

PIBC MANAGEMENT LIMITED
D/B/A PARADISE ISLAND BEACH CLUB

BALANCE SHEET

DECEMBER 31, 2008

(Expressed in Bahamian dollars)




ASSETS

| | Notes | 2008 | (Unaudited) 2007 |
|-------------------------------|-------|---------------------|---------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 45,190 | 33,172 |
| | | <u>45,190</u> | <u>33,172</u> |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 1,073,680 | 1,101,243 |
| Accounts receivable | 5 | 212,137 | 20,076 |
| Prepayments | | 16,276 | 41,015 |
| | | <u>1,302,093</u> | <u>1,162,334</u> |
| TOTAL ASSETS | | <u>\$ 1,347,283</u> | <u>\$ 1,195,506</u> |

DEFICIT AND LIABILITIES

| | | | |
|---------------------------------------|----|---------------------|---------------------|
| DEFICIT | | | |
| Accumulated deficit | | (964,962) | (650,630) |
| TOTAL DEFICIT (Page 4) | | <u>(964,962)</u> | <u>(650,630)</u> |
| LONG-TERM LIABILITIES | | | |
| Tenant security deposits | 8 | 11,000 | - |
| Unearned maintenance fees | 14 | 1,751,739 | 1,475,625 |
| | | <u>1,762,739</u> | <u>1,475,625</u> |
| CURRENT LIABILITIES | | | |
| Bank overdraft | 7 | - | 103,010 |
| Due to related parties - current | 18 | 36,416 | - |
| Accounts payable and accrued expenses | 6 | 513,090 | 267,501 |
| | | <u>549,506</u> | <u>370,511</u> |
| TOTAL LIABILITIES | | <u>2,312,245</u> | <u>1,846,136</u> |
| TOTAL DEFICIT AND LIABILITIES | | <u>\$ 1,347,283</u> | <u>\$ 1,195,506</u> |

The financial statements were approved and authorized for issue on November 15, 2009 by the Management Committee and signed on its behalf by:



President



Committee Member

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

PKF

PIBC Management Ltd

Balance Sheet

As of December 31, 2008

| | Total |
|---|------------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 1000 Cash / Checking | |
| 1010 Petty Cash | 2,000.00 |
| 1020 Fidelity - Operating A/C 2000003254 / 10100152 | 33,349.40 |
| 1030 Fidelity - Prepaid Current Year A/C 3221 / 10100132 | 9,266.63 |
| 1035 Fidelity - Prepaid Future Years A/C 6984 / 10100599 | 35,554.05 |
| 1040 Royal Bank A/C 2626489 | 68,323.17 |
| 1050 Total Bank US\$ A/C | 225,186.30 |
| Total 1000 Cash / Checking | \$ 373,679.55 |
| 1080 Term Deposits | |
| 1081 30 Day CD | 0.00 |
| 1082 90 Day CD | 300,000.00 |
| 1083 180 Day CD | 400,000.00 |
| Total 1080 Term Deposits | \$ 700,000.00 |
| Total Bank Accounts | \$ 1,073,679.55 |
| Accounts Receivable | |
| 1100 Accounts Receivable | 132,254.20 |
| Total Accounts Receivable | \$ 132,254.20 |
| Other Current Assets | |
| 1101 A/R Members Dues | 57,136.05 |
| 1101A Allowance for Bad Debts | -254,919.31 |
| 1103 Undeposited Funds | 6,700.98 |
| 1109 Due from Festiva - 2008 Dues | 254,919.31 |
| 1190 A/R Clearing | |
| 1191 Due From Anthony Knowles | 0.00 |
| 1192 Due From Richard Cartwright | 0.00 |
| 1193 Due From Etienne Tilme | 474.00 |
| 1194 Due From <To> PIDL | 0.00 |
| 1196 Due From Staff - Mini-Mart Charges - CEL NEEDS INSIGHT | 0.00 |
| 1198 Due from Intercity - BEC | 4,091.52 |
| 1199 Due From Others (S/B zero) | 9,250.96 |
| 1201 Due From PIBCML (audit error) | 364.00 |
| Total 1190 A/R Clearing | \$ 14,180.48 |
| 1300 Prepaid Expenses | |
| 1301 Prepaid Insurance | 1,534.25 |
| 1302 Prepaid Welcome Center Lease | -0.06 |
| 1303 Prepaid Linens, Towels etc | 8,922.53 |
| 1304 Prepaid Kitchen Items | 0.00 |
| 1305 Prepaid Uniforms | 0.00 |
| 1306 Prepaid Garbage Collection | 5,818.93 |
| 1351 Prepaid Termite Treatment | 0.00 |
| 1399 Temporary Advance - S/B zero | 0.00 |
| Total 1300 Prepaid Expenses | \$ 16,275.65 |
| 1400 Refurbishment Inventory Items | |
| 1401 Air Conditioners | 0.00 |
| 1403 Showers & Tubs | 0.00 |

