MONTEGO BAY ICE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2007

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Report on the Financial Statements

We have audited the financial statements of Montego Bay Ice Company Limited ("company") and the consolidated financial statements of the company and its subsidiaries ("Group"), set out on pages 3 to 32, which comprise the company's and the Group's balance sheets as at December 31, 2007, the company's and the Group's statements of income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and consistently applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company and the Group as at December 31, 2007, and of the company's and the Group's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act, so far as concerns members of the company.

Additional reporting requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

KPMG

March 26, 2008

MONTEGO BAY ICE COMPANY LIMITED

Balance Sheets
December 31, 2007

	Notes	Company 2007	Company 2006	Group 2007	Group 2006
CURRENT ASSETS					
Cash and cash equivalents	4	1,765,488	3,764,136	30,716,061	29,260,261
Resale agreements	5	32,947,758	32,420,149	32,947,758	32,420,149
Accounts receivable	6	8,448,009	6,638,009	8,598,627	7,314,740
Inventories	7	2,472,803	1,489,211	2,472,803	1,489,211
Taxation recoverable		1,361,400	1,356,033	1,607,467	1,585,482
Total current assets		46,995,458	45,667,538	76,342,716	72,069,843
CURRENT LIABILITIES					
Accounts payable	8	(5,694,550)	(4,041,782)	(6,738,854)	(4,965,803)
Due to subsidiary – current account		(5,250,789)	(5,754,060)	-	-
Taxation payable		-	-	(1,030,788)	(1,186,757)
Dividends unclaimed		(577,004)	(577,774)	(577,004)	(577,774)
Total current liabilities		(11,522,343)	(10,373,616)	(8,346,646)	(6,730,334)
Net current assets		35,473,115	35,293,922	67,996,070	65,339,509
NON-CURRENT ASSETS					
Interest in subsidiaries	9	40,001	40,001	-	-
Investment properties	10	9,959,196	9,980,996	57,934,536	58,251,461
Property, plant & equipment	11	45,257,354	47,698,741	48,144,896	49,698,741
Total non-current assets		55,256,551	57,719,738	106,079,432	107,950,202
Total assets less current liabilities		$90,729,666	93,013,660	174,075,502	173,289,711
Financed by:					
EQUITY					
Share capital	12(a)	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	12(b)	89,309,838	90,433,444	143,853,028	142,551,576
Total equity attributable to equity holders of the parent		90,552,140	91,675,746	145,095,330	143,793,878
Minority interests		-	-	27,291,509	26,078,981
Total equity		90,552,140	91,675,746	172,386,839	169,872,859
NON-CURRENT LIABILITY					
Deferred tax liability	13	177,526	1,337,914	1,688,663	3,416,852
Total equity and non-current liability		$90,729,666	$93,013,660	174,075,502	173,289,711

The financial statements on pages 3 to 32 were approved for issue by the Board of Directors on March 26, 2008 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

Income Statements
Year ended December 31, 2007

	Notes	Company 2007	Company 2006	Group 2007	Group 2006
Gross operating revenue	14	46,361,695	37,826,318	54,311,699	44,739,380
Cost of operating revenue		(25,136,711)	(22,231,884)	(25,136,711)	(22,231,884)
Gross operating profit		21,224,984	15,594,434	29,174,988	22,507,496
Other income/(expense):					
Foreign exchange gains		1,760,503	1,446,144	3,142,441	2,479,650
Interest income		2,192,551	2,298,015	3,176,330	3,221,278
Loss on disposal of investment properties		-	-	(61,098)	-
Gain on disposal of property, plant & equipment		-	46,191	-	46,191
		3,953,054	3,790,350	6,257,673	5,747,119
		25,178,038	19,384,784	35,432,661	28,254,615
Administration and other expenses		(27,437,198)	(24,042,892)	(33,299,804)	(28,247,594)
(Loss)/profit from operations		(2,259,160)	(4,658,108)	2,132,857	7,021
Finance costs	15	(24,834)	(38,228)	(24,834)	(38,228)
(Loss)/profit before taxation	16	(2,283,994)	(4,696,336)	2,108,023	(31,207)
Taxation credit	17	1,160,388	2,148,745	405,957	692,146
(Loss)/profit for the year		$(1,123,606)	(2,547,591)	2,513,980	660,939
Attributable to:					
The company		(1,123,606)	(2,547,591)	(1,123,606)	(2,547,591)
Minority interest		-	-	1,212,528	1,069,457
The subsidiary		-	-	2,425,058	2,139,073
		$(1,123,606)	(2,547,591)	2,513,980	660,939
Dealt with in the financial statements of:					
The company		(1,123,606)	(2,547,591)	(1,123,606)	(2,547,591)
The subsidiaries		-	-	2,425,058	2,139,073
(Loss)/profit for the year attributable to members		$(1,123,606)	(2,547,591)	1,301,452	(408,518)
(Loss)/earnings per ordinary stock unit	18	(0.18)¢	(0.41)¢	0.21¢	(0.07)¢

