MONTEGO BAY ICE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2005

KPMG

KPMG
Chartered Accountants
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To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Auditors' Report

We have audited the financial statements of Montego Bay Ice Company Limited ("company") as at and for the year ended December 31, 2005, set out on pages 2 to 28, and have obtained all the information and explanations which we required. The 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.

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 a true and fair view of the state of affairs of the company and the Group as at December 31, 2005, and of the profit, changes in equity and cash flows of the Group for the year then ended, and comply with the provisions of the Companies Act, so far as concerns members of the company.

KPMG

March 30, 2006

MONTEGO BAY ICE COMPANY LIMITED

Company Balance Sheet
December 31, 2005

	Notes	2005	2004
CURRENT ASSETS			
Cash and cash equivalents	3	6,719,700	6,786,514
Resale agreements	4	29,803,025	26,376,131
Accounts receivable	5	6,189,069	4,457,427
Short-term loan	6	2,106,308	6,343,987
Inventories	7	1,156,314	1,146,600
Taxation recoverable		1,348,620	442,674
Total current assets		47,323,036	45,553,333
CURRENT LIABILITIES			
Accounts payable	8	4,014,801	3,564,036
Due to subsidiary		4,058,735	1,533,955
Dividends - current		-	1,232,902
- unclaimed		631,756	588,928
Current portion of long-term liability	13	703,430	1,939,920
Total current liabilities		9,408,722	8,859,741
NET CURRENT ASSETS		37,914,314	36,693,592
NON-CURRENT ASSETS			
Interest in subsidiaries	9	40,160	40,160
Investment properties	10	10,003,943	10,028,097
Property, plant and equipment	11	49,752,179	52,713,032
Total non-current assets		59,796,282	62,781,289
		$97,710,596	99,474,881
Financed by:			
EQUITY			
Share capital	12(a)	20,472,124	1,242,302
Share premium	12(a)	-	19,229,822
Reserves	12(b)	73,751,813	74,071,638
Total equity		94,223,937	94,543,762
NON-CURRENT LIABILITIES			
Long-term liability	13	-	703,430
Deferred tax liability	14	3,486,659	4,227,689
Total non-current liabilities		3,486,659	4,931,119
		$97,710,596	99,474,881

The financial statements on pages 2 to 28 were approved for issue by the Board of Directors on March 30, 2006 and signed on its behalf by:

_________________________ Director
Mark Hart

_________________________ Director
Theresa Chin

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

MONTEGO BAY ICE COMPANY LIMITED

Group Balance Sheet
December 31, 2005

	Notes	2005	2004
CURRENT ASSETS			
Cash and cash equivalents	3	32,587,842	30,776,144
Resale agreements	4	29,803,025	26,376,131
Accounts receivable	5	6,350,750	4,977,915
Short-term loan	6	2,106,308	6,343,987
Inventories	7	1,156,314	1,146,600
Taxation recoverable		1,537,335	623,936
Total current assets		73,541,574	70,244,713
CURRENT LIABILITIES			
Accounts payable	8	5,228,842	4,359,231
Taxation payable		517,018	818,936
Dividends - current		-	1,232,902
- unclaimed		631,756	588,928
Current portion of long-term liability	13	703,430	1,939,920
Total current liabilities		7,081,046	8,939,917
NET CURRENT ASSETS		66,460,528	61,304,796
NON-CURRENT ASSETS			
Investment properties	10	58,561,907	58,376,377
Property, plant and equipment	11	49,752,179	52,713,032
Total non-current assets		108,314,086	111,089,409
		$174,774,614	172,394,205
Financed by:			
EQUITY			
Share capital	12(a)	20,472,124	1,242,302
Share premium	12(a)	-	19,229,822
Reserves	12(b)	123,730,872	121,398,683
		144,202,996	141,870,807
MINORITY INTEREST		25,009,524	23,683,517
Total equity		169,212,520	165,554,324
NON-CURRENT LIABILITIES			
Long-term liability	13	-	703,430
Deferred tax liability	14	5,562,094	6,136,451
Total non-current liabilities		5,562,094	6,839,881
		$174,774,614	172,394,205

The financial statements on pages 2 to 28 were approved for issue by the Board of Directors on March 30, 2006 and signed on its behalf by:

