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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 33, which comprise the company's and the Group's balance sheets as at December 31, 2008, 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, 2008, 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, 2009

MONTEGO BAY ICE COMPANY LIMITED

Balance Sheets
December 31, 2008

	Notes	Company 2008	Company 2007	Group 2008	Group 2007
CURRENT ASSETS					
Cash and cash equivalents	3	8,591,040	1,765,488	39,744,395	30,716,061
Resale agreements	4	21,678,652	32,947,758	21,678,652	32,947,758
Accounts receivable	5	4,427,369	8,448,009	4,523,673	8,598,627
Inventories	6	2,233,475	2,472,803	2,233,475	2,472,803
Taxation recoverable		1,633,641	1,361,400	1,841,668	1,607,467
Total current assets		38,564,177	46,995,458	70,021,863	76,342,716
CURRENT LIABILITIES					
Bank overdraft (unsecured)		(686,833)	-	(686,833)	-
Accounts payable	7	(3,356,658)	(5,694,550)	(4,448,114)	(6,738,854)
Due to subsidiary		(9,190,737)	(5,250,789)	-	-
Taxation payable		-	-	(1,656,727)	(1,030,788)
Dividends unclaimed		(576,008)	(577,004)	(576,008)	(577,004)
Total current liabilities		(13,810,236)	(11,522,343)	(7,367,682)	(8,346,646)
Net current assets		24,753,941	35,473,115	62,654,181	67,996,070
NON-CURRENT ASSETS					
Interest in subsidiaries	8	40,001	40,001	-	-
Investment properties	9	9,938,487	9,959,196	60,404,252	57,934,536
Property, plant & equipment	10	33,447,408	45,257,354	35,757,442	48,144,896
Total non-current assets		43,425,896	55,256,551	96,161,694	106,079,432
Total assets less current liabilities		$68,179,837	90,729,666	158,815,875	174,075,502
Financed by:					
EQUITY					
Share capital	11(a)	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	11(b)	66,937,535	89,309,838	126,126,313	143,853,028
Total equity attributable to equity holders of the parent		68,179,837	90,552,140	127,368,615	145,095,330
Minority interests		-	-	29,614,303	27,291,509
Total equity		68,179,837	90,552,140	156,982,918	172,386,839
NON-CURRENT LIABILITY					
Deferred tax liability	12	-	177,526	1,832,957	1,688,663
Total equity and non-current liability		$68,179,837	90,729,666	158,815,875	174,075,502

The financial statements on pages 3 to 33 were approved for issue by the Board of Directors on March 26, 2009 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, 2008

		Company		Group	
Continuing operations	Notes	2008	2007 Restated*	2008	2007 Restated*
Gross operating revenue	13	6,818,417	9,668,360	15,906,480	17,618,364
Cost of operating revenue		(2,916,829)	(4,041,340)	(2,916,829)	(4,041,340)
Gross operating profit		3,901,588	5,627,020	12,989,651	13,577,024
Other income/(expense):					
Foreign exchange gains	14(a)	3,373,635	1,760,503	7,254,000	3,142,441
Interest income	14(a)	2,408,209	2,192,551	3,232,622	3,176,330
Loss on disposal of investment properties		-	-	-	(61,098)
Other income		73,225	-	73,225	-
		5,855,069	3,953,054	10,559,847	6,257,673
		9,756,657	9,580,074	23,549,498	19,834,697
Administration and other expenses		(19,282,200)	(19,217,231)	(23,640,737)	(25,079,837)
Loss from continuing operations before finance cost and taxation		(9,525,543)	(9,637,157)	(91,239)	(5,245,140)
Finance costs	14(b)	(33,641)	(24,834)	(33,641)	(24,834)
Loss from continuing operations before taxation		(9,559,184)	(9,661,991)	(124,880)	(5,269,974)
Taxation credit/(expense)	16	177,526	1,160,388	(2,288,396)	405,957
Loss from continuing operations after taxation		(9,381,658)	(8,501,603)	(2,413,276)	(4,864,017)
Discontinued operations (Loss)/profit from discontinued operations	18	(12,990,645)	7,377,997	(12,990,645)	7,377,997
(Loss)/profit for the year	15	$(22,372,303)	(1,123,606)	(15,403,921)	2,513,980
Attributable to:					
Equity holders of the company		(22,372,303)	(1,123,606)	(17,726,715)	1,301,452
Minority interest		-	-	2,322,794	1,212,528
		$(22,372,303)	(1,123,606)	(15,403,921)	2,513,980
(Loss)/profit attributable to equity holders dealt with in the financial statements of:					
The company		(22,372,303)	(1,123,606)	(22,372,303)	(1,123,606)
The subsidiaries		-	-	4,645,588	2,425,058
(Loss)/profit for the year attributable to members		$(22,372,303)	(1,123,606)	(17,726,715)	1,301,452
(Loss)/earnings per ordinary stock unit	19	(3.63)¢	(0.18)¢	(2.88)¢	0.21¢