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Company Changes in Equity
Year ended December 31, 2007

		Capital reserves		Revenue reserves	
	Share capital [note 12(a)]	Share premium [note 12(b)]	Realised [note 12(b)]	Retained earnings [note 12(b)]	Total
Balances at December 31, 2005	1,242,302	19,229,822	2,055,852	71,695,961	94,223,937
Loss, being total recognised losses for the year	-	-	-	(2,547,591)	(2,547,591)
Dividends (note 19)	-	-	-	(600)	(600)
Balances at December 31, 2006	1,242,302	19,229,822	2,055,852	69,147,770	91,675,746
Loss, being total recognised losses for the year	-	-	-	(1,123,606)	(1,123,606)
Balances at December 31, 2007	$1,242,302	19,229,822	2,055,852	68,024,164	90,552,140

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Group Changes in Equity
Year ended December 31, 2007

		Capital reserves		Revenue reserves			
	Share capital [note 12(a)]	Share premium [note 12(b)]	Realised [note 12(b)]	Retained earnings [note 12(b)]	Parent company stockholders' equity	Minority interest	Total equity
Balances at December 31, 2005	1,242,302	19,229,822	2,055,852	121,675,020	144,202,996	25,009,524	169,212,520
Profit, being total recognised gains for the year	-	-	-	(408,518)	(408,518)	1,069,457	660,939
Dividends (note 19)	-	-	-	(600)	(600)	-	(600)
Balances at December 31, 2006	1,242,302	19,229,822	2,055,852	121,265,902	143,793,878	26,078,981	169,872,859
Profit, being total recognised gains for the year	-	-	-	1,301,452	1,301,452	1,212,528	2,513,980
Balances at December 31, 2007	$1,242,302	19,229,822	2,055,852	122,567,354	145,095,330	27,291,509	172,386,839

Retained earnings dealt with in the financial statements of:

	2007	2006
The company	68,024,164	69,147,770
The subsidiaries	54,543,190	52,118,132
	$122,567,354	121,265,902

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Company Cash Flows
Year ended December 31, 2007

	Notes	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(1,123,606)	(2,547,591)
Adjustments for:			
Exchange differences		(1,760,503)	(1,446,144)
Interest income		(2,192,551)	(2,298,015)
Gain on disposal of property, plant & equipment		-	(46,191)
Impairment loss on interest in subsidiary	9	-	159
Depreciation	16	2,721,471	2,972,276
Interest expense	15	24,834	38,228
Taxation credit	17(a)	(1,160,388)	(2,148,745)
Operating loss before changes in working capital		(3,490,743)	(5,476,023)
(Increase)/decrease in current assets:			
Accounts receivable		(1,792,919)	422,218
Inventories		(983,592)	(332,898)
Increase/(decrease) in current liabilities:			
Accounts payable		1,652,768	26,981
Due to subsidiary – current account		(503,271)	1,695,325
Dividends unclaimed		(770)	(53,982)
Cash used by operations		(5,118,527)	(3,718,379)
Tax paid		(5,367)	(7,413)
Interest paid		(24,834)	(38,228)
Net cash used by operating activities		(5,148,728)	(3,764,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,175,470	1,426,857
Resale agreements		1,025,556	(1,293,291)
Short-term loan		-	2,144,159
Additions to property, plant & equipment	11	(258,284)	(949,699)
Proceeds from disposals of property, plant & equipment		-	100,000
Net cash provided by investing activities		2,942,742	1,428,026
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term loan		-	(703,430)
Dividends paid		-	(600)
Net cash used by financing activities		-	(704,030)
Net decrease in cash and cash equivalents		(2,205,986)	(3,040,024)
Effect of exchange rate fluctuation on cash held		207,338	84,460
Cash and cash equivalents at beginning of the year		3,764,136	6,719,700
Cash and cash equivalents at end of the year	4	$1,765,488	3,764,136

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Group Cash Flows
Year ended December 31, 2007

	Notes	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year attributable to members		1,301,452	(408,518)
Adjustments for:			
Exchange differences		(3,142,441)	(2,479,650)
Interest income		(3,176,330)	(3,221,278)
Gain on disposal of property, plant & equipment		-	(46,191)
Loss on disposal of investment properties		61,098	-
Depreciation	16	3,849,783	3,869,497
Interest expense	15	24,834	38,228
Taxation credit	17(a)	(405,957)	(692,146)
Minority interest in profit for the year		1,212,528	1,069,457
Operating loss before changes in working capital		(275,033)	(1,870,601)
Increase in current assets:			
Accounts receivable		(1,137,827)	(36,729)
Inventories		(983,592)	(332,898)
Increase/(decrease) in current liabilities:			
Accounts payable		1,773,051	(263,039)
Dividends unclaimed		(770)	(53,982)
Cash used by operations		(624,171)	(2,557,249)
Tax paid		(1,500,186)	(831,504)
Interest paid		(24,834)	(38,228)
Net cash used by operating activities		(2,149,191)	(3,426,981)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,158,620	1,426,857
Resale agreements		1,025,556	(376,016)
Short-term loan		-	2,144,159
Additions to investment properties	10	(172,399)	(109,722)
Additions to property, plant & equipment	11	(1,867,712)	(3,449,699)
Proceeds from disposals of property, plant & equipment		-	100,000
Net cash provided/(used) by investing activities		2,144,065	(264,421)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of long-term loan		-	(703,430)
Dividends paid		-	(600)
Net cash used by financing activities		-	(704,030)
Net decrease in cash and cash equivalents		(5,126)	(4,395,432)
Effect of exchange rate fluctuation on cash held		1,460,926	1,067,851
Cash and cash equivalents at beginning of the year		29,260,261	32,587,842
Cash and cash equivalents at end of the year	4	$30,716,061	29,260,261

