MONTEGO BAY ICE COMPANY LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2011

KPMG
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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 (the company) and the consolidated financial statements of the company and its subsidiaries (the group), set out on pages 3 to 29, which comprise the company's and group's statements of financial position as at December 31, 2011, the company's and group's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity'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 entity'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.

To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Report on the Financial Statements, continued

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company's and group's as at December 31, 2011, and of the company's and 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.

Report on additional matters as required by 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 required.

KPMG

Chartered Accountants
Montego Bay, Jamaica

March 29, 2012

MONTEGO BAY ICE COMPANY LIMITED

Statements of Financial Position
December 31, 2011

	Notes	Company 2011	Company 2010	Group 2011	Group 2010
CURRENT ASSETS					
Cash and cash equivalents	3	1,477,707	1,421,224	37,110,542	35,236,605
Investments	4	21,951,852	23,775,587	21,951,852	23,775,587
Accounts receivable	5	1,288,195	1,316,390	1,461,024	1,395,510
Inventories	6	258,158	2,287,567	258,158	2,287,567
Taxation recoverable		477,335	468,823	676,010	624,135
Total current assets		25,453,247	29,269,591	61,457,586	63,319,404
CURRENT LIABILITIES					
Bank overdraft (unsecured)		-	-	-	458,532
Accounts payable	7	3,657,746	3,445,105	4,962,704	4,356,373
Due to subsidiary		14,822,408	10,682,466	-	-
Taxation payable		-	-	929,491	437,973
Dividends unclaimed		575,660	575,576	575,660	575,576
Total current liabilities		19,055,814	14,703,147	6,467,855	5,828,454
Net current assets		6,397,433	14,566,444	54,989,731	57,490,950
NON-CURRENT ASSETS					
Interest in subsidiaries	8	40,001	40,001	-	-
Investment properties	9	9,882,366	9,900,122	60,981,152	62,104,101
Property, plant and equipment	10	26,976,140	27,882,093	32,005,944	34,169,348
Total non-current assets		36,898,507	37,822,216	92,987,096	96,273,449
Total assets less current liabilities		$43,295,940	52,388,660	147,976,827	153,764,399
EQUITY					
Share capital	11(a)	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	11(b)	42,053,638	51,146,358	111,198,892	117,892,796
Equity attributable to owners of the company		43,295,940	52,388,660	112,441,194	119,135,098
Non-controlling interests		-	-	34,592,542	33,393,134
Total equity		43,295,940	52,388,660	147,033,736	152,528,232
NON-CURRENT LIABILITY					
Deferred tax liability	12	-	-	943,091	1,236,167
Total equity and non-current liability		$43,295,940	52,388,660	147,976,827	153,764,399

The financial statements on pages 3 to 29 were approved for issue by the Board of Directors on March 29, 2012 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

Statement of Comprehensive Income
Year ended December 31, 2011

	Notes	Company 2011	Company 2010	Group 2011	Group 2010
Gross operating revenue	13	17,870,050	19,765,826	31,850,870	33,617,789
Cost of operating revenue		(17,703,264)	(16,386,869)	(17,703,264)	(16,386,869)
Gross operating profit		166,786	3,378,957	14,147,606	17,230,920
Other income		80,092	1,093,100	150,092	1,093,100
		246,878	4,472,057	14,297,698	18,324,020
Administrative and other expenses		(10,928,514)	(12,545,211)	(20,510,945)	(20,198,251)
		(10,681,636)	(8,073,154)	(6,213,247)	(1,874,231)
Finance income	14(a)	1,593,283	1,595,674	2,886,077	2,317,122
Finance costs	14(b)	(4,367)	(1,255,314)	(4,367)	(2,760,096)
Loss from operations before taxation	15	(9,092,720)	(7,732,794)	(3,331,537)	(2,317,205)
Taxation	16	-	-	(2,162,959)	(2,801,076)
Loss for the year, being total comprehensive loss		$(9,092,720)	(7,732,794)	(5,494,496)	(5,118,281)
Attributable to:					
Owners of the company		(9,092,720	(7,732,794)	(6,693,904)	(5,989,785)
Non-controlling interest		-	-	1,199,408	871,504
		$(9,092,720)	(7,732,794)	(5,494,496)	(5,118,281)
Total comprehensive loss attributable to owners of the company dealt with in the financial statements of:					
The company		(9,092,720)	(7,732,794)	(9,092,720)	(7,732,794)
The subsidiaries		-	-	2,398,816	1,743,009
Loss for the year attributable to members		$(9,092,720)	(7,732,794)	(6,693,904)	(5,989,785)
Loss per ordinary stock unit	18	$(1.48)	(1.26)	(1.09)	(0.97)

