

MONTEGO BAY ICE COMPANY LIMITED
 Statements of Financial Position
 December 31, 2011

	Company		Group	
	2011	2010	2011	2010
CURRENT ASSETS				
Cash and cash equivalents	1,477,707	1,421,224	36,968,922	35,236,605
Resale agreements	21,951,852	23,775,587	21,951,852	23,775,587
Accounts receivable	1,015,082	1,316,390	1,119,922	1,395,510
Inventories	1,914,240	2,287,567	1,914,240	2,287,567
Taxation recoverable	477,335	468,823	675,871	624,135
Total current assets	26,836,217	29,269,591	62,630,808	63,319,404
CURRENT LIABILITIES				
Bank Overdraft			-	458,532
Accounts payable	3,171,762	3,445,105	4,476,610	4,356,373
Due to subsidiary	14,822,408	10,682,466		-
Taxation payable			544,968	437,973
Dividends	575,660	575,576	575,660	575,576
Total current liabilities	18,569,830	14,703,147	5,597,238	5,828,454
NET CURRENT ASSETS	8,266,387	14,566,444	57,033,571	57,490,950
NON-CURRENT ASSETS				
Interest in subsidiaries	40,001	40,001	1	1
Investment properties	9,882,366	9,900,122	60,981,152	62,104,101
Property, plant & equipment	26,976,140	27,882,093	32,005,944	34,169,348
Total non-current assets	36,898,507	37,822,216	92,987,097	96,273,450
Total assets less current liabilities	45,164,894	52,388,660	150,020,667	153,764,400
Financed by:				
EQUITY				
Share capital	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	43,922,592	51,146,358	112,968,996	117,892,797
	45,164,894	52,388,660	114,211,298	119,135,099
MINORITY INTEREST	-	-	34,573,202	33,393,134
Total equity	45,164,894	52,388,660	148,784,501	152,528,233
NON-CURRENT LIABILITIES				
Deferred tax liability	-	-	1,236,167	1,236,167
Total non-current liabilities	45,164,894	52,388,660	150,020,668	153,764,400


 Peter Hart Director


 Theresa Chin Director

MONTEGO BAY ICE COMPANY LIMITED

Statement of Comprehensive Income
Period ending December 31

	Company				Group			
	3 Months to Dec 2011	3 Months to Dec 2010	12 months to Dec 2011	12 months to Dec 2010	3 Months to Dec 2011	3 Months to Dec 2010	12 months to Dec 2011	12 months to Dec 2010
Gross operating revenue	7,022,009	4,232,805	20,467,514	19,765,826	10,489,628	7,620,375	34,448,334	33,617,789
Cost of operating revenue	(4,491,102)	(3,752,102)	(16,475,369)	(16,386,869)	(4,491,102)	(3,752,102)	(16,475,369)	(16,386,869)
Gross operating profit	2,530,908	480,702	3,992,145	3,378,957	5,998,526	3,868,272	17,972,965	17,230,920
Other income/(expense):								
Other Income	(242,624)	2,322,137		1,093,100	(89,916)	2,289,337	438,168	1,093,100
Gain on Disposal of Investment Properties	(80,092)	-			(80,092)	-	70,000	
Finance Income			352,042	1,595,674	(418,530)	556,041	1,067,199	2,317,122
	(322,716)	2,322,137	352,042	2,688,774	(588,539)	2,845,377	1,575,367	3,410,222
	2,208,191	2,802,840	4,344,187	6,067,731	5,409,987	6,713,650	19,548,332	20,641,142
Administration and other expenses	(4,026,677)	(2,635,136)	(12,022,278)	(12,545,211)	(7,047,389)	(3,822,266)	(21,988,706)	(20,198,251)
Profit/(loss) from operations	(1,818,485)	167,704	(7,678,090)	(6,477,480)	(7,127,481)	(3,822,266)	(2,440,374)	442,891
Finance costs	(11,683)	(1,255,314)	(11,683)	(1,255,314)	(27,207)	(2,768,066)	(11,683)	(2,760,096)
Profit/(loss) before taxation and minority interest	(1,830,169)	(1,087,610)	(7,689,774)	(7,732,794)	(7,154,688)	(6,590,332)	(2,452,057)	(2,317,205)
Taxation					(540,246)	(2,801,076)	(2,071,512)	(2,801,076)
Total comprehensived (loss)/profit for the period ending December 31	<u>(1,830,169)</u>	<u>(1,087,610)</u>	<u>(7,689,774)</u>	<u>(7,732,794)</u>	<u>(7,694,934)</u>	<u>(9,391,408)</u>	<u>(4,523,569)</u>	<u>(5,118,281)</u>

MONTEGO BAY ICE COMPANY LIMITED

Statement of Changes in Equity
 Period ending December 31, 2011

	Capital Reserves		Revenue Reserves	Parent company stockholders equity	Minority Interest	Total Equity	
	Share capital	Share premium	Realised				Retained earnings
Balances at December 31, 2009	1,242,302	19,229,822	2,724,014	101,928,745	125,124,883	32,521,630	157,646,513
Total comprehensive losses for the year				(5,989,785)	(5,989,785)	871,504	(5,118,281)
Transfer of gain on disposal of property, plant & equipment			384,677	(384,677)			
Balances at December 31, 2010	1,242,302	19,229,822	3,108,691	95,554,283	119,135,098	33,393,134	152,528,232
Total comprehensive losses for the year				(4,923,800)	(4,923,800)	1,180,068	(3,743,732)
Transfer of gain on disposal of property, plant & equipment			70,000	(70,000)			
Balances at December 31, 2011	1,242,302	19,229,822	3,178,691	90,560,483	114,211,298	34,573,202	148,784,501