1. The company

Montego Bay Ice Company Limited ("company") is 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 ("Group") (note 9) 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, issued by the International Accounting Standards Board (IASB) and its International Financial Reporting Interpretations Committee (IFRIC), and comply with the provisions of the Jamaican Companies Act.

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year, as follows:

- *IFRS 7 Financial Instruments: Disclosures* and the *Amendments to IAS 1 Presentation of Financial Statements: Capital Disclosures* require disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks, as well as managing its capital. The additional disclosures with respect to the company's and Group's financial instruments and capital management are included in these financial statements.

- *IFRIC 7 Applying the Restatement Approach under* IAS 29 *Financial Reporting* in *Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and, in particular, the accounting for deferred tax. IFRIC 7 has no impact on the company's and the group's financial statements.

- *IFRIC 8 Scope of IFRS 2 Shared-based Payment* addresses the accounting for share-based payment transactions in which some or all goods or services received cannot be specially identified. IFRIC 8 has no impact on the company's and the Group's financial statements.

- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether an embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 has no impact on the company's and the group's financial statements.

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

(a) Statement of compliance (cont'd):

- *IFRIC 10 Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment, an equity instrument or a financial asset carried at cost. IFRIC 10 has no impact on the company's and the group's financial statements.

At the date of authorization of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued which are not yet effective and which the company and the group have not early-adopted. The company and the Group have assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and have concluded as follows:

- *IFRS 8 Operating Segments* requires segment disclosure based on the components of the group that management monitors in making decisions about operating matters, as well as qualitative disclosures on segments. Segments will be reportable based on threshold tests related to revenues, results and assets. IFRS 8, which is effective from January 1, 2009, is not expected to have any significant impact on the company's and the group's financial statements.

- *IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions* addresses the classification of a share-based payment transaction (as equity or cash-settled), in the financial statements of the entity whose employees are entitled to the share-based payment, where equity instruments of the parent or another group company are transferred in settlement of the obligation. IFRIC 11, which becomes mandatory for 2008 financial statements, is not expected to have any impact on the company's and the group's financial statements.

- *IFRIC 12 Service Concession Arrangements* addresses the accounting requirements for public-to-private service concession arrangements in private sector entities. IFRIC 12 will become mandatory for 2008 financial statements and is not expected to have any impact on the company's and the group's financial statements.

- *IFRIC 13 Accounting for Customer Loyalty Programmes,* creates consistency in accounting for customer loyalty plans. The interpretation is applicable to all entities that grant awards as part of a sales transaction (including awards that can be redeemed for goods or services not supplied by the entity). IFRIC 13, which becomes mandatory for 2009 financial statements, is not expected to have any impact on the company's and the group's financial statements.

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

(a) Statement of compliance (cont'd):

- *IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* provides guidance on assessing the limit set in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. IFRIC 14, which becomes mandatory for 2008 financial statements, is not expected to have any impact on the company's and the Group's financial statements.

- *IAS 1 (Revised) Presentation of Financial Statements,* requires the presentation of all non-owners' changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement of comprehensive income. IAS 1 (revised), which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the company's financial statements.

- *IAS 23 (Revised) - Borrowing Costs* removes the option of either capitalising borrowing costs relating to qualifying assets or expensing the borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use or sale. IAS 23, which becomes mandatory for 2009 financial statements, is not expected to have any significant impact on the company's financial statements.

- *Amendments to IFRS 2 Share-based payment – Vesting Conditions and Cancellations* is effective for annual periods beginning on or after January 1, 2009. Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up for differences between expected and actual outcomes. This amendment is not expected to have any significant impact on the company's and the Group's financial statements.

- *Revised IFRS 3 Business Combinations* and *amended IAS 27 Consolidated and Separate Financial Statements* are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognised at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions are not expected to have any significant impact on the company's and the Group's financial statements.

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

(a) Statement of compliance (cont'd):

- Amendments to *IAS 32 Financial instruments: Presentation and IAS 1, Presentation of Financial Statements* is effective for annual periods beginning on or after January 1, 2009. The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions are not expected to have any significant impact on the company's and the Group's financial statements.

