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MONTEGO BAY ICE COMPANY LIMITED

ESTABLISHED 1948
REGISTERED OFFICE: 2 CREEK STREET, MONTEGO BAY, JAMAICA

BOARD OF DIRECTORS

CHAIRMAN
Mr. Mark Hart B.Sc.,J.P.

MANAGING DIRECTOR
Ms. T. Chin B.Sc.

DIRECTORS
Mr. H.G. Anderson J.P.
Mr. A. Brennan
Mr. P. Hart B.A.
Mr. R. A. Jones

SECRETARY/DIRECTOR
Mrs. S. Allen

AUDITORS
KPMG
Chartered Accountants

BANKERS
The Bank of Nova Scotia Jamaica Ltd.
National Commercial Bank Jamaica Ltd.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Montego Bay Ice Company Limited ("the Company") will be held at the companies office at 2 Creek Street, Montego Bay, Jamaica, on Wednesday, 2nd of July 2014 at 4:00 p.m. when the following matters will be considered.

1. To receive the audited financial statements for the year ended 31st December, 2013 and the report of the Directors and Auditors thereon.

2. In accordance with section 62 of the Company's Articles of Association Messrs. Mark Hart and Peter Hart and Mrs. Theresa Chin will retire by rotation. Messrs. Mark Hart and Peter Hart and Mrs. Theresa Chin being eligible offer themselves for re-election.

3. To authorize the directors to agree the remuneration of the auditors, KPMG, Chartered Accountants, who have indicated their willingness to continue in office as auditors.

4. To transact any other Business that may be properly transacted at an Annual General Meeting.

Dated: April 29, 2014
By Order of the Board
S. M. Allen
Secretary

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not also be a member. A form of proxy is included on the last page.

DIRECTORS' REPORT

For the Year ended 31 December 2012

1. The Directors have pleasure in presenting their Annual Report and Audited Financial Statements for the year ended December 31, 2013

   The consolidated earnings for the year from operations are $8,695,146.

2. In accordance with section 62 of the Company's Articles of Association Messrs. Messrs. Mark Hart and Peter Hart and Mrs. Theresa Chin will retire by rotation. Messrs. Mark Hart and Peter Hart and Mrs. Theresa Chin being eligible offer themselves for re-election.

3. Messrs. KPMG, Chartered Accountants, the present Auditors, are willing to continue in office pursuant to section 95 of the Company's Articles of Association and section 154(2) of the Companies Act.

4. The Directors wish to express their thanks to the management and staff of the company for the work done during the year.

Financial Highlights (Consolidated)

	2013	2012	Percentage 2013/2012
Assets	$162,608,212	$154,074,438	5.54.%
Liabilities	$5,507,901	$5,668,673	(2.84%)
Shareholders' Equity	$117,140,569	$111,995,881	4.59%
Profit Before Taxation and Minority Interest	10,821,728	$7,559,224	43.16%
Profit After Tax Before Minority Interest	$8,695,146	$1,372,029	533.74%
Number of Stocks Units Issued	6,161,510	6,161,510	
(Loss) Per Stock Unit	$0.84	($0.07)	

TOP TEN (10) STOCKHOLDERS

As at 31 December 2013

NAME	
1. A.M.D. Ltd	3,056,296
2. Mark Hart	1,778,070
3. Mayberry Company	197,490
4. R. Anthony & Daphne Jones	100,000
5. Peter Blaise Hart	97,100
6. Creative Kitchens	61,818
7. Estate Melita Aarons	54,970
8. Estate James A. Chin	54,580
9. Dr. Herbert Eldemire	51,510
10. Desmond Whittingham	49,727

Directors' and Senior Officers' Interests

The interests of the Directors and Senior Officers, holding office at the end of the fourth quarter, along with their connected persons*, in the ordinary stock units of the Company were as follows:

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

* Persons deemed to be connected with a director/senior manager are:

A. The director's/senior manager's husband or wife.
B. The director's/senior manager's minor children (these include step-children) and dependents, and their spouses.
C. The director's /senior manager's partners.
D. Bodies corporate of which the director/senior manager and or persons connected with him together have control.