Montego Bay Ice Co. Ltd
Statement of Group Cash Flows
Period Ending 31 December 2011

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / loss for the year attributable to members	(4,523,569)	(5,118,281)
Adjustments for :		
Interest income	(1,067,199)	(2,317,122)
(Gain)/Loss on disposal of Equipment	(70,000)	(384,677)
Depreciation	3,229,072	3,560,585
Interest expense	11,683	11,682
Taxation	<u>2,071,512</u>	<u>2,801,076</u>
Operating profit before changes in working capital	(348,501)	(1,446,737)
Decrease / (Increase) in current assets :		
Accounts receivable	275,588	1,571,144
Inventories	373,327	(473,658)
Increase / (decrease) in current liabilities :		
Accounts Payable	120,237	261,685
Dividends unclaimed	<u>(84)</u>	<u>(1,116)</u>
Cash used by operations	420,566	(88,682)
Taxes Paid	(1,531,266)	(3,278,935)
Interest paid	<u>11,683</u>	<u>(11,682)</u>
Net cash used by operating activities	<u>(1,099,016)</u>	<u>(3,379,299)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	950,653	2,331,809
Resale agreements	1,823,735	4,381,043
Addition to Investment Properties		
Addition to Property plant & Machinery		(6,011,042)
Proceeds from disposal of plant & machinery		<u>550,000</u>
Net cash used by investing activities	<u>2,774,388</u>	<u>1,251,810</u>
CASH LOWS FROM FINANCING ACTIVITIES		
Bank Overdraft	<u>(56,946)</u>	<u>(56,946)</u>
Net cash used by financing activities		
Net decrease in cash and cash equivalents	1,732,318	(2,070,543)
Cash and cash equivalents at beginning of the year	<u>35,236,605</u>	<u>37,307,148</u>
Cash and cash equivalents at end of the year	<u><u>36,968,923</u></u>	<u><u>35,236,605</u></u>

MONTEGO BAY ICE COMPANY LIMITEDNotes to the Financial Statements
December 31, 20111. 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”) are the retailing of ice, bottling and sale of spring water, rental of properties and cold storage facilities.

The company has a joint venture agreement 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 its International Financial Reporting Interpretations Committee (IFRIC), and comply with the provisions of the Jamaican Companies Act.

At the date of authorisation of the financial statements, certain new standards, and amendments to and interpretations of existing standards, have been issued but are not yet effective and which the company and group have not early-adopted. The company and group have assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and have determined that the following may be relevant to its operations and has concluded as follows:

- *IFRS 9, Financial Instruments*, (effective for accounting periods beginning on or after January 1, 2013) introduces new requirements for classifying and measuring financial assets. The standard also amends some of the requirements of *IFRS 7 Financial Instruments: Disclosures* including added disclosures about investments in equity instruments designated as fair value through other comprehensive income. The company is assessing the impact, if any, the amendment will have on the 2013 financial statements.
- *IFRIC 17, Distribution of Non-Cash Assets to Owners* is effective for annual reporting periods beginning on or after July 1, 2009 and is required to be applied prospectively; earlier application is permitted. IFRIC 17 provides that a dividend payable should be recognised when appropriately authorised and no longer at the entity’s discretion. Where an owner has a choice of a dividend of a non-cash asset or cash, the dividend payable is estimated considering both the fair value and probability of the owners selecting each option. The dividend payable is measured at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. The company is assessing the impact, if any, the amendment will have on the 2010 financial statements.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (continued)
December 31, 2011

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

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis with the same accounting policies and methods of computation are followed in the interim financial statements as were followed in the most recent annual financial statements 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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

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 losses on 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 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.

(iii) Net realizable value of inventories:

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year, to the extent that such events confirm conditions existing at the end of the year.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

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 period ending December 31, 2011.

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.

(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.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

(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.

The depreciation rates are as follows:

Property, plant & equipment:

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

Investment properties:

Buildings	2½% - 5%
Machinery and equipment	10% - 20%
Furniture and fixtures	5% - 10%

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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

(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;

A party is related to a company, if:

- (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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

(o) Related parties (cont'd):

(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.

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.

(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 on bank 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.

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 utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

(r) Taxation (cont'd):

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.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows of the asset that can be estimated. Objective evidence that financial assets are impaired can include default or delinquency by a customer or counterparty or indicators that the customer or counterparty will enter bankruptcy.

(i) Calculation of recoverable amount:

The recoverable amount of the company's and the Group's receivables 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 other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

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

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
December 31, 2011

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

(s) Impairment (cont'd):

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss is reversed in profit or loss.

(t) Segment reporting:

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

- (i) purchase and sale of ice;
- (ii) rental of properties and cold storage facilities; and
- (iii) processing and sale of spring water.

(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.

(x) 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.