(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 accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts 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.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Residual value and expected useful life of property, plant & equipment:

The residual value and the expected useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company and the Group.

(ii) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

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

(b) Basis of preparation (cont'd):

(iii) Deferred taxation:

In recognising deferred tax asset in the financial statements, management makes judgements regarding the utilisation of losses. Management estimates the future taxable profits against which the deductible temporary differences, unused tax losses or unused tax credit will be utilised.

The significant accounting policies below conform in all material respects with IFRS.

(c) Basis of consolidation:

A "subsidiary" is an entity 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, 2007.

The company and its subsidiaries are collectively referred to as the "Group".

All significant inter-company transactions are eliminated in preparing the consolidated financial statements.

(d) Cash and cash equivalents:

Cash and cash equivalents comprise cash, bank balances and short-term deposits with maturity within three months, or less, from the date of acquisition. For the purpose of the company's and the Group's statement of cash flows, bank overdraft, if any, is presented as a financing activity.

(e) Resale agreements:

Securities purchased under resale agreements ("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 amortised cost, less impairment losses [note 2(s)].

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

(g) Inventories:

Inventories are valued at the lower of cost, determined principally on the first-in first-out basis, and net realisable value. Net realisable value is the estimated disposal price, less selling expenses.

(h) Accounts payable and provisions:

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

(i) Interest in subsidiaries:

Interest in subsidiaries is stated at cost, less impairment losses.

(j) Investment properties:

Investment properties are properties held either to earn rental income or for capital appreciation, or both. They are measured at cost, less accumulated depreciation and impairment losses.

(k) Property, plant & equipment:

Property, plant & equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefit embodied within the part will flow to the company or the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant & equipment are recognised in the income statement as incurred.

(l) Depreciation:

Property, plant & equipment and investment properties, with the exception of freehold land on which no depreciation is provided, are depreciated on the reducing-balance basis, at annual rates to write down the assets to their estimated residual values over their expected useful lives.

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

(l) Depreciation (cont'd):

The depreciation rates are as follows:

Property, plant & equipment:	
Buildings	5%
Plant, machinery and vehicles	10% - 20%
Office furniture and equipment	10%
Investment properties:	
Buildings	2½% and 5%
Machinery and equipment	10% - 20%
Furniture and fixtures	10%

The depreciation methods, useful lives and residual values are re-assessed at each reporting date.

(m) Revenue recognition:

Revenue from the sale of goods is recognised in the company's and the Group's income statements 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 accrued and recognised in the company's and the Group's income statement on the straight-line basis over the term of the lease agreement.

(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 company's and the Group's income statements.

(o) Related parties:

A party is related to a company, if:

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

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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

(o) Related parties (cont'd):

A party is related to a company, if (cont'd):

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

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

(iv) the party is a member of the key management personnel of the company 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 a company 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 company, or of any entity that is a related party of the company.

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

(p) Preference share capital:

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

(q) Finance costs and interest income:

Finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, overdraft and other interest.

Interest income on funds invested is recognised in the company's and the Group's income statements as it accrues, taking into account the effective yield on the asset.

(r) Taxation:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the company's and the Group's income statements, except to the extent that it relates to items recognised directly in 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.

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

(r) Taxation (cont'd):

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

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

(s) Impairment:

The carrying amounts of the company's and 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 company's and the Group's income statements.

(i) Calculation of recoverable amount:

The recoverable amount of the company's and the Group's receivables, carried at amortised cost, is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

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.

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. An impairment loss is reversed in profit or loss.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

(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) processing and sale of spring water
(iv) other, including transportation.

(u) Financial instruments:

A financial instrument is any contract that gives rise to 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 and accounts receivable. Financial liabilities include accounts payable and due to subsidiary-current account.

(v) Determination of fair value:

Fair value amounts represent estimates of 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. Fair value is best evidenced by a quoted market price, if one exists. Some financial instruments lack an available trading market. The fair value of these instruments is assumed to approximate to their carrying value, due to their short-term nature.

Notes to the Financial Statements (Continued)
December 31, 2007

3. Financial risk management

The company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. This note presents information about the company's and the Group's exposure to each of the above risks, the company's and the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the company's and Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's and the Group's risk management framework.

(a) Credit risk:

Credit risk is the risk of financial loss to the company and the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from amounts due from customers and investment securities.

Accounts receivable:

The company's and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The demographics of the customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. The company and the Group do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Geographically and by customer base, there is no concentration of credit risk.

Investment securities:

The company and the Group limit its exposure to credit risk by only investing in liquid securities and only with credit-worthy financial institutions and obtaining sufficient collateral as a means of mitigating the risk of financial loss from defaults. There is a 100% concentration of credit risk in investments in resale agreements.

