MONTEGO BAY ICE COMPANY LIMITED 1999

Notes to the Financial Statements

December 31, 1999

1. The company and group

   The company and its subsidiaries are incorporated in Jamaica and the financial statements are presented in Jamaican dollars.

   The company is quoted on the Jamaica Stock Exchange.

   The principal activities of the company and its subsidiaries are the manufacture and sale of ice, the rental of cold storage facilities and apartments and the purchase and sale of papaya.

   At the end of the year the company and the group had in its employment thirty six (1998: forty two) employees.

2. Significant accounting policies

   (a) Accounting convention:

   The financial statements are prepared under the historical cost convention, modified for the inclusion of certain fixed assets at valuation.

   (b) Basis of consolidation:

   The consolidated financial statements include the financial statements of the company and its subsidiaries (see note 8) made up to December 31, 1999.

All significant inter-company transactions are eliminated. The company and its subsidiaries are collectively referred to as the "Group".

(c) Depreciation:

Fixed assets, with the exception of freehold land on which no depreciation is provided, are depreciated on the reducing-balance basis in the case of the parent company and on the straight-line basis in the case of subsidiaries, at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Buildings	2 1/2% and 5%
Plant, machinery and vehicles	10% - 20%
Office furniture and equipment	10%

(d) Inventories:

Inventories are valued at the lower of cost, determined principally on a first-in first-out basis, and net realisable value.

(e) Deferred taxation:

Reversible timing differences between the reporting of income and expense items for taxation and financial statements purposes are accounted for at current rates through deferred taxation.

(f) Foreign currencies:

Foreign currency balances at the balance sheet date are translated at the rates of exchange ruling on that date.

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the profit and loss account.

(g) Pension costs:

The company participates in a pension scheme (note 20) the assets of which are held separately from those of the company. Contributions to the scheme, made on the basis provided for in the rules, are charged to the profit and loss account when due.

(h) Investments:

Investments in marketable equity securities are stated at the lower of cost and market value. Investments in the subsidiaries are stated at cost.

(i) Related parties:

Related companies are entities in which this company and some directors and shareholders hold shares and influence financial or operating policy; or of which this company is an associated company or whose directorate is substantially common to them and this company.

3. Cash and short-term deposits

	Company		Group	
	1999	1998	1999	1998
Fixed deposits	-	2,368,503	5,291,131	9,891,613
Bank accounts	1,409,007	2,117,802	1,985,411	2,024,825
Cash	13,215	11,215	13,215	11,215
	$1,422,222	**4,497,520**	**7,289,757**	**11,927,653**

4. Accounts receivable

Accounts receivable for the company and the group include $258,329 (1998: $258,329) advanced to a director, which is interest-free and repayable on demand and are shown after deduction of a provision for doubtful debts of $1,144,715 (1998: $1,169,756) Included also are deposits amounting to $388,000 (1998: $Nil) and $934,000 (1998: $Nil) for the company and the group respectively in respect of certain fixed assets (see note 21).

5. Short-term loan

The short-term loan is to a related company. It is unsecured, denominated in United States dollars and earns interest at 11% per annum. Interest is capitalised periodically and the balance includes accrued interest of U.S.$389,924 (1998: U.S.$351,283).

6. Inventories

	Company and Group	
	1999	1998
Production chemicals	109,893	42,887
Plant and machinery spares	1,167,669	922,607
	$1,277,562	965,494

7. Investments

	Company and Group	
	1999	1998
Quoted:		
At cost	$ 2,200	2,200
Market value	$14,500	19,000

8. Interest in subsidiaries

Interest in subsidiaries comprises shares, at cost, as follows:

	% Held	Main activity
Montego Cold Storage Limited	66 2/3	Cold storage rental
Deans Valley Ice Company Limited	100	Dormant

9. Fixed assets

(a) Company:

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost or valuation:				

December 31, 1998	46,056,563	27,962,296	1,086,812	75,105,671
Additions	78,639	6,418,879	241,243	6,738,761
December 31, 1999	46,135,202	34,381,175	1,328,055	81,844,432
At cost	1,174,253	34,381,175	1,328,055	36,883,483
At valuation	44,960,949	-	-	44,960,949
	46,135,202	34,381,175	1,328,055	81,844,432
Depreciation:				
December 31, 1998	3,144,593	10,816,576	433,754	14,394,923
Charge for the year	825,650	2,345,116	89,430	3,260,196
December 31, 1999	3,970,243	13,161,692	523,184	17,655,119
Net book values:				
December 31, 1999	**$42,164,959**	**21,219,483**	**804,871**	**64,189,313**
December 31, 1998	**$42,911,970**	**17,145,720**	**653,058**	**60,710,748**

(b) Group:

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost or valuation:				
December 31, 1998	100,149,052	29,772,909	1,164,523	131,086,484
Additions	78,639	7,318,879	241,243	7,638,761
December 31, 1999	100,227,691	37,091,788	1,405,766	138,725,245
At cost	3,266,636	37,091,788	1,405,766	41,764,190
At valuation	96,961,055	-	-	96,961,055
	100,227,691	37,091,788	1,405,766	138,725,245
Depreciation:				
December 31, 1998	4,057,416	13,360,816	799,036	18,217,268
Charge for the year	1,415,536	2,527,757	155,164	4,098,457

December 31, 1999	5,472,952	15,888,573	954,200	22,315,725
Net book values:				
December 31, 1999	**94,754,739**	**21,203,215**	**451,566**	**116,409,520**
December 31, 1998	**96,091,636**	**16,412,093**	**365,487**	**112,869,216**

Freehold land and buildings of the company were revalued as at June 30, 1995 based on fair market valuations done on June 8, 1995 and June 21, 1995 by Keith Armstrong, valuer.