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, 2011

	Share capital [note 11(a)]	Capital reserves Share premium [note 11(b)]	Capital reserves Realised [note 11(b)]	Revenue reserves Retained earnings [note 11(b)]	Total
Balances at December 31, 2009	1,242,302	19,229,822	2,724,014	36,925,316	60,121,454
Total comprehensive loss for the year	-	-	-	(7,732,794)	(7,732,794)
Transfer of gain on disposal of property, plant and equipment	-	-	384,677	(384,677)	-
Balances at December 31, 2010	1,242,302	19,229,822	3,108,691	28,807,845	52,388,660
Total comprehensive loss for the year	-	-	-	(9,092,720)	(9,092,720)
Transfer of gain on disposal of property, plant and equipment	-	-	80,092	(80,092)	-
Balances at December 31, 2011	$1,242,302	19,229,822	3,188,783	19,635,033	43,295,940

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, 2011

	Share capital [note 11(a)]	Capital reserves: Share premium [note 11(b)]	Capital reserves: Realised [note 11(b)]	Revenue reserves: Retained earnings [note 11(b)]	Total	Non-controlling interest	Total equity
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 loss for the year	-	-	-	(5,989,785)	(5,989,785)	871,504	(5,118,281)
Transfer of gain on disposal of property, plant and 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 loss for the year	-	-	-	(6,693,904)	(6,693,904)	1,199,408	(5,494,496)
Transfer of gain on disposal of property, plant and equipment	-	-	80,092	(80,092)	-	-	-
Balances at December 31, 2011	$1,242,302	19,229,822	3,188,783	88,780,287	112,441,194	34,592,542	147,033,736

Retained earnings dealt with in the financial statements of:

	2011	2010
The company	19,635,033	28,807,845
The subsidiaries	69,145,254	66,746,438
	$88,780,287	95,554,283

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, 2011

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(9,092,720)	(7,732,794)
Adjustments for:			
Interest income	14(a)	(1,286,703)	(1,595,674)
Gain on disposal of property, plant and equipment		(80,092)	(384,677)
Depreciation	10/9	763,801	866,427
Interest expense	14(b)	4,367	11,682
		(9,691,347)	(8,835,036)
(Increase)/decrease in current assets:			
Accounts receivable		(68,503)	1,557,425
Inventories		2,029,409	(473,658)
Increase/(decrease) in current liabilities:			
Accounts payable		212,641	417,844
Due to subsidiary		4,139,942	1,106,926
Dividends unclaimed		84	(1,116)
Cash used by operations		(3,377,774)	(6,227,615)
Tax paid		(8,512)	(58,607)
Interest paid		(4,367)	(11,682)
Net cash used by operating activities		(3,390,653)	(6,297,904)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,383,401	1,681,507
Investments		1,823,735	4,381,043
Proceeds from disposal of property, plant and equipment		240,000	550,000
Net cash provided by investing activities		3,447,136	6,612,550
CASH FLOWS FROM FINANCING ACTIVITY			
Bank overdraft, being net cash used from financing activity		-	(401,586)
Net increase/(decrease) in cash and cash equivalents		56,483	(86,940)
Cash and cash equivalents at beginning of the year		1,421,224	1,508,164
Cash and cash equivalents at end of the year		$1,477,707	1,421,224

