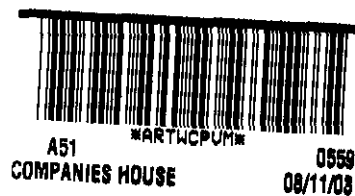


EASTERN RESORTS LIMITED

Report and Financial Statements

31 May 2000



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND REGISTERED OFFICE

DIRECTORS

Steven E Carey
Michael M Darville
Phyllis D Thompson
Joan L Thompson

SECRETARY

Simmlaw Services Limited

REGISTERED OFFICE

14 Dominion Street
London
EC2M 2RS

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2000.

ACTIVITIES

The company is a holding company. Its subsidiary companies are engaged in the development and operation of hotels.

DIVIDENDS

The directors do not propose to recommend payment of any dividends in respect of the year ended 31 May 2000 (1999 - £ nil).

DIRECTORS

The present membership of the Board is set out on page 1. The following changes took place during the year and since the year end:

| | |
|------------------------|-----------------------------|
| Stephen J Le Rossignol | (resigned 13 January 2000) |
| Brian Frith | (resigned 13 January 2000) |
| Sydney A Holley | (resigned 13 January 2000) |
| Dale McNutt | (resigned 13 January 2000) |
| Steven E Carey | (appointed 13 January 2000) |
| Michael M Darville | (appointed 13 January 2000) |
| Phyllis D Thompson | (appointed 13 January 2000) |
| Joan L Thompson | (appointed 13 January 2000) |

DIRECTORS' INTERESTS

No director had any beneficial interest in the shares of the company.

AUDITORS

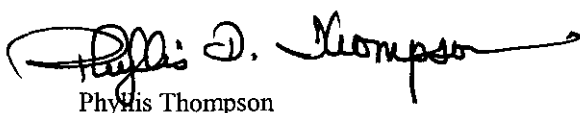
In accordance with Section 386 of the Companies Act 1985 an elective resolution was passed on 27 July 1992 to dispense with the obligation to appoint auditors annually.

Deloitte & Touche have expressed their willingness to continue in office.

Approved by the Board of Directors
and signed on behalf of the Board



Steve Carey
Director



Phyllis Thompson
Director

10th January 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
EASTERN RESORTS LIMITED**

We have audited the financial statements of Eastern Resorts Limited for the year ended 31 May 2000 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
St Helier, Jersey

30 June 2003

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2000

| | Note | 2000 £ | 1999 £ |
|---|------|-------------|-----------|
| Administration expenses | | (9,533) | (11,215) |
| OPERATING LOSS | | (9,533) | (11,215) |
| Exchange loss | | (1,405,092) | (131,485) |
| Reversal of amounts previously written off investments | | - | 496,051 |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 2 | (1,414,625) | 353,351 |
| Tax on (loss)/profit on ordinary activities | 3 | - | - |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES | 8 | (1,414,625) | 353,351 |

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 May 2000

| | 2000 £ | 1999 £ |
|---|-------------|-----------|
| (Loss)/profit for the financial year | (1,414,625) | 353,351 |
| Unrealised gain on valuation of investments | 666,954 | 277,150 |
| Total recognised gains and losses relating to the year | (747,671) | 630,501 |


BALANCE SHEET

As at 31 May 2000


| | Note | 2000 £ | 1999 £ |
|---|------|-------------|-------------|
| FIXED ASSETS | | | |
| Investments in subsidiary undertakings | 4 | 14,489,181 | 13,822,227 |
| CURRENT ASSETS | | | |
| Amounts owed by subsidiary undertakings | 5 | 12,312,923 | 12,312,923 |
| CREDITORS: amounts falling due within one year | | | |
| Amounts owed to parent company | 6 | 19,362,812 | 17,949,070 |
| Accruals | | 8,883 | 8,000 |
| | | 19,371,695 | 17,957,070 |
| NET CURRENT LIABILITIES | | (7,058,772) | (5,644,147) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7,430,409 | 8,178,080 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 12,290,820 | 12,290,820 |
| Share premium account | 8 | 974,900 | 974,900 |
| Revaluation reserve | 8 | 2,411,570 | 1,744,616 |
| Profit and loss account - deficit | 8 | (8,246,881) | (6,832,256) |
| EQUITY SHAREHOLDERS' FUNDS | | 7,430,409 | 8,178,080 |

These financial statements were approved by the Board of Directors on 10th January 2003.

Signed on behalf of the Board of Directors



Steven Carey
Director



Phyllis Thompson
Director

NOTES TO THE ACCOUNTS**Year ended 31 May 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards except as stated below. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investments in subsidiaries.

Foreign exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. These translation differences are dealt with in the profit and loss account. Translation differences arising on the revaluation of investments are included in revaluation gains and losses and taken to the profit and loss account or the revaluation reserve as appropriate.