_____________________ Director
Mark Hart

_____________________ Director
Theresa Chin

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

MONTEGO BAY ICE COMPANY LIMITED

Group Income Statement
Year ended December 31, 2005

	Notes	2005	2004
Gross operating revenue	15	44,550,246	48,555,626
Cost of operating revenue		(19,566,740)	(18,228,365)
Gross operating profit		24,983,506	30,327,261
Other income/(expense):			
(Loss)/gain on disposal of property, plant and equipment		(56,838)	310,854
Foreign exchange gains		2,887,811	648,180
Interest income		3,421,732	3,800,992
		6,252,705	4,760,026
		31,236,211	35,087,287
Administration and other expenses		(26,654,327)	(28,739,090)
Profit from operations		4,581,884	6,348,197
Finance costs	16	(187,083)	(350,394)
Profit before taxation and minority interest	17	4,394,801	5,997,803
Taxation	18	(736,605)	(1,721,191)
Profit before minority interest		3,658,196	4,276,612
Minority interest		(1,326,007)	(735,924)
Profit for the year attributable to members		$ 2,332,189	3,540,688
Dealt with in the financial statements of:			
The company		(319,825)	2,068,839
The subsidiaries		2,652,014	1,471,849
		$ 2,332,189	3,540,688
Earnings per ordinary stock unit	19	$ 0. 38	0.57

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Changes in Equity
Year ended December 31, 2005

	Capital reserves			Revenue reserves	
	Share capital [note 12(a)]	Share premium [note 12(a)]	Realised [note 12(b)]	Retained earnings [note 12(b)]	Total
Company:					
Balances at December 31, 2003	1,242,302	19,229,822	2,055,852	71,179,849	93,707,825
Profit, being total recognised gains for the year	-	-	-	2,068,839	2,068,839
Dividends (note 20)	-	-	-	(1,232,902)	(1,232,902)
Balances at December 31, 2004	1,242,302	19,229,822	2,055,852	72,015,786	94,543,762
Loss, being total recognised losses for the year	-	-	-	(319,825)	(319,825)
Transfer of share premium	19,229,822	(19,229,822)	-	-	-
Balances at December 31, 2005	$20,472,124	-	2,055,852	71,695,961	94,223,937

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Changes in Equity (Continued)
Year ended December 31, 2005

Group:

	Capital Reserves			Revenue reserves			
	Share capital [note 12(a)]	Share premium [note 12(a)]	Realised [note 12(b)]	Retained earnings [note 12(b)]	Parent company stockholders' equity	Minority interest	Total equity
Balances at December 31, 2003	1,242,302	19,229,822	2,055,852	117,035,045	139,563,021	22,947,593	162,510,614
Profit, being total recognised gains for the year	-	-	-	3,540,688	3,540,688	735,924	4,276,612
Dividends (note 20)	-	-	-	(1,232,902)	(1,232,902)	-	(1,232,902)
Balances at December 31, 2004	1,242,302	19,229,822	2,055,852	119,342,831	141,870,807	23,683,517	165,554,324
Profit, being total recognised gains for the year	-	-	-	2,332,189	2,332,189	1,326,007	3,658,196
Transfer of share premium	19,229,822	(19,229,822)	-	-	-	-	-
Balances at December 31, 2005	$20,472,124	-	2,055,852	121,675,020	144,202,996	25,009,524	169,212,520

Retained in the financial statements of:

	2005	2004
The company	71,695,961	72,015,786
The subsidiaries	49,979,059	47,327,045
	$121,675,020	119,342,831

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

MONTEGO BAY ICE COMPANY LIMITED

Group Statement of Cash Flows
Year ended December 31, 2005

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to members	2,332,189	3,540,688
Adjustments for:		
Depreciation	3,175,694	4,612,543
Unrealised gain on exchange - loans	(102,349)	(107,459)
Interest income	(484,001)	(989,282)
Interest expense	151,837	317,874
Minority interest in profit for the year	1,326,007	735,924
Tax expense	1,310,962	2,258,917
Deferred taxation	(574,357)	(537,726)
(Loss)/gain on disposals of property, plant and equipment	56,838	(310,854)
Operating profit before changes in working capital	7,192,820	9,520,625
Increase in current assets:		
Accounts receivable	(1,548,248)	(465,281)
Inventories	(9,714)	(38,821)
Taxation recoverable	(217,795)	(209,442)
Increase/(decrease) in current liabilities:		
Dividends unclaimed	42,828	359,236
Accounts payable	869,611	350,059
Cash generated from operations	6,329,502	9,516,376
Tax paid	(2,308,484)	(3,593,332)
Interest paid	(151,837)	(317,874)
Net cash provided by operating activities	3,869,181	5,605,170
CASH FLOWS FROM INVESTING ACTIVITIES		
Resale agreements	(3,426,894)	(26,376,131)
Interest received	659,414	813,869
Short-term loan	4,340,028	4,681,131
Additions to property, plant and equipment	(457,209)	(1,865,069)
Additions to investment properties	-	(44,301)
Proceeds from disposal of property, plant and equipment	-	620,000
Net cash provided/(used) by investing activities	1,115,339	(22,170,501)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term loan	(1,939,920)	(1,939,920)
Dividends paid	(1,232,902)	(6,161,510)
Net cash used by financing activities	(3,172,822)	(8,101,430)
Net increase/(decrease) in cash and cash equivalents	1,811,698	(24,666,761)
Cash and cash equivalents at beginning of the year	30,776,144	55,442,905
Cash and cash equivalents at end of the year	$32,587,842	30,776,144