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, 2011

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(5,494,496)	(5,118,281)
Adjustments for:			
Interest income	14(a)	(2,069,710)	(2,317,122)
Gain on disposal of property, plant and equipment		(150,092)	(384,677)
Depreciation	10/9	3,126,445	3,560,585
Interest expense	14(b)	4,367	11,682
Taxation	16(a)	2,162,959	2,801,076
		(2,420,527)	(1,446,737)
(Increase)/decrease in current assets:			
Accounts receivable		(173,343)	1,571,144
Inventories		2,029,409	(473,658)
Increase/(decrease) in current liabilities:			
Accounts payable		606,331	261,685
Dividends unclaimed		84	(1,116)
Cash provided/(used) by operations		41,954	(88,682)
Tax paid		(2,016,392)	(3,278,935)
Interest paid		(4,367)	(11,682)
Net cash used by operating activities		(1,978,805)	(3,379,299)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,177,539	2,331,809
Investments		1,823,735	4,381,043
Additions to property, plant and equipment	10	-	(6,011,042)
Proceeds from disposals of property, plant and equipment		310,000	550,000
Net cash provided by investing activities		4,311,274	1,251,810
CASH FLOWS FROM FINANCING ACTIVITY			
Bank overdraft, being net cash (used)/provided from financing activity		(458,532)	56,946
Net increase/(decrease) in cash and cash equivalents		1,873,937	(2,070,543)
Cash and cash equivalents at beginning of the year		35,236,605	37,307,148
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		$37,110,542	35,236,605

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

1. The company

Montego Bay Ice Company Limited (the 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 (the group) (note 8) are the retailing of ice, bottling and sale of spring water, rental of properties and cold storage facilities.

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 and comply with the provisions of the Jamaican Companies Act.

During the year, certain new, revised and amendments to standards and interpretations came into effect, none of which had any impact on the group's accounting policies or disclosures.

At the date of authorisation of the financial statements, there were certain standards and interpretation of, and amendments to, existing standards which were in issue but were not yet effective. Those which management considered relevant to the group and their effective dates are as follows:

- IFRS 9 *Financial Instruments* is effective for annual reporting periods beginning on or after January 1, 2015 (previously January 1, 2013). The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The revised standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39 *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

- IFRS 10 *Consolidated Financial Statements* is effective for annual periods beginning on or after January 1, 2013. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation Special Purpose Entities* and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when (1) it is exposed or has rights to variable returns from its involvement with that investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between power and returns. The exposure to risks and rewards of an investee does not, on its own, determine that the investor has control over an investee. It is one of the factors of the control analysis. IFRS 10 clarifies that the investor always considers purpose and design of the investee when assessing control.

- Amendments to IFRS 7 *Disclosures – Transfer of Financial Assets* is effective for annual periods beginning on or after July 1, 2011. The amendment requires disclosure of information that enable users of financial statements to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities, and to evaluate the nature of and risks associated with the entity's continuing involvement in these derecognised assets.

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

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

- IAS 27 (2011) *Separate Financial Statements* is effective for annual periods beginning on or after January 1, 2013. The amended standard carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27.

- IFRS 13 *Fair Value Measurement* is effective for annual periods beginning on or after January 1, 2013. It replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. It defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price.

- IAS 1 *Presentation of Financial Statements*: *Presentation of Items of Other Comprehensive Income* is effective for annual periods beginning on or after July 1, 2012. It has been amended to require an entity to present separately the items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income. However, an entity is still allowed to use other titles.

- IAS 12 *Income Taxes* has been amended, effective for annual reporting periods beginning on or after January 1, 2012, to require an entity to measure deferred taxes relating to an asset based on whether the entity expects to recover the carrying amount of the asset through use or sale.

Management is evaluating the impact that the foregoing standards, interpretations and amendments to standards will have on its future financial statements when the standards become effective.

(b) Basis of preparation and functional currency:

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

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 and functional currency (cont'd):

The preparation of the financial statements in conformity with International Reporting Standards assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the statements of comprehensive income and financial position assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis. Although the company has been making losses, management is of the opinion that the going concern assumption remains appropriate as the company has sufficient equity and asset base to sustain operations. The company is also able to obtain funds from its subsidiary, Montego Cold Storage Limited, which has surplus cash that they are able to lend.

(c) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

Judgements made by management in the application of IFRS that have a 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 and equipment and investment properties:

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.

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

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

(d) 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, 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.

(e) 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.

(f) Investments:

Investments are classified as loans and receivables. Loans and receivables are those that have a fixed or determinable payment and which are not quoted in an active market.

Loans and receivables investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses.

Investments are recognised/derecognised on the trade date.

(g) Accounts receivable:

Trade and other receivables are stated at amortised cost, less impairment losses.

(h) 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.

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

(j) Interest in subsidiaries:

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

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)

(k) Investment properties:

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

(l) Property, plant and equipment:

Property, plant and 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 and 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 and equipment are recognised in profit or loss as incurred.

