

MONTEGO BAY ICE COMPANY LIMITED

Group Balance Sheet

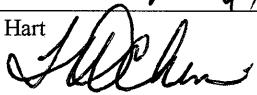
9 Months ending September 30, 2012

	Sept 2012	Company Sept 2011	Sept 2012	Group Sept 2011	Audited December 2011
CURRENT ASSETS					
Cash and cash equivalents	1,945,907	1,306,120	38,990,476	36,765,255	37,110,542
Resale agreements	20,369,846	21,901,748	20,369,846	21,901,748	21,951,852
Accounts receivable	292,769	1,262,924	1,003,846	1,525,822	1,461,024
Inventories	75,184	2,086,045	75,184	2,086,045	258,158
Taxation recoverable	477,731	477,196	818,300	531,196	676,010
Total current assets	23,161,437	27,034,033	61,257,651	62,810,066	61,457,586
CURRENT LIABILITIES					
Bank Overdraft	16,163	(1,039,263)	16,163	(1,039,263)	
Accounts payable	(2,419,601)	(2,322,200)	(3,310,959)	(3,394,626)	(4,962,704)
Due to subsidiary	(17,042,281)	(13,031,322)			-
Taxation payable			-	(159,754)	(929,491)
Dividends	(575,060)	(575,660)	(575,060)	(575,660)	(575,660)
Total current liabilities	(20,020,779)	(16,968,446)	(3,869,857)	(5,169,304)	(6,467,855)
NET CURRENT ASSETS	3,140,658	10,065,587	57,387,795	57,640,762	54,989,731
NON-CURRENT ASSETS					
Interest in subsidiaries	40,001	40,001	-	-	-
Investment properties	9,869,714	9,886,805	60,141,757	61,302,538	60,981,152
Property, plant & equipment	26,458,978	27,151,991	30,734,312	32,502,386	32,005,944
Total non-current assets	36,368,694	37,078,796	90,876,069	93,804,923	92,987,096
Total assets less current liabilities	39,509,352	47,144,383	148,263,864	151,445,685	147,976,827
Financed by.					
EQUITY					
Share capital	1,232,302	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	38,277,050	45,902,081	111,324,073	114,599,346	111,198,892
	39,509,352	47,144,383	112,566,375	115,841,648	112,441,194
MINORITY INTEREST	-	-	34,754,398	34,367,870	34,592,542
Total equity	39,509,352	47,144,383	147,320,773	150,209,519	147,033,736
NON-CURRENT LIABILITIES					
Deferred tax liability	-	-	943,091	1,236,167	943,091
Total non-current liabilities	39,509,352	47,144,383	148,263,864	151,445,686	147,976,827



Director

Peter Hart



Director

Theresa Chin

MONTEGO BAY ICE COMPANY LIMITED

Statement of Comprehensive Income
9 Months Ending September 30

	Company				Group			
	3 Months to Sept 2012	3 Months to Sept 2011	9 Months to Sept 2012	9 Months to Sept 2011	3 Months to Sept 2012	3 Months to Sept 2011	9 Months to Sept 2012	9 Months to Sept 2011
Gross operating revenue	1,311,941	4,240,420	9,015,059	13,445,505	5,262,728	7,795,257	19,992,712	23,958,706
Cost of operating revenue	(1,208,037)	(3,999,390)	(8,024,706)	(11,984,267)	(1,208,037)	(3,999,390)	(8,024,706)	(11,984,267)
Gross operating profit	103,904	241,030	990,353	1,461,238	4,054,691	3,795,866	11,968,006	11,974,439
Other income/(expense):								
Foreign exchange gains /(loss)	(338,520)	196,183	880,197	242,624	18,954	453,622	1,970,967	528,084
Gain on Disposal of Investment Properties				80,092		-	-	150,092
Interest income	238,017	315,960	878,471	968,722	429,325	514,019	1,378,747	1,485,730
	<u>(100,502)</u>	<u>512,143</u>	<u>1,758,668</u>	<u>1,291,439</u>	<u>448,280</u>	<u>967,641</u>	<u>3,349,714</u>	<u>2,163,906</u>
	3,401	753,172	2,749,021	2,752,676	4,502,970	4,763,508	15,317,719	14,138,345
Administration and other expenses	<u>(2,048,398)</u>	<u>(2,439,532)</u>	<u>(6,536,055)</u>	<u>(7,995,601)</u>	<u>(3,891,835)</u>	<u>(5,741,710)</u>	<u>(13,894,736)</u>	<u>(14,941,317)</u>
Profit/(loss) from operations	(2,044,996)	(1,686,360)	(3,787,034)	(5,242,925)	611,135	(978,202)	1,422,984	(802,972)
Finance costs					-	12,034	-	15,524
Profit/(loss) before taxation and minority interest	(2,044,996)	(1,686,360)	(3,787,034)	(5,242,925)	611,135	(966,169)	1,422,984	(787,448)
Taxation					(300,000)	(400,000)	(1,126,225)	(1,531,266)
Total comprehended (loss)/profit for the period ending Sep 30	<u>(2,044,996)</u>	<u>(1,686,360)</u>	<u>(3,787,034)</u>	<u>(5,242,925)</u>	<u>311,135</u>	<u>(1,366,169)</u>	<u>296,758</u>	<u>(2,318,714)</u>
Attributable to:								
Equity holders of the company	(2,044,996)	(1,686,360)	(3,787,034)	(5,242,925)	(474,242)	(1,472,899)	(1,064,506)	(3,293,451)
Minority Interest					785,377	106,730	1,361,264	974,737
	<u>(2,044,996)</u>	<u>(1,686,360)</u>	<u>(3,787,034)</u>	<u>(5,242,925)</u>	<u>311,135</u>	<u>(1,366,169)</u>	<u>296,758</u>	<u>(2,318,714)</u>
Loss per Ordinary Stock								
Total Comprehensive (loss)/profit attributable								
The company	(2,044,996)	(1,686,360)	(3,787,034)	(5,242,925)	(2,044,996)	(1,686,360)	(3,787,034)	(5,242,925)
The subsidiaries					1,570,754	213,461	2,722,528	1,949,474
Loss for the period attributable to members	<u>(2,044,996)</u>	<u>(1,686,360)</u>	<u>(3,787,034)</u>	<u>(5,242,925)</u>	<u>(474,242)</u>	<u>(1,472,899)</u>	<u>(1,064,506)</u>	<u>(3,293,451)</u>
Loss per ordinary stock unit	<u>(0.33)</u>	<u>(0.27)</u>	<u>(0.61)</u>	<u>(0.85)</u>	<u>(0.08)</u>	<u>(0.24)</u>	<u>(0.17)</u>	<u>(0.53)</u>