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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2005

1. The company

Montego Bay Ice Company Limited ("company") and its subsidiaries (note 9) are incorporated and domiciled in Jamaica. The company is listed on the Jamaica Stock Exchange and its registered office and principal place of business is located at 2 Creek Street, Montego Bay, St. James.

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

2. Statement of compliance, basis of preparation, and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, adopted by the International Accounting Standards Board (IASB), and comply with the provisions of the Companies Act.

At the date of the authorisation of the financial statements, IFRS 7 – *Financial Instruments: Disclosure* was in issue, but would not be effective until January 1, 2007. The adoption of IFRS 7 is expected to result in additional disclosures for financial instruments. Other standards and interpretations in issue are not considered relevant to the company at this time.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars ($), which is the functional currency of the company.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of, and 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

There are no significant assumptions and judgements applied in these financial statements with a risk of material adjustments in the next year.

The significant accounting policies stated in paragraphs (c) to (x) below conform in all material respects with IFRS.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(c) Basis of consolidation:

A "subsidiary" is an enterprise controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The consolidated financial statements comprise the financial results of the company and its subsidiaries for the year ended December 31, 2005. The company and its subsidiaries are collectively referred to as the "Group".

All significant inter-company transactions are eliminated.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits. For the purpose of the statement of cash flows, bank overdraft, if any, is presented as a financing activity.

(e) Securities purchased under resale agreements:

Securities purchased under resale agreement ("Resale agreements" or Reverse repos") are short-term transactions, whereby securities are bought with simultaneous agreements to resell the securities on a specified date at a specified price. Reverse repos are accounted for as short-term collateralised lending and are carried at amortised cost.

Interest earned on resale agreements is recognised as interest income over the life of each agreement using the effective interest rate method.

(f) Accounts receivable:

Trade and other receivables are stated at cost, less impairment losses [note 2(s)].

(g) Inventories:

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

(h) Accounts payable and provisions:

(i) Trade and other payables are stated at cost.

(ii) A provision is recognised in the balance sheet when the company and its subsidiaries have 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 pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(i) Interest in subsidiaries:

Interest in subsidiaries is stated at cost.

(j) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [note 2(s)].

(k) Investment properties:

Investment properties are stated at cost, less accumulated depreciation and impairment losses [note 2(s)].

(l) Depreciation:

Property, plant and equipment and investment properties, with the exception of freehold land on which no depreciation is provided, are depreciated on the reducing-balance basis, except where stated, at annual rates estimated to write off the assets over their expected useful lives. In the prior year, the depreciation of investment properties for a subsidiary was on the straight-line basis. The subsidiary has now changed its policy to be consistent with the parent company and the effect of the change is accounted for in the current year as an adjustment in relation to prior years (note 17). The depreciation rates are as follows:

	2005	2004
Property, plant and equipment:		
Buildings	5%	2½% and 5%
Plant, machinery and vehicles	10% - 20%	10% - 20%
Plant, machinery and vehicles (straight-line)	10%	10%
Office furniture and equipment	10%	10%
Investment properties:		
Buildings	2½% and 5%	2½% and 5%
Machinery and equipment	10% - 20%	10% - 20%
Furniture and fixtures	10%	10%

(m) Revenue recognition:

Revenue from the sale of goods is recognised in the Group income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised, if there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

Rental income from investment properties is recognised in the Group income statement on the straight-line basis over the term of the lease agreement.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(n) 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 Group income statement.

(o) Pension scheme costs:

The company participates in a defined contribution pension scheme (note 22) 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 Group income statement when due.

(p) Related parties:

A party is related to an entity, if:

(i) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(q) Finance costs:

Finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, and interest receivable on funds invested, as well as foreign exchange losses and gains on financing items recognised in the income statement.

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(r) Taxation:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement, 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 computed 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.

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.

(s) Impairment:

The carrying amounts of the company's and its subsidiaries' 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 income statement.

(i) Calculation of recoverable amount:

The recoverable amount of 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 pre-tax 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 receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(s) Impairment (cont'd):

(ii) Reversals of impairment (cont'd):

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimate 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.