In respect of a subsidiary, certain buildings were revalued on a fair market value basis on May 13, 1994 by Keith Armstrong, valuer. The remaining freehold land and buildings were revalued on a market value basis on June 13, 1995 by the same valuer.

The surplus arising on revaluation, inclusive of depreciation no longer required, has been credited to capital reserve (note 11).

Freehold land and buildings include land at valuation of $26,195,000 (1998: $26,195,000) for the company and $67,035,443 (1998: $67,035,443) for the group.

Other fixed assets are shown at cost.

10. Share capital

		1999	1998
Authorised:			
5,000	6% Cumulative preference shares of $2 each	10,000	10,000
52,500,000	Ordinary shares of 20¢ each	10,500,000	10,500,000
		$10,510,000	10,510,000
Issued and fully paid:			
5,000	6% Cumulative preference shares	10,000	10,000
6,161,510	Ordinary stock units	1,232,302	1,232,302
		$1,242,302	1,242,302

11. Reserves

	1999	1998

(a) Company:

Share premium	19,229,822	19,229,822
Capital:		
Realised	2,055,852	2,055,852
Unrealised:		
Surplus on revaluation of fixed assets [note 9 (a)]	42,084,748	42,084,748
Total capital reserve	44,140,600	44,140,600
Revenue:		
Retained profits at end of the year	17,267,642	15,470,548
	$80,638,064	**78,840,970**

(b) Group:

Share premium	19,229,822	19,229,822
Capital:		
Realised	2,055,852	2,055,852
Unrealised:		
Surplus on revaluation of fixed assets [note 9 (b)]	94,766,044	94,766,044
Less: Attributable to minority interest (note 12)	(17,560,432)	(17,560,432)
Surplus on revaluation of fixed assets attributable to the company	77,205,612	77,205,612
Total capital reserve	79,261,464	79,261,464
Revenue:		
Retained profits at end of the year	21,609,430	18,391,019
	$120,100,716	**116,882,305**

12. Minority interest

	1999	1998
Share capital/capital reserve attributable to minority interest:		
Share capital	20,000	20,000
Revaluation surplus [note II (b)]	17,560,432	17,560,432
	17,580,432	17,580,432

Revenue reserves attributable to minority interest:		
Balance brought forward	1,459,957	1,141,281
Profit for the year attributable to minority interest	710,658	318,676
Balance carried forward	2,170,615	1,459,957
	$19,751,047	**19,040,389**

13. Gross operating revenue

Gross operating revenue represents income from the manufacture and sale of ice, the rental of cold storage facilities and apartments and the invoiced value of papaya sales.

14. Disclosure of expenses/(income)

Profit before taxation is stated after charging/(crediting):

	1999 $	1998 $
Depreciation	4,098,457	3,817,510
Staff costs	13,568,447	13,079,612
Directors' emoluments:		
Fees	54,600	91,200
Management remuneration	940,941	802,514
Auditors' remuneration - current year	870,800	863,800
- prior year	26,200	20,800
Overdraft interest	10,568	9,383
Interest - related company	(1,492,945)	(1,243,843)
- other	(938,734)	(1,358,608)

15. Taxation

The charge for taxation is based on the profit before taxation, as adjusted for tax purposes, and is made up as follows:

	1999	1998
Income tax @ 33 1/3%	1,209,894	2,189,165
Adjustment in respect of prior years	(2,744)	(48,435)
Adjustment in respect of deferred taxation	(9,961)	(315,623)

	$1,197,189	**1,825,107**

16. Net profit attributable to members

Dealt with in the financial statements of the holding company $1,797,694 (1998: $2,296,895).

17. Dividends

	1999	1998
Proposed - preference (gross)	$600	600

18. Earnings per stock unit

The calculation of earnings per stock unit is based on the profit for the year of $3,218,411 (1998: $2,933,545) and the 6,161,510 ordinary stock units in issue during the year.

19. National Housing Trust contributions

Contributions to the National Housing Trust amounting to $11,530 at July 31, 1979 are recoverable in the years 2001/4.

20. Pension scheme

The parent company operates a contributory pension and life assurance scheme for employees who have satisfied certain minimum service requirements. The scheme is arranged in conjunction with a life insurance company.

The company's and the group's contributions for the year amounted to $390,249 (1998: $744,191).

21. Capital commitment

At December 31, 1999 approximately $862,000 (1998: $Nil) and $1,462,000 (1998: $Nil) for the company and the group, respectively, had been committed for which no provision has been made in the financial statements. Deposits made amounting to $388,000 (1998: $Nil) and $934,000 (1998: $Nil) for the company and the group, respectively, have been included in accounts receivable (see note 4).

22. Exposure to foreign exchange rate changes

The company and the group are exposed to exchange rate changes in respect of balances in foreign currencies which amounted to a net asset of U.S.$396,874 (1998: U.S.$358,323) and U.S.$522,652 (1998: U.S.$557,857) respectively at the year-end.

23. Year 2000 issue

The Year 2000 issue arises because many computerised systems use two digits rather than four to identify a year. Date-sensitive systems may recognise the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the entity, including those related to customers, suppliers, or third parties, have been fully resolved.