PIBC Management Ltd

Balance Sheet

As of December 31, 2008

| | <u>Total</u> | | |
|--|------------------------|--------------------|---------------------|
| 1404 Appliances, Fixtures & Fittings | 0.00 | | |
| 1405 Defibrillators | 0.00 | | |
| Total 1400 Refurbishment Inventory Items | <u>\$ 0.00</u> | | |
| Total Other Current Assets | <u>\$ 94,293.16</u> | 1,865.00 | 96,158.16 |
| Total Current Assets | \$ 1,300,226.91 | | |
| Fixed Assets | | | |
| 1700 Furniture & Equipment | | | |
| 1700-A Acquisition Costs | | | |
| 1701 Telephone Equipment | 35,723.00 | | |
| 1702 Computers & Software Equipment | 34,282.22 | | |
| Total 1700-A Acquisition Costs | <u>\$ 70,005.22</u> | | |
| 2700 Accumulated Deprec. | -24,815.22 | | |
| Total 1700 Furniture & Equipment | <u>\$ 45,190.00</u> | | |
| Total Fixed Assets | <u>\$ 45,190.00</u> | | |
| TOTAL ASSETS | \$ 1,345,416.91 | \$ 1,865.00 | 1,347,281.91 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| 2010 Accounts Payable | 88,771.42 | | |
| Total Accounts Payable | <u>\$ 88,771.42</u> | | |
| Other Current Liabilities | | | |
| 2020 A/P Clearing | 3,349.22 | | |
| 2021 PIDTA Tax | 585.36 | | |
| 2022 PIPB Levy | -1.97 | | |
| 2023 Exchange Tax Liability | 298.96 | | |
| 2024 Bahamas Government Room Tax | -101.39 | | |
| 2026 Sales Tax Payable | 3,484.02 | | |
| 2027 Bridge Toll | 411.56 | | |
| 2029-2 Group Health Insurance | 3,211.78 | | |
| 2029-3 NIB - PAYABLE | -312.06 | | |
| 2031 PMS Fees | 0.00 | | |
| 2032 SHG Management | -1,810.43 | | |
| 2034 Pool Bar | 0.00 | | |
| Total 2020 A/P Clearing | <u>\$ 9,115.05</u> | | |
| 2040 Accrued Expenses | 147,764.48 | | |
| 2041 Accrued Property Tax | 109,550.00 | | |
| 2044 Accrued Bonuses | -167.52 | | |
| 2045 Accrued Audit Fees | 10,000.00 | | |
| 2046 Accrued Bus. License | 0.00 | | |
| Total 2040 Accrued Expenses | <u>\$ 267,146.96</u> | | |
| 2048 Accrued Audit Adjustments | 28,071.88 | | |
| 2049 A/P Resale Proceeds | | | |
| 2049-1 A/P Resale Proceeds - Seller | 16,651.28 | | |
| 2049-3 A/P Registrar Fees | 105.00 | | |
| Total 2049 A/P Resale Proceeds | <u>\$ 16,756.28</u> | | |
| 2050-1 A/P Rental Proceeds - Member | 31,469.70 | | |
| 2060 Due To <From> PIDL | | | |
| 2049-9 A/P Resale Proceeds - Defaulted | 67,480.00 | | |