(t) Segment reporting:

A segment is a distinguishable component of the Group that is engaged either in providing products (business segment) or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments are managed on a local basis.

Segment information is presented in respect of the Group's business segments, the primary format, which is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The activities of the Group are organised into the following business segments:

(i) manufacture and sale of ice;
(ii) rental of cold storage facilities and apartments;
(iii) other, including processing and sale of spring water and transportation.

(u) 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, short-term loan and related party receivables. Financial liabilities include accounts payable and long-term liability.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

2. Statement of compliance, basis of preparation and significant accounting policies (cont'd)

(v) Determination of fair value:

Fair value is the arm's length consideration for which an asset could be exchanged or a liability settled between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

(w) Long-term liabilities:

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs.

(x) Preference share capital:

Preference share capital is classified as equity, as it is non-redeemable and any dividends are discretionary. Dividends on preference share capital are recognised as distributions within equity.

3. Cash and cash equivalents

	Company		Group	
	2005	2004	2005	2004
Cash	20,000	20,000	20,000	20,000
Bank accounts	6,699,700	6,766,514	9,933,474	9,711,873
Certificates of deposit	-	-	22,634,368	21,044,271
	$6,719,700	6,786,514	32,587,842	30,776,144

Certificates of deposit comprise US$Nil (2004: US$Nil) for the company and US$352,671 (2004: US$343,445) for the Group.

4. Resale agreements

The fair value of the underlying collateral purchased on the secondary market cannot be reliably determined as there is no active market [note 2(e)].

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

5. Accounts receivable

	Company		Group	
	2005	2004	2005	2004
Trade receivables	5,422,296	4,883,755	5,579,537	4,920,519
Less: Provision for doubtful debts	(118,280)	(1,316,024)	(118,280)	(1,316,024)
	5,304,016	3,567,731	5,461,257	3,604,495
Other	885,053	889,696	889,493	1,373,420
	$6,189,069	4,457,427	6,350,750	4,977,915

Trade receivables for the Group include $96,270 (2004: $36,764) due from a related company and $60,971 (2004: $Nil) due from a director.

Other receivables for the company and the Group include interest-free staff loan of $149,000 (2004: $69,000) due from a director.

6. Short-term loan

The short-term loan for the company and the Group, which is denominated in United States dollars and repayable on demand, represents US$32,819 due from a related company as at December 31, 2005 (2004: US$103,535). It is unsecured and earns interest at 11% (2004: 11%) per annum (note 21).

7. Inventories

	Company and Group	
	2005	2004
Production chemicals	208,723	83,375
Plant and machinery spares	947,591	1,063,225
	$1,156,314	1,146,600

8. Accounts payable

	Company		Group	
	2005	2004	2005	2004
Trade payables	1,060,617	1,922,631	1,060,617	2,582,631
Other	2,954,184	1,641,405	4,168,225	1,776,600
	$4,014,801	3,564,036	5,228,842	4,359,231

Trade payables for the company and the Group include $14,170 (2004: $Nil) due to a related party.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

9. Interest in subsidiaries

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

	Cost of shares	% held	Main activity
Montego Cold Storage Limited	40,000	$66^{2}/_{3}$	Cold storage and apartment rental
Deans Valley Ice Company Limited	160	100	Dormant
	$40,160		

10. Investment properties

Company

	Freehold land and buildings
At cost:	
December 31, 2004 and 2005	10,129,032
Depreciation:	
December 31, 2004	100,935
Charge for the year	24,154
December 31, 2005	125,089
Net book value:	
December 31, 2005	$10,003,943
December 31, 2004	$10,028,097

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

10. Investment properties (cont'd)

Group

	Freehold land and buildings	Machinery and equipment	Furniture and fixtures	Total
At cost:				
December 31, 2004 and 2005	63,555,338	2,009,318	983,919	66,548,575
Depreciation:				
December 31, 2004	5,800,659	1,881,282	490,257	8,172,198
Charge for the year	(1,282)	(190,678)	6,430	(185,530)
December 31, 2005	5,799,377	1,690,604	496,687	7,986,668
Net book values:				
December 31, 2005	$57,755,961	318,714	487,232	58,561,907
December 31, 2004	$57,754,679	128,036	493,662	58,376,377

Freehold land and buildings include land at cost of $9,545,000 (2004: $9,545,000) for the company and $49,587,000 (2004: $49,587,000) for the Group.

At December 31, 2005, the fair value of investment properties amounted to $10,400,000 (2004: $10,400,000) for the company and $87,500,000 (2004: $87,500,000) for the Group, as determined by the directors, having regard to market conditions for similar properties in comparable locations and categories as the investment properties.

