance sheet date, the following obtained:

	Company		Group	
	2004 $	2003 $	2004 $	2003 $ (Restated)
Net current liabilities	(337,181,344)	(211,380,629)	(207,515,378)	(206,341,468)
(Loss)/profit for year	(53,167,777)	(53,193,950)	350,843,692	(54,302,808)
Accumulated deficit	(664,345,414)	(615,416,782)	(385,730,678)	(743,967,473)
Stockholders' net deficit	(334,909,184)	(281,741,407)	(10,081,380)	(368,318,175)

(ii) As indicated in notes 1 and 10, the group has disposed of its only operating asset, the resort complex known as *Beaches Grande Sport at Ciboney*. Furthermore, the company's and the group's financial difficulties are also being experienced against the background of significant limitations on its ability to borrow or otherwise obtain adequate working capital.

The future of the company and the group as going concerns is, therefore, uncertain and is dependent on their ability to obtain continued financing and identify and successfully pursue profitable undertakings. No adjustments have been made in the financial statements for any effects this uncertainty might have on the carrying values of the company's and group's assets and liabilities as at the balance sheet date.

The financial statements are presented in Jamaica dollars, unless otherwise indicated.

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, 2004, after eliminating material intra-group balances. Where the minority interest in the losses of a subsidiary exceeds the minority interest in the net assets of the subsidiary, the excess is charged against the majority interest.

3. Significant accounting policies (cont'd)

(b) Property, plant and equipment

(i) Cost:

Property, plant and equipment are stated at cost; where cost is not practicably determinable, the previous carrying amount is deemed to be cost.

(ii) Depreciation:

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

The depreciation rates are as follows:

Buildings and infrastructure	2½%
Furniture, fixtures and equipment	10%
Motor vehicles	20%

(c) Foreign currencies:

(i) Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. The official spot market weighted average buying exchange rate for the United States dollar at the balance sheet date was J$60.64 (2003: J$59.08) [see note 20(b)(iii)].

(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 the statement of revenue and expenses, except that exchange losses resulting from severe depreciation in the currency and relating to liabilities arising directly on the recent acquisition of property, plant and equipment are included in the carrying value of the assets, provided such carrying value is not increased beyond the recoverable amount.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and include short-term deposits and other monetary investments with maturities ranging between one and twelve months from balance sheet date. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management activities are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Provisions:

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3. Significant accounting policies (cont'd)

(f) Resale agreements:

Securities purchased under resale agreements ("resale agreements") are accounted for as collateralised lending. They are classified as originated loans and carried at amortised cost.

(g) Time-share income and receivable:

Proceeds of sale of time-share weeks are deferred and included in current income in equal annual amounts over the expected life of the contract. Contracts are for periods of up to 60 years. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(h) Income tax:

Income tax is recognised in the statement of revenue and expenses except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

(i) Impairment:

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

(i) Calculation of recoverable amount

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

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

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.

4. Cash and cash equivalents

Cash and cash equivalents for the Group includes $87,013,025 (2003: $67,931,724) received from time-share owners and held in trust for Ciboney Hotels Limited, pending its transfer to Rios under the terms of the agreement referred to in note 1(b)(ii). On finalization of the sale, this amount, together with any interest earned thereon, will be transferred to Rios.

5. Resale agreements

The Group makes funds available to third parties by entering into short-term agreements with them. The Group, on delivering the funds, receives the securities (or other documents evidencing an interest in the securities) and agrees to resell them (or surrender the documents) on a specified date and at a specified price. The securities are not transferred, however, unless the counterparty fails to repurchase them in accordance with the agreement.

6. Accounts receivable

Accounts receivable includes stamp duties amounting to $22,623,523 recoverable from Rios. It was advanced in connection with the pending transfer of the resort [note 1(b)(ii)].

7. Accounts payable and accrued charges

Accounts payable and accrued charges of the Group for the prior year included an amount of $155,805,000 (US$2,625,000) which represented a deposit by Rios in relation to its option to purchase the resort [note 1(b)(ii)]. Included in accounts payable and accrued charges for the Group for the current year is $100,330,104, which represents time-share receivable, as well as cash received from time-share owners. This amount is now owed to Rios, as a result of the terms of the sale of the resort, and will be transferred to Rios on finalisation of the sale.

8. Interest in subsidiaries

	Company	
	2004	2003
Ordinary shares, at cost	120,826,764	120,826,764
Loans	11,808,500	11,808,500
Current accounts, net	458,804,249	443,063,567
	591,439,513	575,698,831
Less: impairment losses	(72,800,000)	(72,800,000)
	$518,639,513	502,898,831

The loans are unsecured, non-interest bearing and repayable only upon the winding up of the subsidiary.