Exposure to credit risk:

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, represents the company's and the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

	Company		Group	
	2007	2006	2007	2006
Cash and cash equivalents	1,765,488	3,764,136	30,716,061	29,260,261
Securities purchased under resale agreements	32,947,758	32,420,149	32,947,758	32,420,149
Accounts receivable	8,448,009	6,638,009	8,598,627	7,314,740
	$43,161,255	42,822,294	72,262,446	68,995,150

There were no changes in the company's and the Group's approach to managing credit risk during the year.

3. Financial risk management (cont'd)

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company and the Group will not be able to meet their financial obligations as they fall due. The company's and the Group's approach to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet their liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's and the Group's reputation.

The company and the Group generally ensure availability of sufficient cash on demand to meet operational expenses. The contractual outflow for accounts payable is represented by the carrying amount and requires settlement within 12 months of the balance sheet date.

There were no changes to the company's and the Group's approach to managing liquidity risk during the year.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's and the Group's income or the value of their holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

There were no changes to the company's and the Group's approach to managing market risk during the year.

(i) 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 currency risk on purchases that are denominated in a currency other than the respective functional currencies, primarily the United States Dollars (US$).

At December 31, 2007, foreign currency assets aggregated US$486,506 (2006: US$529,784) for the company and US$862,792 (2006: US$894,122) for the Group.

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

Sensitivity analysis:

A 5% strengthening/weakening of the Jamaica dollar against the United States dollar at December 31 would have increased/decreased profit by $3,239,630. This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2006.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

3. Financial risk management (cont'd)

(c) Market risk (cont'd):

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

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 limit their exposure to changes in interest rates by investing in securities at fixed interest rates for the duration of the term.

At December 31, 2007 financial assets subject to fixed interest rates aggregated \$34,692,159 (2006: \$35,866,781) for the company and \$60,351,813 (2006: \$60,172,643) for the Group.

(d) Fair values:

The fair values of cash and cash equivalents, resale agreements, accounts receivable, accounts payable, and due to subsidiary-current amount are assumed to approximate to their carrying value, due to their short-term nature.

(e) Capital management:

It is the Board's policy to maintain a strong capital base so as to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as total shareholders' equity, comprising share capital, capital reserves and retained earnings. Neither the company nor any of its subsidiaries, are subject to externally imposed capital requirements.

4. Cash and cash equivalents

	Company		Group	
	2007	2006	2007	2006
Cash	20,000	20,000	20,000	20,000
Bank accounts	1,745,488	3,744,136	4,440,545	4,934,399
Certificates of deposit	-	-	26,255,516	24,305,862
	$1,765,488	3,764,136	30,716,061	29,260,261

Certificates of deposit comprise foreign currency deposits of US\$374,140 (2006: US\$363,232) for the Group.

5. Resale agreements

The fair value of the underlying collateral purchased on the secondary market is \$210,468,000. In prior year, the fair value of the underlying collateral purchased could not have been reliably determined as there was no active market. In the opinion of the directors, the fair value of the resale agreements in prior year was not less than their carrying value for that year.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

6. Accounts receivable

	Company		Group	
	2007	2006	2007	2006
Trade receivables	7,013,277	5,176,678	7,152,838	5,830,781
Less: Provision for doubtful debts	(289,417)	(189,417)	(289,417)	(189,417)
	6,723,860	4,987,261	6,863,421	5,641,364
Other	1,724,149	1,650,748	1,735,206	1,673,376
	$8,448,009	6,638,009	8,598,627	7,314,740

Other receivables for the company and the Group include an interest-free staff loan of $Nil (2006: $53,000) due from a director.

The movement in the provision for doubtful debts in respect of accounts receivable during the year was as follows:

	Company and Group	
	2007	2006
Balance at January 1	189,417	118,280
Doubtful debts recognised	100,000	71,137
Balance at December 31	$289,417	189,417

The allowance account in respect of trade receivables is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the receivable balance directly.

The aging of trade receivables at the reporting date was:

	Company			
	Gross 2007	Impairment 2007	Gross 2006	Impairment 2006
Not past due	1,746,332	-	2,194,478	-
Past due 31-60 days	624,540	-	781,274	-
Past due 61-90 days	1,361,372	-	893,745	-
More than 90 days	3,281,033	289,417	1,307,181	189,417
Total	$7,013,277	289,417	5,176,678	189,417

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

6. Accounts receivable (cont'd)

The aging of trade receivables at the reporting date was:

	Group			
	Gross 2007	Impairment 2007	Gross 2006	Impairment 2006
Not past due	1,885,893	-	2,848,581	-
Past due 31-60 days	624,540	-	781,274	-
Past due 61-90 days	1,361,372	-	893,745	-
More than 90 days	3,281,033	289,417	1,307,181	189,417
Total	$7,152,838	289,417	5,830,781	189,417

Trade receivables for the Group include $61,315 (2006: $63,750) due from a company related by way of common directors.