MONTEGO BAY ICE COMPANY LIMITED

Statement of Changes in Equity
 Period ending September 30, 2012

	<u>Share capital</u>	<u>Capital Reserves</u>		<u>Revenue Reserves</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total Equity</u>
		<u>Share premium</u>	<u>Realised</u>	<u>Retained earnings</u>			
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 period ending September 30, 2011				(3,293,451)	(3,293,451)	974,737	(2,318,714)
Balances at September 30, 2011	<u>1,242,302</u>	<u>19,229,822</u>	<u>2,724,014</u>	<u>92,260,832</u>	<u>115,841,647</u>	<u>34,367,871</u>	<u>150,209,518</u>
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
Total comprehensive losses for the period ending September 30, 2012				(1,064,506)	(1,064,506)	1,361,264	296,758
Balances at September 30, 2012	<u>1,242,302</u>	<u>19,229,822</u>	<u>2,724,014</u>	<u>87,715,781</u>	<u>111,376,688</u>	<u>35,953,806</u>	<u>147,330,494</u>

Montego Bay Ice Co. Ltd
Statement of Group Cash Flows
Period Ending 30 September 2012

	September 2012	September 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / loss for the year attributable to members	296,758	(2,318,714)
Adjustments for :		
Interest income	(1,378,747)	(1,485,730)
Interest expense	-	15,524
Provision for Taxes	1,126,225	1,531,266
Depreciation	2,101,028	2,355,495
Operating profit before changes in working capital	2,145,264	97,841
Decrease / (Increase) in current assets :		
Accounts receivable	457,178	(202,700)
Resale agreements	1,582,006	1,873,839
Inventories	182,974	201,522
Taxation recoverable	(142,290)	265,188
Increase / (decrease) in current liabilities :		
Accounts payable	(1,651,745)	(961,747)
Cash used by operations	2,573,388	1,273,943
Taxes Paid	(2,055,716)	(2,765,234)
Interest paid		
Net cash used by operating activities	517,672	(1,491,292)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,378,425	893,216
Proceeds from disposal of plant & machinery	-	150,092
Net cash used by investing activities	1,378,425	1,043,308
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank Overdraft		(93,910)
Net cash used by financing activities	-	(93,910)
Net decrease in cash and cash equivalents	1,896,097	(541,894)
Effect of exchange rate fluctuation on cash held		
Cash and cash equivalents at beginning of the year	37,110,542	37,307,148
Cash and cash equivalents at end of the year	39,006,639	36,765,254

MONTEGO BAY ICE COMPANY LTD.

2 Creek Street, P.O. Box 51, Montego Bay, St. James
876-952-3067 Fax: 876-979-5022

TOP TEN (10) STOCKHOLDERS As at 30 September 2012

NAME

1.	A.M.D. Ltd	3,056,296
2.	Mark Hart	1,778,070
3.	R. Anthony & Daphne Jones	100,000
4.	Peter Hart	97,100
5.	MVL Stock Brokers	91,644
6.	Creative Kitchens	61,818
7.	Melita Aarons	54,970
8.	Estate James A. Chin	54,580
9.	Dr. Herbert Eldemire	51,510
10.	Desmond and Lucinda Whittingham	49,727

Directors' and Senior Officers' Interests

Seville Allen	4,710
H. G. Anderson	1,000
Andrew Brennan	1,000
Theresa Chin	2,500
Mark Hart	4,834,366
Peter Hart	97,100
R. Anthony Jones	100,000

Directors: M. Hart (Chairman), T. Chin (Managing Director), S. Allen (Secretary/Director)
H.G. Anderson, K. Armstrong, A. Brennan P. Hart, A. Jones

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.

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 period ended September 30, 2012.

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.

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 ½ - 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 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 there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

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.

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)

(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.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements (Continued)
September 30, 2012

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.