During the course of the year the company's and the Group's investment properties generated income and expenses as follows:

	2005		2004	
	Company $	Group $	Company $	Group $
Income earned from properties	598,311	6,358,431	947,499	6,858,060
Expenses incurred by properties	(251,801)	(2,648,169)	(220,559)	(4,183,085)

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

11. Property, plant and equipment

Company

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
December 31, 2004	37,958,999	43,411,260	1,633,729	83,003,988
Additions	-	416,274	40,935	457,209
Disposals	-	-	(163,166)	(163,166)
December 31, 2005	37,958,999	43,827,534	1,511,498	83,298,031
Depreciation:				
December 31, 2004	7,750,267	21,631,544	909,145	30,290,956
Charge for the year	678,436	2,611,920	70,868	3,361,224
Eliminated on disposals	-	-	(106,328)	(106,328)
December 31, 2005	8,428,703	24,243,464	873,685	33,545,852
Net book values:				
December 31, 2005	$29,530,296	19,584,070	637,813	49,752,179
December 31, 2004	$30,208,732	21,779,716	724,584	52,713,032

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

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

Group

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
December 31, 2004	37,958,999	44,911,260	1,633,729	84,503,988
Additions	-	416,274	40,935	457,209
Disposals	-	-	(163,166)	(163,166)
December 31, 2005	37,958,999	45,327,534	1,511,498	84,798,031
Depreciation:				
December 31, 2004	7,750,267	23,131,544	909,145	31,790,956
Charge for the year	678,436	2,611,920	70,868	3,361,224
Eliminated on disposals	-	-	(106,328)	(106,328)
December 31, 2005	8,428,703	25,743,464	873,685	35,045,852
Net book values:				
December 31, 2005	$29,530,296	19,584,070	637,813	49,752,179
December 31, 2004	$30,208,732	21,779,716	724,584	52,713,032

Freehold land and buildings include land at a cost of $16,640,000 (2004: $16,640,000) for the company and the Group.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

12. Share capital and reserves

(a) Share capital comprises:

	2005	2004
Authorised:		
52,500,000 Ordinary shares at 20¢ each	10,500,000	10,500,000
5,000 6% Cumulative non-redeemable preference shares at $2 each	10,000	10,000
	$10,510,000	10,510,000
Issued and fully paid:		
6,161,510 Ordinary stock units at no par value	20,462,124	1,232,302
5,000 6% Cumulative non-redeemable preference shares at no par value	10,000	10,000
	$20,472,124	1,242,302

The Companies Act 2004, which became effective on February 1, 2005, provides that all shares in issue shall have no par, or nominal, value, unless the company elects to retain its shares with a par value. The company did not so elect. Accordingly, the issued ordinary share capital for 2005 includes the amount previously presented as Share Premium.

(b) Reserves comprise:

	Company		Group	
	2005	2004	2005	2004
Capital:				
Realised gains on disposal of property, plant and equipment	2,055,852	2,055,852	2,055,852	2,055,852
Revenue:				
Retained earnings	71,695,961	72,015,786	121,675,020	119,342,831
	$73,751,813	74,071,638	$123,730,872	121,398,683

Retained earnings include unrealised revaluation surplus of $42,084,748 (2004: $42,084,748) for the company and $77,205,612 (2004: $77,205,612) for the Group, in respect of the revaluation amount of investment properties which were deemed to be cost in accordance with first-time adoption of IFRS.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

13. Long-term liability

	Company and Group	
	2005	2004
8½% Bank loan	703,430	2,643,350
Less: Current portion	(703,430)	(1,939,920)
	$ -	703,430

The loan comprises amounts drawn down from a facility of $9,700,000 and is secured by a debenture stamped in the amount of $10,000,000, creating a first specific charge over fixed assets and a floating charge over all other assets of the company. The loan is also secured by a mortgage creating a first legal charge over certain properties owned by the company. The loan is repayable by monthly principal instalments of $161,666, the final instalment being due in June 2006.

14. Deferred tax liability

Deferred tax liability is attributable to the following:

	Company			The Group		
	2004	Recognised in income statement [note 18(a)]	2005	2004	Recognised in income statement [note 18(a)]	2005
Investment properties	15,957	(4,424)	11,533	2,044,068	101,547	2,145,615
Property, plant and equipment	4,240,786	(375,536)	3,865,250	4,115,786	(313,036)	3,802,750
Accounts payable	(69,521)	18,086	(51,435)	(69,521)	18,086	(51,435)
Accounts receivable	40,467	2,823	43,290	45,142	(372)	44,770
Unrealised foreign exchange gain	-	-	-	976	1,397	2,373
Tax losses	-	(381,979)	(381,979)	-	(381,979)	(381,979)
	$4,227,689	(741,030)	3,486,659	6,136,451	(574,357)	5,562,094

15. Gross operating revenue

Gross operating revenue represents income from the manufacture and sale of ice and spring water, and the rental of cold storage facilities and apartments.