* Restated. (See discontinued operations note 18).
The accompanying notes form an integral part of the financial statements.

MONTEGO BAY ICE COMPANY LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2008

		Capital reserves		Revenue reserves	
	Share capital [note 11(a)]	Share premium [note 11(b)]	Realised [note 11(b)]	Retained earnings [note 11(b)]	Total
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
Loss, being total recognised losses for the year	-	-	-	(22,372,303)	(22,372,303)
Balances at December 31, 2008	$1,242,302	19,229,822	2,055,852	45,651,861	68,179,837

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

MONTEGO BAY ICE COMPANY LIMITED

Group Statement of Changes in Equity
Year ended December 31, 2008

		Capital reserves		Revenue reserves			
	Share capital [note 11(a)]	Share premium [note 11(b)]	Realised [note 11(b)]	Retained earnings [note 11(b)]	Parent company stockholders' equity	Minority interest	Total equity
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
Loss, being total recognised gains for the year	-	-	-	(17,726,715)	(17,726,715)	2,322,794	(15,403,921)
Balances at December 31, 2008	$1,242,302	19,229,822	2,055,852	104,840,639	127,368,615	29,614,303	156,982,918

Retained earnings dealt with in the financial statements of:

	2008	2007
The company	45,651,861	68,024,164
The subsidiaries	59,188,778	54,543,190
	$104,840,639	122,567,354

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

MONTEGO BAY ICE COMPANY LIMITED

Company Statement of Cash Flows
Year ended December 31, 2008

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(22,372,303)	(1,123,606)
Adjustments for:			
Interest income		(2,408,209)	(2,192,551)
Loss on disposal of plant & machinery		231,851	-
Impairment loss on plant & machinery	10	5,460,124	-
Depreciation	15	1,403,920	2,721,471
Interest expense	14	33,641	24,834
Taxation credit	16(a)	(177,526)	(1,160,388)
Operating loss before changes in working capital		(17,828,502)	(1,730,240)
(Increase)/decrease in current assets:			
Accounts receivable		3,547,990	(1,792,919)
Inventories		239,328	(983,592)
Increase/(decrease) in current liabilities:			
Accounts payable		(2,337,892)	1,652,768
Due to subsidiary – current account		3,939,948	(503,271)
Dividends unclaimed		(996)	(770)
Cash used by operations		(12,440,124)	(3,358,024)
Tax paid		(272,241)	(5,367)
Interest paid		(33,641)	(24,834)
Net cash used by operating activities		(12,746,006)	(3,388,225)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,880,859	2,175,470
Resale agreements		11,269,106	(527,609)
Additions to property, plant & equipment	10	(55,700)	(258,284)
Proceeds from disposal of plant & machinery		4,790,460	-
Net cash provided by investing activities		18,884,725	1,389,577
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdraft		686,833	-
Net increase/(decrease) in cash and cash equivalents		6,825,552	(1,998,648)
Cash and cash equivalents at beginning of the year		1,765,488	3,764,136
Cash and cash equivalents at end of the year		$ 8,591,040	1,765,488