9. Time-share receivable

	Group	
	2004	2003
Total time-share receivable	13,317,079	25,136,374
Less: current portion	(13,317,079)	(9,932,683)
	$ -	15,203,691

This represents the balance of proceeds of sale of time-share vacation weeks. Under the terms of the vendor-financed contracts, the purchase price is to be settled by a minimum deposit of 20%, with the balance receivable by 84 monthly instalments and bearing interest at a rate of 14.9% per annum. On completion of the sale of the resort [see note 1(b)(ii)], the time-share receivable will be transferred to Rios.

10. Property, plant and equipment

Company:

	Furniture & fixtures	Office equipment	Computer equipment	Total
Cost:				
May 31, 2003 and 2004	328,600	198,000	90,000	616,600
Depreciation:				
May 31, 2003	180,730	108,899	49,500	339,129
Charge for the year	32,860	19,800	9,000	61,660
May 31, 2004	213,590	128,699	58,500	400,789
Net book values:				
May 31, 2004	$115,010	69,301	31,500	215,811
May 31, 2003	$147,870	89,101	40,500	277,471

10. Property, plant and equipment (cont'd)

Group:

	Land [note (f)]	Other land, buildings and infrastructure	Furniture, fixtures and equipment	Total
Cost:				
May 31, 2003	44,000,000	724,507,361	153,700,652	922,208,013
Disposals	-	(724,507,361)	(146,784,054)	(871,291,415)
May 31, 2004	44,000,000	-	6,916,598	50,916,598
Accumulated depreciation:				
May 31, 2003	-	139,492,358	153,423,179	292,915,537
Charge for the year	-	12,190,262	61,662	12,251,924
Eliminated on disposals	-	(151,682,620)	(146,784,054)	(298,466,674)
May 31, 2004	-	-	6,700,787	6,700,787
Net book values:				
May 31, 2004	$44,000,000	-	215,811	44,215,811
May 31, 2003	$44,000,000	585,015,003	277,473	629,292,476

(a) Certain of the Group's property, plant and equipment were appraised on the fair market value basis by The C D Alexander Company Realty Limited, Real Estate Brokers and Appraisers, in May 1991.

(b) There was a subsequent appraisal on the fair market value basis of the other land, buildings, fixtures, fittings, plant, machinery and equipment by David Delisser and Associates Limited, real estate dealers and appraisers, as at January 21, 1992 in the amount of J$2,421,693,000 (US$66,617,500). The surplus on revaluation has not been brought to account; if it had been brought to account, property, plant and equipment of the Group would have increased by $1,489,220,000 at that time (see (e) below).

(c) As more fully described in note 14, the property, plant and equipment of the Group were among assets charged to secure the Group's borrowings.

(d) As stated in note 3(a)(i), property, plant and equipment are carried at cost; however, the previous carrying amount was deemed to be cost as at June 1, 2002, the Group's date of transition to IFRS.

(e) The property, plant and equipment of Ciboney Hotels Limited were sold pursuant to the option and sale agreements referred to in note 1(b).

(f) The carrying value of land, of $44,000,000, was determined in an independent appraisal by The C D Alexander Company Realty Limited in February 2002. Formal transfer to the Group of title to the land is yet to be effected. [See note (d) above].

11. Note receivable

	2004	2003
Note receivable	857,455,660	-
Less current portion	(144,391,845)	-
Non-current portion	$713,063,815	-

The company provided Rios with a vendor mortgage for the amount of US$14,875,000, the balance of the purchase price, to be repaid in 60 equal, monthly instalments, beginning January 31, 2004 at an interest rate of 12.5% per annum.

12. Share capital

	Company and Group	
	2004	2003
Authorized, issued and fully paid:		
546,000,000 ordinary shares, par value $0.10 each	$54,600,000	54,600,000

The ordinary shares were, when issued, converted to stock units.

13. Deferred income

	Group	
	2004	2003
Time-share sales	125,730,094	129,778,450
Less: amount included in income for the year	(3,492,503)	(4,048,356)
Amount transferred due to sale of hotel	(122,237,591)	-
	$ -	125,730,094

Deferred income represents an amount set aside out of the proceeds of sale of time-share vacation weeks to cover the company's obligation to supply vacation weeks in the future under the time-share contracts. The unamortized amount was credited to income in consequence of the sale of the resort and related obligation.