16. Finance costs

	2005	2004
Loan interest	151,838	317,874
Overdraft interest	20,832	16,151
Other interest	14,413	16,369
	$187,083	350,394

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

17. Profit before taxation and minority interest

The following expenses are among the items charged/(credited) in arriving at the profit before taxation and minority interest:

	2005 $	2004 $
Depreciation:		
Current year	3,799,599	4,612,543
Prior year	(623,905)	-
Staff costs	15,002,746	14,727,335
Directors' emoluments [see note 21(a)]:		
Fees	198,250	184,600
Management remuneration	4,061,115	3,663,288
Auditors' remuneration:		
Current year	1,375,000	1,320,000
Prior year	(10,000)	(190,000)

18. Taxation

	2005	2004
(a) Income tax expense:		
Current tax @ 33⅓%	1,310,962	2,457,502
Adjustment in respect of prior years	-	(198,585)
	1,310,962	2,258,917
Deferred taxation:		
Tax losses	(381,979)	-
Origination and reversal of temporary differences	(192,378)	(537,726)
Deferred tax (note 14)	(574,357)	(537,726)
Taxation expense recognised in income statement	$ 736,605	1,721,191
(b) Reconciliation of effective tax rate:		
Profit before taxation	$4,394,801	5,997,803
Computed "expected" tax charge	1,464,934	1,999,268
Tax effect of differences between treatment for financial statement and taxation purposes:		
Accounts receivable	58,471	-
Accounts payable	-	(57,462)
Depreciation and capital allowances	66,820	56,037
Disallowable expenses	28,862	137,017
Exchange gains	(882,482)	(215,084)
	736,605	1,919,776
Adjustment in respect of prior years	-	(198,585)
	$ 736,605	1,721,191

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

18. Taxation (cont'd)

(c) As at December 31, 2005, taxation losses, subject to agreement by the Commissioner of Taxpayer Audit and Assessment, available for relief against future taxable profits amounted to approximately $1,146,000 (2004: $Nil) for the company, and for the group.

In his April 2005 budget presentation, the Minister of Finance and Planning announced that instead of indefinitely, the carry forward of tax losses would be restricted to five years, with effect from January 1, 2006. Up to March 30, 2006, enabling legislation had not been passed into law. The amount disclosed, therefore, does not reflect any change in the current treatment of taxation losses.

19. Earnings per ordinary stock unit

The earnings per ordinary stock unit is calculated by dividing the net profit attributable to members for the year of $2,332,189 (2004:$3,540,688) by the 6,161,510 (2004: 6,161,510) ordinary stock units in issue during the year.

20. Dividends

	2005	2004
Ordinary:		
Interim dividend at $Nil (2004: $0.20) per stock unit	-	1,232,302
Preference	-	600
	$ -	1,232,902

Preference dividends in arrears at December 31, 2005 amounted to $600 (2004: $Nil).

21. Related party transactions

(a) The company and the Group have related party relationships with companies under common control and their directors, senior officers and executives. "Key management personnel" comprises executive, as well as the non-executive, directors.

(b) During the year, the Group had the following transactions at arm's length in the ordinary course of business with a director and related companies under common control:

	2005 $	2004 $
Rental income - related company	(275,733)	(628,982)
- director	(174,631)	-
Interest income - related company (note 6)	(484,001)	(989,282)
Compensation of key management personnel (note 17)	4,259,365	3,847,888

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

22. Pension scheme

The company operates a defined contribution pension and life assurance scheme. The scheme is open to employees who have satisfied certain minimum service requirements. The scheme is arranged in conjunction with a life insurance company. Under this scheme, retirement benefits are based on the company's and employees' accumulated contributions, plus interest and, therefore, the company and the Group have no further liability to fund benefits.

The company's and the Group's contributions for the year amounted to $770,912 (2004: $715,361).

23. Financial instruments

(a) Financial instrument risks:

Exposure to credit, interest rate, foreign currency, market, cash flow and liquidity risks arises in the ordinary course of the company's and the Group's business. Derivative financial instruments are not presently used to mitigate, manage or eliminate exposure to financial instrument risks.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The company and the Group generally do not require collateral in respect of financial assets, materially, accounts receivable, cash and cash equivalents, investment and short-term loan. Management has a credit policy in place to minimise exposure to credit risk. Credit evaluations are performed on all customers requiring credit. Cash and cash equivalents and resale agreements are placed with reputable institutions who are believed to have minimal risk of default. Short-term loan due from related company is closely monitored by management.