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, 2008

	Notes	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year attributable to members		(15,403,921)	2,513,980
Adjustments for:			
Interest income		(3,232,722)	(3,176,329)
Loss on disposal of plant & machinery		231,851	-
Loss on disposal of investment properties		-	61,098
Depreciation	15	2,341,003	3,849,783
Impairment loss on plant & machinery	10	5,460,124	-
Interest expense	14	33,641	24,834
Taxation	16a)	2,288,396	(405,957)
Operating (loss)/profit before changes in working capital		(8,281,628)	2,867,409
Decrease/(increase) in current assets:			
Accounts receivable		3,595,675	(1,266,178)
Inventories		239,328	(983,592)
Increase/(decrease) in current liabilities:			
Accounts payable		(2,290,740)	1,773,051
Dividends unclaimed		(996)	(770)
Cash (used)/provided by operations		(6,738,361)	2,389,920
Tax paid		(1,752,364)	(1,500,186)
Interest paid		(33,641)	(24,834)
Net cash (used)/provided by operating activities		(8,524,366)	864,900
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,712,001	3,158,620
Resale agreements		11,269,106	(527,609)
Additions to investment properties	9	(2,850,000)	(172,399)
Additions to property, plant & equipment	10	(55,700)	(1,867,712)
Proceeds from disposals of property, plant & equipment		4,790,460	-
Net cash provided by investing activities		16,865,867	590,900
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdraft		686,833	-
Net increase in cash and cash equivalents		9,028,334	1,455,800
Cash and cash equivalents at beginning of the year		30,716,061	29,260,261
Cash and cash equivalents at end of the year		$39,744,395	30,716,061

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

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 8) are the manufacture and sale of ice and spring water, and the rental of cold storage facilities and apartments.

Due to increasing production costs, the group discontinued the manufacture of block ice in September 2008 but continued the distribution of ice purchased from another manufacturer (note 18). During the year, the company also entered into a joint venture for the bottling and distribution of water under the "Ice water" brand.

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 comply with the provisions of the Jamaican Companies Act.

During the year, there were certain standards and interpretation which became effective. None of these resulted in any change to accounting policies or add any impact on the company's and group's operating results or financial position.

At the date of approval of the financial statements, there were certain standards and interpretations which were in issue but were not yet effective. The standards considered relevant to the company and their effective dates are 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.

- *Revised IAS 1 – Presentation of Financial Statements* (effective for periods beginning on or after January 1, 2009) requires presentation of all non-owner changes in equity in one or two statements either in a single statement of comprehensive income, or in an income statement plus in a statement of comprehensive income. Revised IAS 1 also requires that a statement of financial position be presented at the beginning of the comparative period when the entity restates the comparatives, a disclosure for reclassification adjustments and disclosure of dividends and related per share amounts be disclosed on the face of the statement of changes in equity or in the notes. This standard is not expected to have any significant impact on the company's financial statements.

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

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

- *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.

- 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.

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

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

(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.

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, 2008.

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.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

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

(f) Accounts receivable:

Trade and other receivables are stated at amortised 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. Net realisable value is the estimated disposal price in the ordinary course of business, less selling expenses.

(h) Accounts payable and provisions:

Trade and other payables are stated at amortised cost.

(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;

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.

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) Jointly controlled operations:

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the group controls, and its share of the net income that is earned from the joint operation.

(v) 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.

(w) 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.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

3. Cash and cash equivalents

	Company		Group	
	2008	2007	2008	2007
Cash	20,000	20,000	20,000	20,000
Bank accounts	8,571,040	1,745,488	9,103,644	4,440,545
Certificates of deposit	-	-	30,620,751	26,255,516
	$8,591,040	1,765,488	39,744,395	30,716,061

Certificates of deposit comprise foreign currency deposits of US$382,941 (2007: US$374,140) for the group.

4. Resale agreements

The fair value of the underlying collateral held against resale agreements is $239,886,000 (2007: $210,468,000).

5. Accounts receivable

	Company		Group	
	2008	2007	2008	2007
Trade receivables	4,134,744	7,013,277	4,226,419	7,152,838
Less: Provision for doubtful debts	(1,117,634)	(289,417)	(1,117,634)	(289,417)
	3,017,110	6,723,860	3,108,785	6,863,421
Other	1,410,259	1,724,149	1,414,888	1,735,206
	$4,427,369	8,448,009	4,523,673	8,598,627

Other receivables for the company and the group include an interest-free loan of $24,510 (2007: $Nil) due from a director.

The aging of trade receivables at the reporting date was:

	Company			
	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
0-30 days	412,512	-	1,746,332	-
Past due 31-60 days	143,986	-	624,540	-
Past due 61-90 days	1,069,753	-	1,361,372	-
More than 90 days	2,508,493	1,117,634	3,281,033	289,417
Total	$4,134,744	1,117,634	7,013,277	289,417

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

5. Accounts receivable (cont'd)

	Group			
	Gross 2008	Impairment 2008	Gross 2007	Impairment 2007
0-30 days	504,187	-	1,885,893	-
Past due 31-60 days	143,986	-	624,540	-
Past due 61-90 days	1,069,753	-	1,361,372	-
More than 90 days	2,508,493	1,117,634	3,281,033	289,417
Total	$4,226,419	1,117,634	7,152,838	289,417

Trade receivables for the group include $91,675 (2007: $61,315) due from a company related by way of common directors.