(m) Depreciation:

Property, plant and equipment and investment properties, with the exception of freehold land on which no depreciation is provided, are depreciated on the reducing-balance basis, 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 and equipment:	
Buildings	5%
Plant, machinery and vehicles	5 - 20%
Office furniture and equipment	10%
Investment properties:	
Buildings	$2^1/_2$ - 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.

(n) Revenue recognition:

Revenue from the sale of goods is recognised in profit or loss 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 profit or loss on the straight-line basis over the term of the lease agreement.

MONTEGO BAY ICE COMPANY LIMITED

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

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

(o) Foreign currencies:

Foreign currency balances at the reporting 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 profit or loss.

(p) A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:

i) has control or joint control over the reporting entity;

ii) has significant influence over the reporting entity; or

iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii) Both entities are joint ventures of the same third party.

iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi) The entity is controlled, or jointly controlled by a person identified in (a).

vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and

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

(p) (cont'd)

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with (cont'd):

b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction - A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(q) 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.

(r) Finance costs and interest income:

Finance costs comprise interest on bank overdraft, other interest and foreign exchange losses.

Interest expense and interest income on funds invested are recognised in profit or loss as they accrue, using the effective yield method.

(s) Taxation:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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 reporting date.

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

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.

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

(t) Impairment:

The carrying amounts of the company's and the group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. 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 profit or loss.

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.

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.

(u) 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 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.

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

(u) Segment reporting (cont'd):

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.

(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, investments and accounts receivable. Financial liabilities include bank overdraft, 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 and 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.

3. Cash and cash equivalents

	Company		Group	
	2011	2010	2011	2010
Cash	20,000	20,000	20,000	20,000
Bank accounts	1,457,707	1,401,224	2,215,450	1,401,224
Certificates of deposit	-	-	34,875,092	33,815,381
	$1,477,707	1,421,224	37,110,542	35,236,605

Certificates of deposit comprise foreign currency deposits of US$403,244 (2010: US$396,239) for the group.

4. Investments

Investments consist of corporate bonds valued at US$254,854 (2010: US$246,430) which have been classified as loans and receivables.

MONTEGO BAY ICE COMPANY LIMITED

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

5. Accounts receivable

	Company		Group	
	2011	2010	2011	2010
Trade receivables	1,105,603	1,101,478	1,105,603	1,101,478
Less: Provision for doubtful debts	(366,694)	(366,694)	(366,694)	(366,694)
	738,909	734,784	738,909	734,784
Others	549,286	581,606	722,115	660,726
	$1,288,195	1,316,390	1,461,024	1,395,510

Trade receivables include $26,438 (2010: $Nil) due from a related party.

The aging of trade receivables at the reporting date was:

	Company and Group			
	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
0-30 days	541,227	-	684,182	-
Past due 31-60 days	6,000	-	-	-
Past due 61-90 days	-	-	-	-
More than 90 days	558,376	366,694	417,296	366,694
Total	$1,105,603	366,694	1,101,478	366,694

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

	Company and Group	
	2011	2010
Balance at January 1	366,694	1,553,886
Accounts written off	-	(1,187,192)
Balance at December 31	$366,694	366,694

6. Inventories

	Company and Group	
	2011	2010
Water bottles and labels	105,649	1,454,968
Plant and machinery spares	152,509	832,599
	$258,158	2,287,567

7. Accounts payable

	Company		Group	
	2011	2010	2011	2010
Trade payables	1,369,967	1,207,042	1,369,967	1,207,042
Other	2,287,779	2,238,063	3,592,737	3,149,331
	$3,657,746	3,445,105	4,962,704	4,356,373

MONTEGO BAY ICE COMPANY LIMITED

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

8. Interest in subsidiaries

Interest in subsidiaries comprises unquoted shares, as follows:

	2011	2010	% held	Main activity
Montego Cold Storage Limited, at cost	40,000	40,000	$66^2/_3$	Cold storage and property 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
Cost:	
December 31, 2009, 2010 and 2011	10,129,032
Depreciation:	
December 31, 2009	210,220
Charge for the year	18,690
December 31, 2010	228,910
Charge for the year	17,756
December 31, 2011	246,666
Net book values:	
December 31, 2011	$ 9,882,366
December 31, 2010	$ 9,900,122