At the balance sheet date, there were no significant concentrations of credit risk, except for the cash and cash equivalents, resale agreements and unsecured short-term loan to a related company, and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company and the Group materially contract financial liabilities at floating interest rates. These primarily relate to the long-term loan which is subject to interest rates fixed in advance, but which may be varied by appropriate notice by the lender.

23. Financial instruments (cont'd)

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

(ii) Interest rate risk (cont'd):

At the balance sheet date, financial liabilities subject to interest aggregated $703,430 (2004: $2,643,350) for the company and the Group.

Interest bearing financial assets mainly comprise short-term deposits, resale agreements and short-term loan which have been contracted at fixed interest rates for the duration of their term.

At December 31, 2005, financial assets subject to interest aggregated $36,052,925 (2004: $37,987,932) for the company and $58,687,293 (2004: $59,032,203) for the Group.

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company and the Group are exposed to foreign currency risk primarily on transactions which are denominated in a currency other than the Jamaica dollar.

The principal foreign currency giving rise to this risk is the United States dollar (US$).

At December 31, 2005, foreign currency assets aggregated US$553,640 (2004: US$621,726) for the company and US$908,830 (2004: US$973,452) for the Group.

In accordance with accounting policies applied consistently, exchange gains and losses are recognised in the Group income statement [note 2(n)].

(iv) 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. The company and the Group have no exposure to this risk as the company and the Group have no traded securities.

23. Financial instruments (cont'd)

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

(v) 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 the 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.

(vi) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. At year-end, there was no significant liquidity risk as adequate cash resources are available to meet obligations as they fall due.

(b) Determination of fair value:

The fair values of cash and cash equivalents, resale agreements, accounts receivable, short-term loan, accounts payable and due to subsidiary are assumed to approximate their carrying values due to their short-term nature or the ability to achieve set-offs in the amounts disclosed.

The carrying value of the long-term liability is assumed to approximate its fair value as no discount on settlement is anticipated.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

24. Segmented results

	2005 Ice	Rental	Other	Total	Eliminations	Consolidated
Revenue:						
External	34,618,628	6,868,432	3,063,186	44,550,246	-	44,550,246
Inter-segment	-	270,000	-	270,000	(270,000)	-
Total revenue	$34,618,628	7,138,432	3,063,186	44,820,246	(270,000)	44,550,246
Segment results	$15,375,934	6,868,432	2,739,140	24,983,506	-	24,983,506
Other income unallocated:						
Foreign exchange gains						2,887,811
Gain on disposal of property, plant and equipment						(56,838)
Interest income						3,421,732
Administration and other expenses						(26,654,327)
Profit from operations						4,581,884
Finance costs						(187,083)
Taxation						(736,605)
Minority interest						(1,326,007)
Profit attributable to members						$ 2,332,189
Segment assets	$94,710,999	83,436,730	2,170,596	180,318,325	-	180,318,325
Unallocated assets						1,537,335
Total assets						$181,855,660
Segment liabilities	$ 4,646,557	1,213,931	110	5,860,598	-	5,860,598
Unallocated liabilities						6,782,542
Total liabilities						$12,643,140
Items:						
Additions to property, plant and equipment and investment properties	$ 457,209	-	-	457,209	-	457,209
Disposals	$ 163,166	-	-	163,166	-	163,166
Depreciation	$ 3,085,864	(185,530)	275,359	3,175,694	-	3,175,694

	2004 Ice	Rental	Other	Total	Eliminations	Consolidated
Revenue:						
External	38,463,395	7,368,062	2,724,169	48,555,626	-	48,555,626
Inter-segment	-	270,000	-	270,000	(270,000)	-
Total revenue	$38,463,395	7,638,062	2,724,169	48,825,626	(270,000)	48,555,626
Segment results	$20,735,030	7,368,062	2,224,169	30,327,261	-	30,327,261
Other income unallocated:						
Foreign exchange gains						648,180
Gain on disposal of property, plant and equipment						310,854
Interest income						3,800,992
Administration and other expenses						(28,739,090)
Profit from operations						6,348,197
Finance costs						(350,394)
Taxation						(1,721,191)
Minority interest						(735,924)
Profit attributable to members						$ 3,540,688