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

	Company and Group	
	2008	2007
Balance at January 1	289,417	189,417
Doubtful debts recognised	946,497	100,000
Accounts written off	(118,280)	-
	$1,117,634	289,417

6. Inventories

	Company and Group	
	2008	2007
Production chemicals	1,547,856	1,801,135
Plant and machinery spares	685,619	671,668
	$2,233,475	2,472,803

7. Accounts payable

	Company		Group	
	2008	2007	2008	2007
Trade payables	1,062,515	2,960,866	1,062,515	2,960,866
Other	2,294,143	2,733,684	3,385,599	3,777,988
	$3,356,658	5,694,550	4,448,114	6,738,854

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

8. Interest in subsidiaries

Interest in subsidiaries comprises unquoted shares, as follows:

	2008	2007	% 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		

9. Investment properties

Company

	Freehold land and buildings
At cost:	
December 31, 2006, 2007 and 2008	$10,129,032
Depreciation:	
December 31, 2006	148,036
Charge for the year	21,800
December 31, 2007	169,836
Charge for the year	20,709
December 31, 2008	190,545
Net book values:	
December 31, 2008	$ 9,938,487
December 31, 2007	$ 9,959,196
December 31, 2006	$ 9,980,996

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

9. Investment properties (cont'd)

Group

	Freehold land and buildings	Machinery and equipment	Furniture and fixtures	Total
At cost:				
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
Additions	2,850,000	-	-	2,850,000
December 31, 2008	66,515,060	2,009,318	1,079,946	69,604,324
Depreciation:				
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
Charge for the year	328,450	25,816	26,018	380,284
December 31, 2008	6,837,499	1,776,975	585,598	9,200,072
Net book values:				
December 31, 2008	$59,677,561	232,343	494,348	60,404,252
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

Freehold land and buildings include land at cost of $9,545,000 (2007: $9,545,000) for the company and $53,437,000 (2007: $50,587,000) for the Group.

At December 31, 2008, the fair value of investment properties amounted to $10,400,000 (2007: $10,400,000) for the company and $103,100,000 (2007: $90,900,000) 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:

	Company		Group	
	2008	2007	2008	2007
	$	$	$	$
Income earned from properties	728,934	540,000	9,816,997	8,490,004
Expenses incurred by properties	-	-	(786,910)	(1,914,825)

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

10. Property, plant & equipment

Company

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
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
Additions	-	-	55,700	55,700
Disposals	-	(12,779,790)	-	(12,779,790)
December 31, 2008	37,958,999	31,273,892	1,749,106	70,981,997
Depreciation:				
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
Charge for the year	581,675	707,289	94,247	1,383,211
Impairment loss	-	5,460,124	-	5,460,124
Eliminated on disposal	-	(7,757,479)	-	(7,757,479)
December 31, 2008	10,267,182	26,143,728	1,123,679	37,534,589
Net book values:				
December 31, 2008	$27,691,817	5,130,164	625,427	33,447,408
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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

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

Group

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
At cost:				
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
Additions	-	-	55,700	55,700
Disposal	-	(12,779,790)	-	(12,779,790)
December 31, 2008	37,958,999	36,883,320	1,749,106	76,591,425
Depreciation:				
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
Charge for the year	581,675	1,284,797	94,247	1,960,719
Impairment loss	-	5,460,124	-	5,460,124
Eliminated on disposal	-	(7,757,479)	-	(7,757,479)
December 31, 2008	10,267,182	29,443,122	1,123,679	40,833,983
Net book values:				
December 31, 2008	$27,691,817	7,440,198	625,427	35,757,442
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

Freehold land and buildings include land at a cost of $16,640,000 (2007: $16,640,000) for the company and the Group.

11. Share capital and reserves

	2008	2007
(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.		
(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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

11. Share capital and reserves (cont'd)

(b) Reserves comprise:

	Company		Group	
	2008	2007	2008	2007
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	45,651,861	68,024,164	104,840,639	122,567,354
	$66,937,535	89,309,838	126,126,313	143,853,028

Retained earnings include unrealised revaluation surplus of $42,084,748 (2007: $42,084,748) for the company and $77,205,612 (2007: $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.