Group

	Freehold land and buildings	Machinery and equipment	Furniture and fixtures	Total
Cost:				
December 31, 2009, 2010 and 2011	70,516,140	2,009,318	1,079,946	73,605,404
Depreciation:				
December 31, 2009	7,949,744	1,800,209	610,316	10,360,269
Charge for the year	1,096,641	20,911	23,482	1,141,034
December 31, 2010	9,046,385	1,821,120	633,798	11,501,303
Charge for the year	1,081,821	18,820	22,308	1,122,949
December 31, 2011	10,128,206	1,839,940	656,106	12,624,252
Net book values:				
December 31, 2011	$60,387,934	169,378	423,840	60,981,152
December 31, 2010	$61,469,755	188,198	446,148	62,104,101

9. Investment properties (cont'd)

Freehold land and buildings include land at cost of $9,545,000 (2010: $9,545,000) for the company and $53,437,000 (2010: $53,437,000) for the group.

At December 31, 2011, the fair value of investment properties amounted to $11,900,000 (2010: $11,900,000) for the company and $103,100,000 (2010: $103,100,000) 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 incurred expenses as follows:

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Income earned from properties	998,294	942,145	14,979,114	14,794,108
Expenses incurred by properties	(50,000)	(43,750)	2,593,338	(1,497,599)

10. Property, plant and equipment

Company

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
Cost:				
December 31, 2009	37,958,999	28,803,892	1,749,106	68,511,997
Disposals	-	(1,231,750)	-	(1,231,750)
December 31, 2010	37,958,999	27,572,142	1,749,106	67,280,247
Disposals	-	(762,500)	-	(762,500)
December 31, 2011	37,958,999	26,809,642	1,749,106	66,517,747
Depreciation:				
December 31, 2009	13,694,519	24,711,039	1,211,286	39,616,844
Charge for the year	381,224	412,731	53,782	847,737
Eliminated on disposal	-	(1,066,427)	-	(1,066,427)
December 31, 2010	14,075,743	24,057,343	1,265,068	39,398,154
Charge for the year	362,162	335,479	48,404	746,045
Eliminated on disposal	-	(602,592)	-	(602,592)
December 31, 2011	14,437,905	23,790,230	1,313,472	39,541,607
Net book values:				
December 31, 2011	$23,521,094	3,019,412	435,634	26,976,140
December 31, 2010	$23,883,256	3,514,799	484,038	27,882,093

MONTEGO BAY ICE COMPANY LIMITED

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

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

Group

	Freehold land and buildings	Plant, machinery and vehicles	Office furniture and equipment	Total
Cost:				
December 31, 2009	37,958,999	34,413,320	1,749,106	74,121,425
Additions	-	6,011,042	-	6,011,042
Disposals	-	(1,231,750)	-	(1,231,750)
December 31, 2010	37,958,999	39,192,612	1,749,106	78,900,717
Disposals	-	(1,662,500)	-	(1,662,500)
December 31, 2011	37,958,999	37,530,112	1,749,106	77,238,217
Depreciation:				
December 31, 2009	13,694,519	28,472,440	1,211,286	43,378,245
Charge for the year	381,224	1,984,545	53,782	2,419,551
Eliminated on disposal	-	(1,066,427)	-	(1,066,427)
December 31, 2010	14,075,743	29,390,558	1,265,068	44,731,369
Charge for the year	362,162	1,592,930	48,404	2,003,496
Eliminated on disposal	-	(1,502,592)	-	(1,502,592)
December 31, 2011	14,437,905	29,480,896	1,313,472	45,232,273
Net book values:				
December 31, 2011	$23,521,094	8,049,216	435,634	32,005,944
December 31, 2010	$23,883,256	9,802,054	484,038	34,169,348

Freehold land and buildings include land at a cost of $16,640,000 (2010: $16,640,000) for the company and the group.

11. Share capital and reserves

	2011	2010
(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, 2011

11. Share capital and reserves (cont'd)

(b) Reserves comprise:

	Company		Group	
	2011	2010	2011	2010
Capital:				
Share premium	19,229,822	19,229,822	19,229,822	19,229,822
Realised gains on disposal of property, plant and equipment	3,188,783	3,108,691	3,188,783	3,108,691
Revenue:				
Retained earnings	19,635,033	28,807,845	88,780,287	95,554,283
	$42,053,638	51,146,358	111,198,892	117,892,796

Retained earnings include unrealised revaluation surplus of $42,084,748 (2010 $42,084,748) for the company and $77,205,612 (2010: $77,205,612) for the group, in respect of investment properties which were deemed to be cost in accordance with first-time adoption of IFRS.