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2005

24. Segmented results (cont'd)

	2004					
	Ice	Rental	Other	Total	Eliminations	Consolidated
Segment assets	$96,406,585	81,731,496	2,572,105	180,710,186	-	180,710,186
Unallocated assets						623,936
Total assets						$181,334,122
Segment liabilities	$ 5,385,866	795,085	110	6,181,061	-	6,181,061
Unallocated liabilities						9,598,737
Total liabilities						$ 15,779,798
Items:						
Additions to property, plant and equipment and investment properties	$ 1,865,069	44,301	-	1,909,370	-	1,909,370
Disposals	$ 933,275	-	-	-	-	933,275
Depreciation	$ 3,262,187	999,089	351,267	4,612,543	-	4,612,543

MONTEGO BAY ICE COMPANY LIMITED

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

MONTEGO BAY ICE COMPANY LIMITED

Company Operating Account
Year ended December 31, 2005

	2005 Montego Bay	2005 Deans Valley	2005 Total	2004
Income				
Ice sales	34,618,628	-	34,618,628	38,463,395
Cold storage rental	598,311	-	598,311	947,500
Spring water sales	1,073,606	-	1,073,606	775,749
Other income	2,499,580	-	2,499,580	2,458,420
	38,790,125	-	38,790,125	42,645,064
Less: Expenses				
Production expenses (page II)	(19,566,740)	-	(19,566,740)	(18,228,365)
Administration and other	(24,236,534)	(337,260)	(24,573,794)	(25,123,335)
	(43,803,274)	(337,260)	(44,140,534)	(43,351,700)
Gross operating loss	(5,013,149)	(337,260)	(5,350,409)	(706,636)
Other income:				
(Loss)/gain on disposal of property, plant and equipment	(56,838)	-	(56,838)	310,854
Foreign exchange gains	1,855,900	-	1,855,900	421,421
Interest income	2,677,575	-	2,677,575	3,076,644
Operating (loss)/profit	(536,512)	(337,260)	(873,772)	3,102,283
Finance costs	(187,083)	-	(187,083)	(350,394)
(Loss)/profit before taxation	(723,595)	(337,260)	(1,060,855)	2,751,889
Taxation	741,030	-	741,030	(683,050)
Net (loss)/profit for the year	$ 17,435	(337,260)	(319,825)	2,068,839

MONTEGO BAY ICE COMPANY LIMITED

Company Production Expenses
Year ended December 31, 2005

	2005	2004
Electricity	10,470,875	8,779,982
Factory supplies	1,059,789	689,817
Repairs and upkeep	777,754	1,094,314
Spring water purchases	324,046	500,000
Staff costs - salaries	6,881,335	7,088,073
Water rates	52,941	76,179
Total production expenses (page I)	$19,566,740	18,228,365
As percentage of total income (page I)	50.44	42.74

MONTEGO BAY ICE COMPANY LIMITED

Company Administration and Other Expenses
Year ended December 31, 2005

	2005			
	Montego Bay	Deans Valley	Total	2004
Advertising	196,970	-	196,970	209,813
Audit and accounting fees	1,187,414	-	1,187,414	954,702
Bad and doubtful debts	118,280	-	118,280	203,979
Bank charges	62,851	-	62,851	43,459
Customs duty	80,415	-	80,415	75,608
Depreciation	3,073,468	311,910	3,385,378	3,625,841
Directors' fees	198,250	-	198,250	184,600
Electricity	213,691	-	213,691	268,075
GCT penalties and interest	-	-	-	318,771
Insurance	950,172	-	950,172	956,256
Legal and professional fees	243,288	-	243,288	1,176,000
Motor vehicle expenses	4,084,447	-	4,084,447	3,513,793
Office expenses	163,692	-	163,692	214,791
Printing and stationery	67,946	-	67,946	107,879
Property tax	184,820	25,350	210,170	396,325
Rates and taxes	1,404	-	1,404	1,549
Repairs and maintenance	825,618	-	825,618	796,153
Safety and protection	803,526	-	803,526	838,557
Secretarial fees	79,280	-	79,280	76,730
Staff costs:				
Salaries	7,001,218	-	7,001,218	6,445,359
Employer's contributions	1,502,036	-	1,502,036	1,459,161
Staff welfare	1,072,924	-	1,072,924	1,049,313
Staff pensions and group life assurance	1,023,044	-	1,023,044	937,516
Stamps and telegrams	16,649	-	16,649	21,235
Stock exchange listing fee	214,189	-	214,189	53,899
Subscriptions and donations	21,829	-	21,829	41,927
Sundries	183,509	-	183,509	373,604
Telephone	384,102	-	384,102	333,545
Travelling and entertainment	281,502	-	281,502	444,895
Total administration and other expenses (page I)	$24,236,534	337,260	24,573,794	25,123,335