7. Inventories

	Company and Group	
	2007	2006
Production chemicals	1,801,135	871,026
Plant and machinery spares	671,668	618,185
	$2,472,803	1,489,211

8. Accounts payable

	Company		Group	
	2007	2006	2007	2006
Trade payables	2,960,866	1,261,440	2,960,866	1,261,440
Other	2,733,684	2,780,342	3,777,988	3,704,363
	$5,694,550	4,041,782	6,738,854	4,965,803

9. Interest in subsidiaries

Interest in subsidiaries comprises unquoted shares, as follows:

	2007	2006	% held	Main activity
Montego Cold Storage Limited, at cost	40,000	40,000	$66^2/_3$	Cold storage and apartment rental
Deans Valley Ice Company Limited, at cost	160	160	100	Dormant
Less: Provision for impairment	(159)	(159)		
	1	1		
	$40,001	40,001		

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

10. Investment properties

Company

	Freehold land and buildings
At cost:	
December 31, 2005, 2006 and 2007	10,129,032
Depreciation:	
December 31, 2005	125,089
Charge for the year	22,947
December 31, 2006	148,036
Charge for the year	21,800
December 31, 2007	169,836
Net book values:	
December 31, 2007	$ 9,959,196
December 31, 2006	$ 9,980,996
December 31, 2005	$10,003,943

Group

	Freehold land and buildings	Machinery and equipment	Furniture and fixtures	Total
At cost:				
December 31, 2005	63,555,338	2,009,318	983,919	66,548,575
Additions	109,722	-	-	109,722
December 31, 2006	63,665,060	2,009,318	983,919	66,658,297
Additions	-	-	172,399	172,399
Disposal	-	-	(76,372)	(76,372)
December 31, 2007	63,665,060	2,009,318	1,079,946	66,754,324
Depreciation:				
December 31, 2005	5,799,377	1,690,604	496,687	7,986,668
Charge for the year	363,934	31,871	24,363	420,168
December 31, 2006	6,163,311	1,722,475	521,050	8,406,836
Charge for the year	345,738	28,684	53,804	428,226
Eliminated on disposal	-	-	(15,274)	(15,274)
December 31, 2007	6,509,049	1,751,159	559,580	8,819,788
Net book values:				
December 31, 2007	$57,156,011	258,159	520,366	57,934,536
December 31, 2006	$57,501,749	286,843	462,869	58,251,461
December 31, 2005	$57,755,961	318,714	487,232	58,561,907

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

10. Investment properties (cont'd)

Freehold land and buildings include land at cost of $9,545,000 (2006: $9,545,000) for the company and $50,587,000 (2006: $50,587,000) for the Group.

At December 31, 2007, the fair value of investment properties amounted to $10,400,000 (2006: $10,400,000) for the company and $90,900,000 (2006: $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 year, the company's and the Group's investment properties generated income and expenses as follows:

	2007		2006	
	Company $	Group $	Company $	Group $
Income earned from properties	540,000	8,490,004	527,500	7,440,561
Expenses incurred by properties	-	(1,914,825)	(97,100)	(462,810)

11. Property, plant & equipment

Company

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
December 31, 2005	37,958,999	43,827,534	1,511,498	83,298,031
Additions	-	767,791	181,908	949,699
Disposals	-	(799,927)	-	(799,927)
December 31, 2006	37,958,999	43,795,398	1,693,406	83,447,803
Additions	-	258,284	-	258,284
December 31, 2007	37,958,999	44,053,682	1,693,406	83,706,087
Depreciation:				
December 31, 2005	8,428,703	24,243,464	873,685	33,545,852
Charge for the year	644,515	2,222,842	81,972	2,949,329
Eliminated on disposals	-	(746,119)	-	(746,119)
December 31, 2006	9,073,218	25,720,187	955,657	35,749,062
Charge for the year	612,289	2,013,607	73,775	2,699,671
December 31, 2007	9,685,507	27,733,794	1,029,432	38,448,733
Net book values:				
December 31, 2007	$28,273,492	16,319,888	663,974	45,257,354
December 31, 2006	$28,885,781	18,075,211	737,749	47,698,741
December 31, 2005	$29,530,296	19,584,070	637,813	49,752,179

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

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

Group

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
December 31, 2005	37,958,999	45,327,534	1,511,498	84,798,031
Additions	-	3,267,791	181,908	3,449,699
Disposals	-	(799,927)	-	(799,927)
December 31, 2006	37,958,999	47,795,398	1,693,406	87,447,803
Additions	-	1,867,712	-	1,867,712
December 31, 2007	37,958,999	49,663,110	1,693,406	89,315,515
Depreciation:				
December 31, 2005	8,428,703	25,743,464	873,685	35,045,852
Charge for the year	644,515	2,722,842	81,972	3,449,329
Eliminated on disposals	-	(746,119)	-	(746,119)
December 31, 2006	9,073,218	27,720,187	955,657	37,749,062
Charge for the year	612,289	2,735,493	73,775	3,421,557
December 31, 2007	9,685,507	30,455,680	1,029,432	41,170,619
Net book values:				
December 31, 2007	$28,273,492	19,207,430	663,974	48,144,896
December 31, 2006	$28,885,781	20,075,211	737,749	49,698,741
December 31, 2005	$29,530,296	19,584,070	637,813	49,752,179

Freehold land and buildings include land at a cost of $16,640,000 (2006: $16,640,000) for the company and the Group.