Investments

Investments held as fixed assets are stated at directors' valuation, based on the net asset value of the subsidiary companies shown in the latest audited financial statements, adjusted for independent valuations of the land and buildings held in those companies.

Group accounts

The group qualifies as a small group as defined by United Kingdom legislation. Consequently the company has taken advantage of the exemption available under Financial Reporting Standard No 2 not to prepare consolidated financial statements. Accordingly these financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The accounts are prepared on a going concern basis on the grounds that continued support will be provided by the parent company. The parent company has undertaken to provide this support for a minimum period of one year from the date of approval of the financial statements.

2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company has no employees and there were no directors' or staff emoluments paid during the current year or preceding year. The current year's profit is stated after charging auditors' remuneration of £4,000 (1999: £4,000).

3. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

The company has been granted Exempt Company status in Jersey, and is therefore liable to an annual fee which is included in administration expenses in the profit and loss account as it is not dependent upon the results of the company.

The company has no UK tax liability for the year because of losses incurred in previous periods.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

4. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

| | £ | £ |
|---------------------------------------|-------------------|-------------------|
| Valuation | | |
| As at 1 June 1999/1 June 1998 | 13,822,227 | 13,049,026 |
| Movement in valuation during the year | 666,954 | 773,201 |
| As at 31 May 2000/31 May 1999 | <u>14,489,181</u> | <u>13,822,227</u> |
| Cost | | |
| As at 31 May 2000 and 31 May 1999 | <u>16,984,078</u> | <u>16,984,078</u> |

The subsidiary undertakings are La Toc Holdings Limited and The Reef (St Lucia) Limited, both incorporated in St Lucia, and Paradise Beach Limited, incorporated in Barbados. All the subsidiaries are involved in the development and ownership of hotels. Eastern Resorts Limited owns 100% of the ordinary share capital of each subsidiary.

The audited financial statements of the subsidiaries as at 31 May 2000 show the following net asset values and results for the year to that date:

| | Net asset value £ | Profit/ (loss) for the year to 31 May 2000 £ |
|-----------------------------|-------------------------|---|
| La Toc Holdings Limited | 4,947,656 | 147,539 |
| Paradise Beach Limited | 8,868,762 | (414,699) |
| The Reef (St Lucia) Limited | <u>672,662</u> | <u>12,753</u> |

Figures have been translated from Eastern Caribbean Dollars and Barbados Dollars as appropriate.

5. AMOUNTS OWED BY SUBSIDIARY UNDERTAKINGS

| | 2000 £ | 1999 £ |
|------------------------------|-------------------|-------------------|
| La Toc Holdings Limited | 10,889,980 | 10,889,980 |
| Paradise Beach Limited | 1,265,453 | 1,265,453 |
| The Reef (St. Lucia) Limited | <u>157,490</u> | <u>157,490</u> |
| | <u>12,312,923</u> | <u>12,312,923</u> |

All amounts are unsecured and interest free and have no set repayment date.

NOTES TO THE ACCOUNTS

Year ended 31 May 2000

6. AMOUNTS OWED TO PARENT COMPANY

The amounts owed to Bellingdon Limited are unsecured and interest free and have no set repayment date.

7. CALLED UP SHARE CAPITAL

| | 2000 & 1999 £ |
|--|---------------------|
| Authorised, issued, allotted and fully paid 12,290,820 ordinary shares of £1 each | 12,290,820 |

8. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Called up share capital £ | Share premium account £ | Revaluation reserve £ | Profit and loss account £ | Total £ |
|---|------------------------------------|----------------------------------|-----------------------------|---------------------------------|-------------|
| As at 1 June 1999 | 12,290,820 | 974,900 | 1,744,616 | (6,832,256) | 8,178,080 |
| Unrealised gains on revaluation of investments | - | - | 666,954 | - | 666,954 |
| Loss for the financial year | - | - | - | (1,414,625) | (1,414,625) |
| As at 31 May 2000 | 12,290,820 | 974,900 | 2,411,570 | (8,246,881) | 7,430,409 |

9. PARENT COMPANY, ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The parent company is Bellingdon Limited, a company incorporated in the Isle of Man. The ultimate parent is the Carlo Settlement, a settlement based in the Bahamas. Mees Pierson (Bahamas) Limited is deemed to be the ultimate controlling party, as trustee to the Carlo Settlement.

10. POST BALANCE SHEET EVENT

Since the year end the company has been enjoined in litigation concerning the proposed sale of one of its subsidiary companies, Paradise Beach Limited. The status of the litigation is currently unresolved. No provision has been made in these financial statements regarding the claim against the company, or for any legal costs incurred by the company.

11. CONTINGENT LIABILITY

The company has entered into a guarantee in favour of CIBC Bahamas Limited in respect of the borrowings of its parent Bellingdon Limited subject to a limit of US\$15,000,000. At 31 May 2000 the borrowings stood at US\$4,080,000 (1999: US\$5,760,000).