12. Deferred tax liability

Deferred tax liability is attributable to the following:

	Company		Group	
	2008	2007	2008	2007
Investment properties	-	3,601	1,856,963	1,511,052
Property, plant and equipment	-	3,370,135	(25,482)	3,370,135
Accounts receivable	-	339,370	1,476	343,056
Tax losses	-	(3,535,580)	-	(3,535,580)
	$ -	177,526	1,832,957	1,688,663

Movement in temporary differences during the year:

	Company			Group		
	2007	Recognised in income statement [note 16(a)]	2008	2007	Recognised in income statement [note 16(a)]	2008
Investment properties	3,601	(3,601)	-	1,511,052	345,911	1,856,963
Property, plant & equipment	3,370,135	(3,370,135)	-	3,370,135	(3,395,617)	(25,482)
Accounts receivable	339,370	(339,370)	-	343,056	(341,580)	1,476
Tax losses	(3,535,580)	3,535,580	-	(3,535,580)	3,535,580	-
	$ 177,526	(177,526)	-	1,688,663	144,294	1,832,957

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

13. 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.

14. Finance income and costs

(a) Finance income

	Company		Group	
	2008	2007	2008	2007
	$	$	$	$
Interest income	2,408,209	2,192,551	3,232,622	3,176,330
Foreign exchange gains	3,373,635	1,760,503	7,254,000	3,142,441
	5,781,844	3,953,054	10,486,622	6,318,771

(b) Finance costs

	Company and Group	
	2008	2007
Overdraft interest	9,872	3,304
Other interest	23,769	21,530
	$33,641	24,834

15. (Loss)/ profit before taxation

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

	Company		Group	
	2008	2007	2008	2007
	$	$	$	$
Depreciation	1,403,920	2,721,471	2,341,003	3,849,783
Impairment loss on plant and machinery	5,460,124	-	5,460,124	-
Staff costs (note 17)	18,885,686	13,972,579	19,191,031	14,374,524
Directors' emoluments [note 21(b)]:				
Fees	159,250	195,000	159,250	195,000
Management remuneration	2,791,191	3,076,032	3,987,416	4,394,331
Auditors' remuneration:				
Current year	1,600,000	1,320,000	2,106,000	1,787,000
Prior year	60,950	80,000	60,950	80,000

16. Taxation

	Company 2008	Company 2007	Group 2008	Group 2007
(a) Income tax expense:				
Current tax @ 33⅓%	-	-	2,144,102	1,322,232
Deferred taxation:				
Tax losses	-	(1,099,489)	-	(1,099,489)
Origination and reversal of temporary differences	(177,526)	(60,899)	144,294	(628,700)
Deferred tax (note 12)	(177,526)	(1,160,388)	144,294	(1,728,189)
Taxation (credit)/expense recognised in the income statement	$(177,526)	(1,160,388)	2,288,396	(405,957)

(b) Reconciliation of effective tax rate:

The effective tax rate for 2008 was 0.79% (2007: 50.81%) of pre-tax loss of $(22,549,829) [2007: $(2,283,994)] for the company and 17.45% (2007: 19.26%) of pre-tax loss of $(13,115,525) (2007: profit of $2,108,023) for the Group, compared to the statutory tax rate of 33⅓ (2007: 33⅓%). The actual tax credit differs from the "expected" tax (credit)/charge for the year as follows:

	Company 2008	Company 2007	Group 2008	Group 2007
(Loss)/profit before taxation	$(22,549,829)	(2,283,994)	(13,115,527)	2,108,023
Computed "expected" tax (credit)/ charge	(7,516,610)	(761,331)	(4,371,842)	702,675
Tax effect of differences between treatment for financial statement and taxation purposes:				
Non-deductible depreciation	(1,453,474)	199,351	(916,904)	(130,403)
Disallowable expenses	(936,050)	(580,668)	(917,950)	(542,626)
Exchange gains	-	(17,740)	(1,233,516)	(435,603)
Unutilised tax losses	9,728,608	-	9,728,608	-
Actual taxation (credit)/charge recognised in the income statement	$(177,526)	(1,160,388)	2,288,396	(405,957)

(c) At December 31, 2008, taxation losses, subject to agreement by the Commissioner of Taxpayer Audit Assessment Department, available for relief against future taxable profits, amounted to approximately $29 million (2007: 10.6 million) for the company and Group. If unutilised, these can be carried forward indefinitely.