14. Long-term loans

		Company		Group	
		2004	2003	2004	2003
Loan No. 1	[TDB]	27,288,000	44,310,000	27,288,000	44,310,000
Loan No. 2	[DBJ]	-	-	7,071,403	7,071,403
Loan No. 3	[CDC]	-	-	108,573,187	161,447,970
Loan No. 4	[Recon]	217,027,739	211,444,543	217,027,739	211,444,543
Loan No. 5	[Refin]	-	18,368,993	-	18,368,993
Loan No. 6	[Recon]	169,032,613	179,540,539	169,032,613	179,540,539
Loans No. 7 & 8	[Refin]	121,426,812	118,736,097	121,426,812	118,736,097
Loan No. 9	[Recon]	-	9,473,937	-	9,473,937
Loan No. 10	[Refin]	-	9,686,971	-	9,686,971
		534,775,164	591,561,080	650,419,754	760,080,453
Current portion		(18,192,000)	(17,724,000)	(90,574,126)	(82,259,994)
		$516,583,164	573,837,080	559,845,628	677,820,459

14. Long-term loans (cont'd)

Note: TDB = Trafalgar Development Bank Limited; DBJ = Development Bank of Jamaica Limited, formerly National Development Bank of Jamaica Limited; CDC = Commonwealth Development Corporation; Recon = Recon Trust Limited; Refin = Refin Trust Limited (Recon and Refin are subsidiaries of Finsac Limited [note 1(a)]).

FINSAC Limited, through Recon Trust Limited and Refin Trust Limited, has assumed responsibility for repayment of the debts previously owed by the company to certain financial entities and has authorised the cancellation of all interest accrued from 1998 on Loans 5 to 10. New repayment schedules and other terms have not yet been finalised.

Loan No. 1, approximately the equivalent of US$1,350,000, was rescheduled and is repayable in 16 semi-annual instalments of US$93,750 commencing January 1, 2000. The loan bears interest at 12.5% per annum.

Loan No. 2 was disbursed, and is repayable, through "approved financial institutions" (AFI). The AFI involved was EMBJ, but the loan, made up as shown below, has since been assumed by Finsac. It is repayable by 28 equal quarterly instalments, which commenced June 1993. The loan is made up as follows:

	2004	2003	
Finsac (assumed from EMBJ*)	6,258,546	6,258,546	at interest rate of 13% p.a.
Finsac (assumed from EMBJ*)	812,857	812,857	at interest rate of 15% p.a.
	$7,071,403	7,071,403	

* EMBJ = Eagle Merchant Bank of Jamaica Limited

It is secured by the hypothecation of the shares and shareholders unsecured notes related to specified villas, in addition to the securities listed below:

Loan Nos. 1 and 2 are secured by:

(i) debentures creating a specific charge over specified villa units together with the shares in the common property attaching to them;

(ii) legal assignment of all rentals receivable under leases of the specified villa units owned by Ciboney Hotels Limited ('CHL') and leased to Leisure Operators Limited ('LOL');

(iii) a specific charge by way of supplemental mortgage over specified villas retained by CHL;* and

(iv) the guarantee of the company and/or CHL.

The several securities are the subject of a security sharing agreement among the lenders involved in certain of the loans.

14. Long-term loans (cont'd)

Loan No. 3 was rescheduled in 2000 and is now repayable by twelve semi-annual instalments, which commenced on January 31, 2000. The rescheduling also included the cancellation of accrued interest of $13,941,589. Interest rate is fixed at 10.5% per annum. The loan is repayable in Pounds Sterling, and the above balance represents the equivalent of £985,582 (2003: £1,642,137). On November 11, 1998, the House of Representatives of Jamaica approved a Government of Jamaica guarantee of £4,200,000 for this CDC loan. Upon the issue of this guarantee, a Supplemental Agreement was signed transferring all securities from CDC to the guarantor, Government of Jamaica.

Loan No. 4, approximately the equivalent of US$3,578,953 (2003: US$3,578,953), is secured by the guarantee of Ciboney Hotels Limited (CHL) up to US$4 million supported by a charge over nine specified villas.*

Loan No. 5 is secured by a guarantee from CHL for $18 million supported by a charge over three specified villas.*

Loan No. 6 is secured by guarantees from the company and CHL stamped to cover $143,000,000 and US$600,000. The guarantee by CHL is supported by first legal mortgages over nineteen villas at the *Beaches Grande Sport at Ciboney* Resort.*

Loan No. 7, approximately the equivalent of a balance of US$2,002,421 (2003: US$2,002,421), the Jamaica dollar amount of which is $121,426,809 (2003: $118,303,034), is secured by a mortgage on villas owned by CHL stamped to cover US$1,000,000; guarantee of CHL; and assignment of peril insurance for mortgaged property.*

Loan No. 8 amounting to $Nil (2003: $433,063) is secured by registered mortgages on villas owned by CHL stamped to cover US$1,000,000; guarantee of CHL; and assignment of peril insurance for the mortgaged property.*

* These assets are among those disposed of [note 1(b)(ii)].