12. Share capital and reserves

(a) Share capital:

(i) Authorised:
52,500,000 Ordinary shares at no par value.
5,000 6% Cumulative non-redeemable preference shares at no par value.

12. Share capital and reserves (cont'd)

(a) Share capital (cont'd):

	2007	2006
(ii) Stated capital:		
Issued and fully paid:		
6,161,510 Ordinary stock units	1,232,302	1,232,302
5,000 6% Cumulative non-redeemable preference shares	10,000	10,000
	$1,242,302	1,242,302

(b) Reserves comprise:

	Company		Group	
	2007	2006	2007	2006
Capital:				
Share premium	19,229,822	19,229,822	19,229,822	19,229,822
Realised gains on disposal of property, plant & equipment	2,055,852	2,055,852	2,055,852	2,055,852
Revenue:				
Retained earnings	68,024,164	69,147,770	122,567,354	121,265,902
	$89,309,838	90,433,444	143,853,028	142,551,576

Retained earnings include unrealised revaluation surplus of $42,084,748 (2006: $42,084,748) for the company and $77,205,612 (2006: $77,205,612) for the Group, in respect of the revaluation of investment properties which were deemed to be cost in accordance with first-time adoption provisions of IFRS.

13. Deferred tax liability

Deferred tax liability is attributable to the following:

	Company		Group	
	2007	2006	2007	2006
Investment properties	3,601	7,420	1,511,052	2,078,556
Property, plant and equipment	3,370,135	3,488,515	3,370,135	3,488,515
Accounts payable	-	(55,606)	-	(55,606)
Accounts receivable	339,370	333,676	343,056	337,152
Unrealised foreign exchange gain	-	-	-	4,326
Tax losses	(3,535,580)	(2,436,091)	(3,535,580)	(2,436,091)
	$ 177,526	1,337,914	1,688,663	3,416,852

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

13. Deferred tax liability (cont'd)

Movement in temporary differences during the year:

	Company			Group		
	2006	Recognised in income statement [note 17(a)]	2007	2006	Recognised in income statement [note 17(a)]	2007
Investment properties	7,420	(3,819)	3,601	2,078,556	(567,504)	1,511,052
Property, plant & equipment	3,488,515	(118,380)	3,370,135	3,488,515	(118,380)	3,370,135
Accounts payable	(55,606)	55,606	-	(55,606)	55,606	-
Accounts receivable	333,676	5,694	339,370	337,152	5,904	343,056
Unrealised foreign exchange gain	-	-	-	4,326	(4,326)	-
Tax losses	(2,436,091)	(1,099,489)	(3,535,580)	(2,436,091)	(1,099,489)	(3,535,580)
	$1,337,914	(1,160,388)	177,526	3,416,852	(1,728,189)	1,688,663

14. 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.

15. Finance costs

	Company and Group	
	2007	2006
Loan interest	-	15,274
Overdraft interest	3,304	4,530
Other interest	21,530	18,424
	$24,834	38,228

16. (Loss)/ profit before taxation

The following are among the items charged in arriving at the (loss)/profit before taxation:

	Company		Group	
	2007	2006	2007	2006
	$	$	$	$
Depreciation	2,721,471	2,972,276	3,849,783	3,869,497
Impairment loss on interest in subsidiary	-	159	-	159
Staff costs	13,972,579	14,503,413	14,374,524	14,916,534
Directors' emoluments [note 20(b)]:				
Fees	195,000	175,500	195,000	175,500
Management remuneration	3,076,032	3,020,058	4,394,331	4,314,369
Auditors' remuneration:				
Current year	1,320,000	1,200,000	1,787,000	1,670,000
Prior year	80,000	20,000	80,000	20,000

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

17. Taxation

	Company		Group	
	2007	2006	2007	2006
(a) Income tax expense:				
Current tax @ 33⅓%	-	-	1,322,232	1,453,096
Deferred taxation:				
Tax losses	(1,099,489)	(2,054,112)	(1,099,489)	(2,054,112)
Origination and reversal of temporary differences	(60,899)	(94,633)	(628,700)	(91,130)
Deferred tax (note 13)	(1,160,388)	(2,148,745)	(1,728,189)	(2,145,242)
Taxation credit recognised in the income statement	$(1,160,388)	(2,148,745)	(405,957)	(692,146)

(b) Reconciliation of effective tax rate:

The effective tax rate for 2007 was 50.81% (2006: 45.75%) of pre-tax loss of $(2,283,994) [2006: $(4,696,336)] for the company and 19.26% (2006: 2,218%) of pre-tax profit of $2,108,023 [(2006: loss of $(31,207)] for the Group, compared to the statutory tax rate of 33⅓% (2006: 33⅓%). The actual tax credit differs from the "expected" tax (credit)/charge for the year as follows:

	Company		Group	
	2007	2006	2007	2006
(Loss)/profit before taxation	$(2,283,994)	(4,696,336)	2,108,023	(31,207)
Computed "expected" tax (credit)/ charge	(761,331)	(1,565,445)	702,675	(10,402)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Non-deductible depreciation	199,351	(88,331)	(130,403)	104,075
Disallowable expenses	(580,668)	(21,121)	(542,626)	15,825
Exchange gains	(17,740)	(473,848)	(435,603)	(801,644)
Actual taxation credit recognised in the income statement	$(1,160,388)	(2,148,745)	(405,957)	(692,146)

18. (Loss)/earnings per ordinary stock unit

The (loss)/earnings per ordinary stock unit is calculated by dividing the (loss)/profit for the year attributable to members of $(1,123,606) (2006: $(2,547,591) for the company and $1,301,452 [(2006: loss of ($408,518)] for the Group by the 6,161,510 (2006: 6,161,510) ordinary stock units in issue during the year.

19. Dividends

	2007	2006
Preference	$ -	600

Preference dividends in arrears at December 31, 2007 amounted to $600 (2006: $600).

20. Related party transactions

(a) Identity of related parties:

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 non-executive, directors.

(b) Transactions with related parties:

During the year, the company and 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:

	Company		Group	
	2007 $	2006 $	2007 $	2006 $
Rental income - related company	-	-	(864,031)	(934,073)
- director	-	-	-	(60,971)
Interest income - related company	-	(103,918)	-	(103,918)
Rental expense - subsidiary	-	24,000	-	-
Compensation of key management personnel (note 16)	3,271,032	3,195,558	4,589,331	4,489,869
Sales - related company	(1,329,296)	(738,487)	(1,329,296)	(738,487)
Purchases - related company	139,621	135,453	139,621	135,453

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

21. Segment results

	2007						
	Ice	Water	Rental	Other	Total	Eliminations	Consolidated
Revenue:							
External	36,693,335	7,069,327	8,624,140	1,924,897	54,311,699	-	54,311,699
Inter-segment	-	-	-	-	-	-	-
Total revenue	$36,693,335	7,069,327	8,624,140	1,924,897	54,311,699	-	54,311,699
Segment results	$15,597,964	3,027,987	8,624,140	1,924,897	29,174,988	-	29,174,988
Other income unallocated:							
Foreign exchange gains							3,142,441
Interest income							3,176,330
Loss on disposal of investment properties							(61,098)
Administration and other expenses							(33,299,804)
Profit from operations							2,132,857
Finance costs							(24,834)
Taxation							540,422
Minority interest							(1,212,528)
Profit attributable to members							$ 1,435,917
Segment assets	$90,005,244	1,632,439	85,880,727	3,296,271	180,814,681	-	180,814,681
Unallocated assets							1,607,467
Total assets							$182,422,148
Segment liabilities	$ 6,271,554	-	1,044,194	110	7,315,858	-	7,315,858
Unallocated liabilities							2,719,451
Total liabilities							$ 10,035,309
Items:							
Additions to property plant & equipment and investment properties	$ 258,284	-	172,399	1,609,428	2,040,111	-	2,040,111
Disposals	$ -	-	76,372	-	76,372	-	76,372
Depreciation	$ 2,518,290	181,382	1,150,111	-	-	-	3,849,783

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2007

21. Segment results (cont'd)

	2006						
	Ice	Water	Rental	Other	Total	Eliminations	Consolidated
Revenue:							
External	31,628,827	3,532,666	7,682,733	1,895,154	44,739,380	-	44,739,380
Inter-segment	-	-	24,000	-	24,000	(24,000)	-
Total revenue	$31,628,827	3,532,666	7,706,733	1,895,154	44,763,380	(24,000)	44,739,380
Segment results	$12,192,826	736,783	7,682,733	1,895,154	22,507,496	-	22,507,496
Other income unallocated:							
Foreign exchange gains							2,479,650
Interest income							3,221,278
Gain on disposals of Property, plant & equipment							46,191
Administration and other expenses							(28,247,594)
Profit from operations							7,021
Finance costs							(38,228)
Taxation							692,146
Minority interest							(1,069,457)
Loss attributable to members							$(408,518)
Segment assets	$90,897,285	1,813,822	83,269,317	2,454,139	178,434,563	-	178,434,563
Unallocated assets							1,585,482
Total assets							$180,020,045
Segment liabilities	$ 4,619,556	-	923,911	110	5,543,577	-	5,543,577
Unallocated liabilities							4,603,609
Total liabilities							$ 10,147,186
Items:							
Additions to property plant & equipment and investment properties	$ 418,429	349,362	109,722	2,681,908	3,559,421	-	3,559,421
Disposals	53,808	-	-	-	53,808	-	53,808
Depreciation	$ 2,697,333	201,536	920,168	50,460	3,869,497	-	3,869,497