12. Deferred tax liability

Deferred tax liability is attributable to the following:

Group

	2009	Recognised in income [note 16(a)]	2010	Recognised in income [note 16(a)]	2011
Property, plant and equipment	(27,092)	12,125	(14,967)	23,111	8,144
Investment properties	1,539,667	(314,860)	1,224,807	(312,476)	912,331
Accounts receivable	2,611	23,716	26,327	(3,711)	22,616
	$1,515,186	(279,019)	1,236,167	(293,076)	943,091

13. Gross operating revenue

Gross operating revenue represents income from the retailing of ice, bottling and sale of spring water, and the rental of properties and cold storage facilities.

14. Finance income and costs

(a) Finance income

	Company		Group	
	2011	2010	2011	2010
Interest income	1,286,703	1,595,674	2,069,710	2,317,122
Foreign exchange gains	306,580	-	816,367	-
	$1,593,283	1,595,674	2,886,077	2,317,122

MONTEGO BAY ICE COMPANY LIMITED

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

14. Finance income and costs (cont'd)

(b) Finance costs

	Company		Group	
	2011	2010	2011	2010
Overdraft interest	4,367	11,682	4,367	11,682
Foreign exchange loss	-	1,243,632	-	2,748,414
	$4,367	1,255,314	4,367	2,760,096

15. Loss for the year before taxation

The following are among the items charged in arriving at the loss for the year before taxation:

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Depreciation	763,801	866,427	3,126,445	3,560,585
Gain on disposal of property, plant and and equipment	80,092	384,677	150,092	384,677
Staff costs (note 17)	4,461,428	5,037,512	6,144,388	6,711,248
Directors' emoluments:				
Fees	71,500	78,000	71,500	78,000
Management remuneration	924,000	924,000	1,848,000	1,848,000
Auditors' remuneration	1,300,000	1,250,000	2,050,000	1,900,000

16. Taxation

	Company		Group	
	2011	2010	2011	2010
(a) Income tax expense:				
Current tax @ 33⅓%	-	-	2,456,035	3,080,095
Deferred taxation:				
Origination and reversal of temporary differences (note 12)	-	-	(293,076)	(279,019)
Taxation expense recognised in profit or loss	$ -	-	2,162,959	2,801,076

MONTEGO BAY ICE COMPANY LIMITED

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

16. Taxation (cont'd)

(b) Reconciliation of effective tax rate:

	Company		Group	
	2011	2010	2011	2010
Loss for the year before taxation	$(9,092,720)	(7,732,794)	(3,331,537)	(2,317,205)
Computed "expected" tax (credit)/charge	(3,030,907)	(2,577,598)	(1,110,512)	(772,402)
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	74,773	(15,098)	473,040	453,762
Disallowable expenses	39,672	17,881	38,672	33,281
Exchange (gains)/losses	(76,077)	406,355	(230,780)	917,975
Unutilised tax losses	2,992,539	2,168,460	2,992,539	2,168,460
Actual taxation charge recognised in profit or loss	$ -	-	2,162,959	2,801,076

(c) At December 31, 2011, taxation losses, subject to agreement by the Commissioner of Taxpayer Audit & Assessment Department, available for relief against future taxable profits, amounted to approximately $54 million (2010: 45 million) for the company and group. If unutilised, these can be carried forward indefinitely.

(d) A deferred tax asset of $17,828,555 (2010: $14,755,663) for the company and group, relating to available tax losses and timing differences, has not been recognised, as the directors and management consider that the financial and operational strategies initiated to utilise the benefits of the deferred tax asset are still in progress.