PIBC Management Ltd
Balance Sheet
As of December 31, 2008

| | Total | | |
|---|------------------------|----------|--------------|
| 2050-9 A/P Rental Proceeds - Defaulted | 30,085.67 | | |
| Total 2060 Due To <From> PIDL | \$ 97,565.67 | | |
| 2070 Due To <From> TMBL | | | |
| 1197 TMBL Mngmt Fees etc. | -1,865.00 | | |
| 2049-2 A/P Resale Proceeds - TMBL | 9,716.82 | | |
| 2050-2 A/P Rental Proceeds - TMBL | 892.88 | | |
| Total 2070 Due To <From> TMBL | \$ 8,744.70 | | |
| 2090 Due To <From> F&B | -29,310.34 | | |
| Mini-Mart | 4,498.50 | | |
| 8100 Funds Rec'd by PIBC | 272,047.76 | | |
| Funds Paid by PIBC - TO BE REALLOCATED | -167.37 | | |
| 8110 Labor | -69,986.43 | | |
| 8112 NIB /MM - PAYABLE | -969.12 | | |
| 8130 Inventory Purchases | -268,846.48 | | |
| MM/PB Accrued Christmas Bonus | 4,028.05 | | |
| MM/PB ER Bridge Toll | 76.63 | | |
| | -\$ 335,864.72 | | |
| Total Funds Paid by PIBC - TO BE REALLOCATED | -\$ 335,864.72 | | |
| Total Mini-Mart | -\$ 59,318.46 | | |
| Pool Bar/Restaurants | | | |
| 8300 Funds Rec'd by PIBC | 35,907.26 | | |
| 8500 Restaurant | 194,510.92 | | |
| 8510 Welcome Party Charge to Club | 25,300.00 | | |
| 8520 Entertainment | -20,325.00 | | |
| | \$ 199,485.92 | | |
| Total 8500 Restaurant | \$ 199,485.92 | | |
| Funds Paid by PIBC - TO BE REALLOCATED | -107.55 | | |
| 8310 Labor | -106,083.23 | | |
| 8311 Cooking Gas | -1,475.13 | | |
| 8312 Gratuities - PB | -36,680.64 | | |
| 8313 NIB /PB- Payable - TO BE REALLOCATED | 31.89 | | |
| 8319 Uniforms | -2,018.97 | | |
| 8330 Inventory Purchases | -189.75 | | |
| 8380 Other Expenses Pool Bar | -241.00 | | |
| | -\$ 146,764.38 | | |
| Total Funds Paid by PIBC - TO BE REALLOCATED | -\$ 146,764.38 | | |
| Total Pool Bar/Restaurants | \$ 88,628.80 | | |
| Total 2090 Due To <From> F&B | \$ 0.00 | | |
| Guest Deposits | 0.00 | | |
| | \$ 458,870.24 | | |
| Total Other Current Liabilities | \$ 458,870.24 | 1,865.00 | 460,735.24 |
| Total Current Liabilities | \$ 547,641.66 | | |
| Long Term Liabilities | | | |
| 2800 Tenant Security Deposits | 11,000.00 | | |
| 2900 Unearned Maintenance Fees - Current Year | 739.00 | | |
| 2990 Unearned Maintenance Fees - Next Year | 1,751,000.00 | | |
| | \$ 1,762,739.00 | | |
| Total Long Term Liabilities | \$ 1,762,739.00 | | |
| Total Liabilities | \$ 2,310,380.66 | 1,865.00 | 2,312,245.66 |

PIBC Management Ltd
Balance Sheet
As of December 31, 2008

| | Total | | |
|---------------------------------------|------------------------|----------|--------------|
| Equity | | | |
| 5010 Retained Earnings | -492,251.08 | | |
| 9000 Reserves For Replacements | | | |
| 9001 Member Dues - Contributions | 286,000.00 | | |
| 9100 Exteriors | | | |
| 9101 Painting & Signage | -5,607.48 | | |
| 9102 Lighting, Electrical, Plumbing | -335.14 | | |
| 9103 Walls, Steps and Fences | -8,674.09 | | |
| 9105 Roofs | -44,342.35 | | |
| 9106 Pools | -46,922.87 | | |
| 9107 Driveways and Gates | -18,522.06 | | |
| | -\$ 124,403.99 | | |
| Total 9100 Exteriors | | | |
| 9300 Interiors | | | |
| 9310 Units - Furniture | -56,370.90 | | |
| 9312 Units - Appliances & TVs | -56,969.25 | | |
| 9314 Units - Plumbing and Electrical | -5,187.43 | | |
| 9315 Units - Kitchens | -4,716.37 | | |
| 9330 C.A. - Welcome Centre | -71,148.68 | | |
| 9336 C.A. - Reef Bar & Pool Bathrooms | -52,745.67 | | |
| | -\$ 247,138.30 | | |
| Total 9300 Interiors | | | |
| 9500 Amenities | | | |
| 9510 Beach Area | | | |
| 9511 Beach Chairs, etc. | -21,935.32 | | |
| 9512 Beach Umbrellas | -5,399.12 | | |
| | -\$ 27,334.44 | | |
| Total 9510 Beach Area | | | |
| 9520 Pool Area | | | |
| 9521 Music Equipment | -2,193.36 | | |
| 9522 Patio Furniture | -2,248.93 | | |
| | -\$ 4,442.29 | | |
| Total 9520 Pool Area | | | |
| 9530 Gym & Games Area | | | |
| 9531 Gym Equipment | -558.61 | | |
| | -\$ 558.61 | | |
| Total 9530 Gym & Games Area | | | |
| 9540 Common Assets | | | |
| 9541 Bicycles | -2,755.45 | | |
| 9542 Cribs etc. | -884.99 | | |
| | -\$ 3,640.44 | | |
| Total 9540 Common Assets | | | |
| Total 9500 Amenities | -\$ 35,975.78 | | |
| | | | |
| Total 9000 Reserves For Replacements | -\$ 121,518.07 | | |
| Net Income | -351,194.60 | | |
| | -\$ 964,963.75 | | |
| Total Equity | | | |
| | | | |
| TOTAL LIABILITIES AND EQUITY | \$ 1,345,416.91 | 1,865.00 | 1,347,281.91 |