Loan No. 9 was secured by a guarantee from CHL for $8,000,000.

Loan No. 10 represented the balance arising from an overdraft formerly maintained at Citizens Bank Limited by Leisure Operators Limited, which was assumed by Finsac. The amount is unsecured and the tenor, interest rate and other terms and conditions have not yet been decided.

15. Operating revenue

The revenue of the group is comprised mainly of lease rental.

16. Profit/(loss) before exceptional items

The following are among the items which have been charged in arriving at the consolidated loss before exceptional items:

		2004 $	2003 $
Depreciation		12,251,924	12,569,632
Auditors' remuneration		1,276,264	1,005,000
Directors' emoluments	- management	Nil	Nil
	- fees	149,400	120,180
Interest expense	- overdraft	29,209	29,721
	- loan	18,241,820	23,277,447

17. Exceptional items

	2004	2003
Adjustment in carrying value of group's interest in associated company	-	4,574
	$ -	4,574

18. Income tax

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

(b) The income tax charge for the prior year represents the Group's share of the then associated company's tax charge.

(c) At the balance sheet date, income tax losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for set-off against future taxable profits, amounted to approximately $101 million (2003: $182 million) for the company and approximately $156 million (2003: $249 million) for the Group.

(d) A deferred tax asset has not been recognised because it is not probable that sufficient taxable profits will be available in the foreseeable future to enable the company to benefit.

19. Profit/(loss) per stock unit

Profit/(loss) per stock unit is calculated by dividing profit/(loss) for the year attributable to members of $350,843,692 (2003: $(54,302,808)), by 546,000,000 (2003: 546,000,000), the number of stock units in issue.

20. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, resale agreements, accounts receivable, time-share receivable and notes receivable. Its financial liabilities comprise bank overdraft, accounts payable, interest payable, owed to parent and ultimate parent companies, and long-term loans. Information relating to fair values and financial instruments is set out below.

(a) Fair values:

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

20. Financial instruments (cont'd)

(a) Fair values:

The fair values of cash and short-term deposits, resale agreements, accounts receivable, bank overdraft, and accounts payable are assumed to approximate their carrying values, due to their short-term nature. The fair values of time-share receivable, owed to parent and ultimate parent companies, and long-term loans cannot practicably be determined due, generally, to the unavailability of quoted market prices or other relevant market information.

(b) Financial instruments risks:

The Group does not use derivatives as a risk management strategy at this time. Accordingly, exposure to credit, interest rate, foreign currency, liquidity, market and cash flow risks arises in the ordinary course of the Group's operations.

(i) Credit risk:

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

(ii) Interest rate risk:

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

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

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

(iii) Foreign currency risk:

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

20. Financial instruments (cont'd)

(b) Financial instruments risks (cont'd):

(iii) Foreign currency risk (cont'd):

	Company		Group	
	2004	2003	2004	2003
Net US$ denominated (liabilities)/asset	US$(5,275,637)	(4,838,850)	8,748,918	(3,478,167)
Net sterling denominated liabilities	£ -	-	1,019,767	1,699,612

(iv) 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 Group had net current liabilities at the balance sheet date, but is, to some extent, supported by its ultimate parent.

(v) 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 is of little significance for the Group as it does not hold any traded securities.

(vi) Cash flow risk:

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The company and Group manage this risk by ensuring, as far as possible, that fluctuations in cash flows relating to monetary financial assets and liabilities are matched to mitigate any significant adverse cash flows.

21. Employee numbers and costs

The number of persons employed by the company and the Group at the end of the year was as follows:

	2004	2003
Company	2	2
Group	2	2

21. Employee numbers and costs (cont'd)

The aggregate payroll costs for these persons were as follows:

	Company		Group	
	2004	2003	2004	2003
Salaries	526,017	560,183	526,017	560,183
Statutory payroll contributions	265,768	252,810	265,768	252,810
	$791,785	812,993	791,785	812,993

22. Related parties

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

	2004 $	2003 $
Transaction with subsidiary:		
Management fees charged to subsidiary	(8,276,000)	(12,302,000)
Transaction with director:		
Consultancy fees paid to Sonado Limited	1,980,000	1,980,000

23. Contingent liability

A hotel guest (at the former Seawind Beach Hotel) has alleged that she fell and suffered injuries and has filed a claim, as yet unquantified, for loss of earnings and for medical expenses. The company has filed a defence, and no provision has been made in the financial statements for this claim.