17. Staff costs

	Company		Group	
	2011	2010	2011	2010
Laundry	8,575	30,575	8,575	30,575
Staff welfare	104,510	121,642	104,510	121,642
Staff training	11,208	14,060	11,208	14,060
Salaries and wages	3,882,618	4,087,661	5,426,618	5,623,199
Health insurance	150,396	489,840	150,396	489,840
Employers' contribution	304,121	293,734	443,081	431,932
	$4,461,428	5,037,512	6,144,388	6,711,248

18. Loss per ordinary stock unit

The loss per ordinary stock unit is calculated by dividing the loss for the year attributable to owners of $9,092,720 (2010: $7,732,794) for the company and $6,693,904 (2010: $5,989,785) for the group by the 6,161,510 (2010: 6,161,510) ordinary stock units in issue during the year.

MONTEGO BAY ICE COMPANY LIMITED

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

19. Dividends

Preference dividends in arrears at December 31, 2011 $Nil (2010: $Nil).

20. Related party transactions

During the year, the company and the group had the following transactions at arm's length in the ordinary course of business with related parties:

	Company		Group	
	2011	2010	2011	2010
	$	$	$	$
Companies under common control:				
Rental income	-	-	(4,479,389)	(4,592,234)
Sales	(1,202,809)	(1,371,915)	(1,202,809)	(1,371,915)
Purchases	14,157	29,138	14,157	29,138
Compensation of key management personnel included in staff costs	924,000	924,000	1,848,000	1,848,000

21. Segment results

The company has reduced the number of reportable segments to conform with the change in accounting policy. Those segments which do not qualify as reportable segments are combined and disclosed as other segments. Segment information is presented in respect of the group's strategic business segments.

The identification of business segments 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 information below represents the total for the group.

	2011			
	Ice	Rental	Other	Total
	$	$	$	$
Gross revenue from external customers	14,082,906	14,979,114	2,788,850	31,850,870
Finance income	1,593,283	1,292,794	-	2,886,077
Interest expense	(4,367)	-	-	(4,367)
Segment (loss)/profit after tax	(9,689,497)	4,596,518	(401,517)	(5,494,496)
Non-controlling interest				(1,199,408)
Loss attributable to owners of the company				(6,693,904)
Reportable segment assets	51,313,555	100,860,016	2,271,111	154,444,682
Reportable segment liabilities	5,176,497	2,234,339	110	7,410,946
Depreciation and impairment	627,048	2,380,400	118,997	3,126,445

MONTEGO BAY ICE COMPANY LIMITED

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

21. Segment results (cont'd)

Segment information below represents the total for the group for the operations:

	2010			
	Ice $	Rental $	Other $	Total $
Gross revenue from external customers	15,691,485	14,794,108	3,132,196	33,617,789
Finance income	1,595,674	721,448	-	2,317,122
Interest expense	(11,682)	-	-	(11,682)
Segment (loss)/profit after tax	(10,109,823)	3,556,658	1,434,884	(5,118,281)
Non-controlling interest				(871,504)
Loss attributable to owners of the company				(5,989,785)
Reportable segment assets	54,461,887	101,285,750	3,845,216	159,592,853
Reportable segment liabilities	4,020,681	3,043,830	110	7,064,621
Capital expenditure	-	-	6,011,042	6,011,042
Depreciation and impairment	847,737	1,510,640	1,202,208	3,560,585

22. 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 group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the 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 group's risk management framework.

(a) Credit risk:

Credit risk is the risk of financial loss to 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.

22. Financial risk management (cont'd)

(a) Credit risk (cont'd):

Exposure to credit risk:

The maximum exposure to credit risk at the reporting date was:

	Company		Group	
	2011	2010	2011	2010
Cash and cash equivalents	1,477,707	1,421,224	37,110,542	35,236,605
Investments	21,951,852	23,775,587	21,951,852	23,775,587
Accounts receivable	1,288,195	1,316,390	1,461,024	1,395,510
	$24,717,754	26,513,201	60,523,418	60,407,702

There were no changes in the 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 small 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 group does 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 group limits its exposure to credit risk by only investing in liquid securities and 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 investment securities with one counterparty.

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. All the group's cash resources are concentrated in Jamaica.

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the group will not be able to meet their financial obligations as they fall due. 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 group's reputation.

22. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

The group generally ensures availability of sufficient cash on demand to meet operational expenses. The contractual outflow for bank overdraft and accounts payable is mainly represented by the carrying amounts and requires settlement within 12 months of the reporting date.

There were no changes to 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 group's income or the value of its 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 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 group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies, primarily the United States dollar (US$).