Saturday, Oct 02, 2010 08:54:26 AM PDT GMT-7 - Accrual Basis

PIBC MANAGEMENT LIMITED
D/B/A PARADISE ISLAND BEACH CLUB
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Expressed in Bahamian dollars)



| | <u>Notes</u> | <u>2008</u> | <u>(Unaudited) 2007</u> |
|------------------------------|--------------|---------------------|-----------------------------|
| INCOME | | | |
| Maintenance fees | | 1,755,280 | 1,763,235 * |
| Maid service revenue | | 94,613 | 74,703 |
| Energy surcharge revenue | | 142,810 | 75,548 |
| Telephone revenue | | 17,247 | 26,267 |
| Credit card revenue | | 16,974 | - |
| Internet revenue | | 790 | - |
| Interest income | | 18,422 | 14,715 |
| Other (expense)/income | | (5,561) | 26,392 |
| | | <u>2,040,575</u> | <u>1,980,860</u> |
| DIRECT EXPENSES | | | |
| Salaries | 19 | 817,133 | 724,738 |
| Uniforms | | 7,746 | 5,084 |
| Utilities | 10 | 406,642 | 346,038 |
| Contracted services | 11 | 106,461 | 91,081 |
| Saturday reception party | | 53,405 | - |
| Maintenance materials | | 106,131 | 21,233 |
| Other supplies and materials | 13 | 104,035 | 69,653 |
| | | <u>1,601,553</u> | <u>1,257,827</u> |
| OPERATING PROFIT | | | |
| | | <u>439,022</u> | <u>723,033</u> |
| INDIRECT EXPENSES | | | |
| Part-time wages | | 9,350 | 11,301 |
| Management fees | 18 | 165,000 | 204,924 |
| Professional fees | | 23,226 | 4,800 |
| Dues and subscriptions | | 2,635 | 768 |
| Licences and taxes | | 119,773 | 119,266 |
| Bank charges | | 20,162 | 38,876 |
| Insurance | 12 | 119,518 | 123,409 |
| Travel and entertainment | | 2,393 | 1,987 |
| Computer and IT services | | 31,845 | 5,450 |
| Company vehicle | | 1,291 | 2,238 |
| Office supplies and expenses | | 17,839 | 39,406 |
| Bad debt expense/(recovery) | 5 | 254,919 | 21,679 |
| Rental expenses | | - | 97,274 |
| Customs duty | | - | 16,488 |
| Employee-related expenses | | - | 38,986 |
| Miscellaneous | | - | 330,097 |
| Depreciation | 9 | 22,264 | 2,551 |
| | | <u>790,215</u> | <u>1,059,500</u> |
| LOSS FOR THE YEAR | | | |
| | | <u>\$ (351,193)</u> | <u>\$ (336,467) *</u> |

* As restated in 2008.

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

PKF

PIBC Management Ltd

Profit & Loss

January - December 2008

| | <u>Total</u> |
|---|------------------------------|
| Income | |
| 3000 Member Dues - Operations | 1,755,280.00 |
| 3100 Interest Income | 18,422.57 |
| Other Income | <u>-5,561.45</u> |
| Total Income | \$ 1,768,141.12 |
| Cost of Goods Sold | |
| 1 Front Desk | 170,194.59 |
| 2 HouseKeeping | 271,307.88 |
| 3 Maintenance | 472,382.05 |
| 4 Utilities | 245,795.24 |
| 5 Contracted Services | 106,460.85 |
| 6 Vacation Experience | <u>79,953.80</u> |
| Total Cost of Goods Sold | \$ 1,346,094.41 |
| Gross Profit | \$ 422,046.71 |
| Expenses | |
| 6000 General & Admin | 68,540.53 |
| 6700 Depreciation Expense | 22,263.58 |
| 6800 Legal & Professional Fees | 23,226.47 |
| 6900 Taxes & Licenses | 119,773.43 |
| 6999 Bad Debt Expense | 254,919.31 |
| 7800 Insurance | 119,517.99 |
| 7900 Management Fees | 165,000.00 |
| Reserve Expenditures = TO BE DELETED / do not use | <u>0.00</u> |
| Total Expenses | \$ 773,241.31 |
| Net Operating Income | <u>-\$ 351,194.60</u> |
| Net Income | <u>-\$ 351,194.60</u> |

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