(d) A deferred tax asset of $8,704,853 for the company and Group, relating to available tax losses and timing differences, has not been recognised at December 31, 2008, as the directors and management consider that the financial and operational strategies initiated to utilize the benefits of the deferred tax asset are still in progress.

17. Staff cost

	Company		Group	
	2008	2007	2008	2007
Uniform	166,530	-	166,530	-
Laundry	192,969	208,186	192,969	208,186
Staff welfare	665,870	885,965	665,870	885,965
Staff training	103,573	14,149	103,573	14,149
Salaries & wages	9,556,984	11,125,417	9,862,329	11,404,822
Redundancy	6,377,656	-	6,377,656	-
Health insurance	353,648	268,986	353,648	268,986
Employers contribution	1,468,456	1,469,876	1,468,456	1,592,416
	$18,885,686	13,972,579	19,191,031	14,374,524

18. Discontinued operation

(a) In September 2008 the company discontinued its entire ice production segment but continued distribution of ice. The comparative income statement has been re-presented to show the discontinued operation separately from continuing operations.

(Loss)/profit from discontinued operation:

	Company and Group	
	2008	2007
Gross operating revenue	25,162,988	36,693,335
Cost of operating revenue	(26,112,437)	(21,095,371)
Administrative expenses	(12,041,196)	(8,219,967)
(Loss)/profit from discontinued operation, net of tax	$(12,990,645)	7,377,997

(b) Cash flows from discontinued operations:

CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit from discontinued operations	(12,990,645)	7,377,997
Loss on disposal of plant & machinery	231,851	-
Impairment loss on plant & machinery	5,460,124	-
Net cash(used)/provided by operating activities	$(7,298,670)	7,377,997

19. (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 $(22,372,303) [(2007: $(1,123,606)] for the company and $(17,726,715) (2007: profit of $1,301,452) for the Group by the 6,161,510 (2007: 6,161,510) ordinary stock units in issue during the year.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2008

20. Dividends

Preference dividends in arrears at December 31, 2008 $Nil (2007: $600).

21. 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	
	2008	2007	2008	2007
	$	$	$	$
Rental income - related company	-	-	(886,282)	(864,031)
Compensation of key management personnel (note 15)	2,950,441	3,271,032	4,146,666	4,589,331
Sales - related company	(1,712,402)	(1,329,296)	(1,712,402)	(1,329,296)
Purchases - related company	157,421	139,621	157,421	139,621

22. Segment results

Segment information below represents the total for the group for continuing and discontinued operations.

	2008							
	Ice* (discontinued)	Water	Rental	Other	Total	Consolidated	Less ice* (discontinued)	Continuing operations
Revenue:								
External	25,162,988	2,594,367	9,816,997	3,495,116	41,069,468	41,069,468	25,162,988	15,906,480
Inter-segment	-	-	-	-	-	-	-	-
Total revenue	$ 25,162,988	2,594,367	9,816,997	3,495,116	41,069,468	41,069,468	25,162,988	15,906,480
Segment results	$(12,990,645)	1,222,664	9,816,997	1,949,990	(994)	(994)	(12,990,645)	12,989,651
Other income unallocated:								
Foreign exchange gains						7,254,000	-	7,254,000
Interest income						3,232,622	-	3,232,622
Other income						73,225	-	73,225
Administration and other expenses						(23,640,737)	-	(23,640,737)
Loss from operations						(13,081,884)	(12,990,645)	(91,239)
Finance costs						(33,641)	-	(33,641)
Taxation						(2,288,396)	-	(2,288,396)
Loss attributable to members						$(15,403,921)	(12,990,645)	(2,413,276)
Segment assets	$70,063,745	1,469,096	90,498,911	2,310,035	164,341,787	164,341,787	-	164,341,787
Unallocated assets						1,841,668	-	1,841,668
Total assets						166,183,455	-	166,183,455
Segment liabilities	$ 4,619,499	-	1,091,346	110	5,710,955	5,710,955	-	5,710,955
Unallocated liabilities						3,339,341	-	3,339,341
Total liabilities						9,200,639	-	9,200,639
Items:								
Additions to property, plant & equipment and investment properties	$ -	-	2,850,000	55,700	2,905,700	2,905,700	-	2,905,700
Disposal of property, plant and equipment	$12,779,790	-	-	-	-	12,779,790	-	12,779,790
Depreciation	$ 1,219,867	163,344	-	-	-	1,383,211	-	1,383,211
Impairment loss	$ 5,046,124	-	-	-	-	5,046,124	-	5,046,124

* See discontinued operations – note 18.