At December 31, 2011, foreign currency assets aggregated US$264,186 (2010: $285,918) for the company and US$668,218 (2010: US$683,082) for the group.

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

December 31, 2011	$86.14
December 31, 2010	$85.34

A 1% (2010: 5%) strengthening/weakening of the Jamaica dollar against the United States dollar at December 31 would have increased/decreased the loss by $227,570 for the company and $575,603 for the group (2010: $1,220,012 for the company and $2,914,711 for the group). This analysis assumes that all other variables, in particular, interest rate remain constant. The analysis is performed on the same basis for 2010.

22. Financial risk management (cont'd)

(c) Market risk (cont'd):

(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 group limits its 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, 2011, financial assets subject to fixed interest rates aggregated \$23,069,409 (2010: \$24,628,574) for the company and \$57,944,501 (2010: \$58,443,955) for the group.

At December 31, 2011, financial liabilities subject to fixed interest rates aggregated \$Nil (2010: \$Nil) for the company and \$Nil (2010: \$458,532) for the group.

Sensitivity analysis

At the reporting date, the group only had fixed rate financial assets and liabilities. Therefore, changes in market interest rates will neither affect the cash flows nor the carrying amount of the instruments.

(d) 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 equity, comprising share capital, capital reserves and retained earnings. Neither the company nor any of its subsidiaries, are subject to externally imposed capital requirements.

23. Fair values of financial instruments

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.

MONTEGO BAY ICE COMPANY LIMITED

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

MONTEGO BAY ICE COMPANY LIMITED

Company Operating Account
Year ended December 31, 2011

	2011	2010
Income		
Ice sales	14,082,906	15,691,485
Spring water sales	2,788,850	3,132,196
Other income	998,294	942,145
	17,870,050	19,765,826
Expenses		
Production expenses (page II)	(17,703,264)	(16,386,869)
Administrative and other expenses (page III)	(10,928,514)	(12,545,211)
	(28,631,778)	(28,932,080)
Gross operating loss	(10,761,728)	(9,166,254)
Other income:		
Foreign exchange gains	306,580	-
Interest income	1,286,703	1,595,674
Other	-	708,423
Operating loss from operations before finance cost	(9,168,445)	(6,862,157)
Foreign exchange loss	-	(1,243,632)
Finance costs	(4,367)	(11,682)
Loss from operations	(9,172,812)	(8,117,471)
Gain on disposal of property, plant and equipment	80,092	384,677
Loss for the year	$(9,092,720)	(7,732,794)

MONTEGO BAY ICE COMPANY LIMITED

Company Production Expenses
Year ended December 31, 2011

	2011	2010
Bottled water supplies	3,190,367	1,565,093
Electricity	2,824,110	2,720,206
Factory supplies	291,706	285,805
Ice purchases	10,513,219	11,023,086
Repairs and upkeep	-	5,000
Staff costs - salaries	867,250	762,400
Staff trips	-	9,000
Water rates	16,612	16,279
Total production expenses	$17,703,264	16,386,869

MONTEGO BAY ICE COMPANY LIMITED

Company Administrative and Other Expenses
Year ended December 31, 2011

	2011	2010
Advertising	-	140,650
Audit and accounting fees	1,398,620	1,358,200
Bad and doubtful debts	-	90,928
Bank charges	204,008	153,031
Depreciation	763,801	866,427
Directors' fees	71,500	78,000
Electricity	316,271	87,000
Insurance	603,816	575,772
Legal and professional fees	219,720	473,800
Motor vehicle expenses	671,645	1,351,545
Office expenses	252,017	325,434
Printing and stationery	31,988	53,009
Property tax	146,075	149,875
Rates and taxes	1,846	443
Repairs and maintenance	666,279	544,000
Safety and protection	1,231,351	1,136,469
Secretarial fees	125,808	180,800
Staff costs:		
Salaries	3,015,368	3,325,261
Employer's contributions	304,121	293,734
Staff welfare	124,293	166,277
Staff pensions and group life assurance	150,396	489,840
Stamps and telegrams	8,199	12,439
Stock exchange listing fee	240,294	238,154
Subscriptions and donations	2,000	14,988
Sundries	1,798	47,963
Telephone	313,080	295,040
Travelling and entertainment	64,220	96,132
Total administration and other expenses	$10,928,514	12,545,211