Notes to the Financial Statements (Continued)
December 31, 2008

22. Segment results (cont'd)

Segment information below represents the total for the group for continuing and discontinued operations.

	2007							
	Ice* (discontinued)	Water	Rental	Other	Total	Consolidated	Less ice* (discontinued)	Continuing operations
Revenue:								
External	36,693,335	7,069,327	8,624,140	1,924,897	54,311,699	54,311,699	36,693,335	17,618,364
Inter-segment	-	-	-	-	-	-	-	-
Total revenue	$36,693,335	7,069,327	8,624,140	1,924,897	54,311,699	54,311,699	36,693,335	17,618,364
Segment results	$ 7,377,997	3,027,987	8,624,140	1,924,897	20,955,021	20,955,021	7,377,997	13,577,024
Other income unallocated:								
Foreign exchange gains						3,142,441	-	3,142,441
Interest income						3,176,330	-	3,176,330
Loss on disposal of investment properties						(61,098)	-	(61,098)
Administration and other expenses						(25,079,837)	-	(25,079,837)
Profit/(loss) from operations						2,132,857	7,377,997	(5,245,140)
Finance costs						(24,834)	-	(24,834)
Taxation						405,957	-	405,957
Profit/(loss) attributable to members						$ 2,513,980	7,377,997	(4,864,017)
Segment assets	$90,005,244	1,632,439	85,880,727	3,296,271	180,814,681	180,814,681	-	180,814,681
Unallocated assets						1,607,467	-	1,607,467
Total assets						$182,422,148	-	182,422,148
Segment liabilities	$ 6,271,554	-	1,044,194	110	7,315,858	7,315,858	-	7,315,858
Unallocated liabilities						2,719,451	-	2,719,451
Total liabilities						$ 10,035,309	-	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	-	2,040,111
Disposal of furniture and fixtures	$ -	-	76,372	-	76,372	76,372	-	76,372
Depreciation	$ 2,518,290	181,382	1,150,111	-	3,849,783	3,849,783	-	3,849,783

* See discontinued operations – note 18.

23. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- 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, investment securities and cash and cash equivalents.

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	
	2008	2007	2008	2007
Cash and cash equivalents	8,591,040	1,765,488	39,744,395	30,716,061
Securities purchased under resale agreements	21,678,652	32,947,758	21,678,652	32,947,758
Accounts receivable	4,427,369	8,448,009	4,523,673	8,598,627
	$34,697,061	43,161,255	65,946,720	72,262,446

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

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.

23. Financial risk management (cont'd)

(a) Credit risk (cont'd):

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.

Cash and cash equivalents:

The company limits its exposure to credit risk by placing cash resources with substantial counterparties who are believed to have minimal risk of default.

(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. The bank overdraft arose from unpresented cheques.

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$).

22. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Foreign currency risk (cont'd):

At December 31, 2008, foreign currency assets aggregated US$325,280 (2007: US$529,784) for the company and US$707,422 (2007: 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)].

Exchange rates for the US$, in terms of Jamaica dollars, were:

December 31, 2007	$70.18
December 31, 2008	$79.96
March 26, 2009	$88.14

A 10% strengthening/weakening of the Jamaica dollar against the United States dollar at December 31 would have increased/decreased loss by $5,656,546 (2007: $6,274,948). This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2007.

(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 limit their exposure to changes in interest rates by investing in securities at fixed interest rates for the duration of the term which is generally 90 days or less.

At December 31, 2008 financial assets subject to fixed interest rates aggregated $29,478,994 (2007: $34,692,159) for the company and $60,645,204 (2007: $60,351,813) for the Group.

Sensitivity analysis:

At the balance sheet date, the company only has fixed rate financial assets. Therefore, changes in market interest rates will neither affect the cash flows nor the carrying amount of the instruments.

The company had no financial liabilities subject to interest as at December 31, 2007; the bank overdraft arose from unpresented cheques [note 23(b)].

23. Financial risk management (cont'd)

(d) Fair values:

The fair values of cash and cash equivalents, resale agreements, accounts receivable, accounts payable, due to subsidiary and bank overdraft 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.