CORPORATE GOVERNANCE STATEMENT

During the period under review, Montego Bay Ice Company Limited was in full compliance with its Articles of Incorporation and the Jamaican Companies Act (2004). The Board of Directors adopted, as a demonstration of its commitment to good governance, a Corporate Governance Charter, which outlines the key governance principles of the company.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is the company's ultimate decision-making body. It decides the duties for which it is responsible in accordance with the Companies Act and the Articles of Incorporation. The Annual General Meeting (AGM) decides on, among other things, the adoption of the financial statements and the consolidated financial statements contained therein, the distribution of profits and the discharge of the Members of Board of Directors from liability. In addition, the AGM elects the Members of the Board and the auditors, and decides on the remuneration paid to Members of the Board of Directors and the auditors. The AGM, furthermore, may decide on, for example, amendments to the Articles of Incorporation, share issues and the acquisition of the company's own shares.

Board of Directors

The Board of Directors is responsible for the appropriate arrangement of the company's administration and operations. The Board is currently comprised of six members elected by the AGM of Shareholders. The term of office of Members of the Board of Directors expires at the end of the next AGM that follows their election.

The tasks and responsibilities of the Board of Directors are determined primarily by the company's Articles of Incorporation, the Companies Act and other legislation and regulations. It is the responsibility of the Board to act in the best interests of the company and its business taking into consideration the interests of all its shareholders and stakeholders.

The main duties and operating principles of the Board of Directors are defined in the Corporate Governance Charter approved by the Board. It is the Board's duty to identify the matters to be dealt with by the AGM and to ensure that the decisions made by the Shareholders are appropriately implemented. It is also the Board's task to prepare the Annual Report outlining its activities in the financial year and containing the statements and information required by law and the company's Articles of Incorporation.

Ethics

In performing their stewardship role, directors are required to exercise the following five moral duties:

- **Conscience**: Act with intellectual honesty in the best interest of the company and all its stakeholders. Every effort is made to avoid conflicts of interest
- **Care**: Commit to devoting serious attention to the affairs of the company, obtaining the relevant information required for exercising effective control and providing innovative direction to the company.
- **Competence**: Utilise and acquire the knowledge and skills required for effectiveness, continuous development of the appropriate competence and a willingness to be evaluated to assess this competence.
- **Commitment**: Diligence in performing directors' duties, devoting sufficient time to the affairs of the company.

Composition of the Board of Directors

As at December 31, 2013 the company's Board of Directors comprised the following persons:

- A. Mark Hart   Peter B. Hart   Theresa Chin
- Andrew Brennan   Seville Allen   R. Anthony Jones

MANAGEMENT DISCUSSIONS AND ANALYSIS

THE COMPANY

Over the past few years the company had eliminated the production of its main business of ice making in order to reduce its losses. In 2013, due to market environments we eliminated the distribution of ice thereby containing our losses even further. Currently, the company is holding its assets in Montego Cold Storage Limited and real estate in the Western Region.

Revenue

Our revenues are derived mainly from interest and rent. There was an increase in the company revenue by $300 thousand and the Group's revenue by $1.9 million. Finance Income increased by $3.3 million due primarily to the changes in the Foreign Exchange Rate

Operating Expenses

As a result of the elimination of the distribution of ice, there has been an increase in security fees and reduction in staff through redundancy.

Balance Sheet

The Group's Current Assets rose by $11 million over the same period last year. Cash and Cash equivalents increased by $7.4 million as a result of the devaluation of the Jamaican Dollar. Accounts Receivable increased by $0.8 million as a result of an increase in recoverable General Consumption Tax.

MONTEGO COLD STORAGE

The cold storage facilities are being leased by Best Dressed Foods, a division of Jamaica Broilers Group, and other real estate are being leased by Caribbean Producers (Jamaica) Limited. Both leases are US$ based and provides stability in its revenues. This devaluation of the J$ provided an increase in lease income of over $2.4 million dollars.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to thank our stockholders and customers for their support and patronage. We would also like to express our appreciation to all our staff for their dedication to the company as we could not have done it without you.

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Report on the Financial Statements

6 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 10to 36, which comprise the company's and group's statements of financial position as at December 31, 2013, the company's and group's statements of profit or loss and other 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 of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Jamaican Companies Act, and for such internal control 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 or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

INDEPENDENT AUDITORS' REPORT

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 and group as at December 31, 2013, 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, so far as appears from our examination of those records, 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 31, 2014

MONTEGO BAY ICE COMPANY LIMITED

Statements of Financial Position
December 31, 2013

		Company		Group	
	Notes	2013	2012	2013	2012
CURRENT ASSETS					
Cash and cash equivalents	3	949,337	1,237,411	48,479,135	41,048,332
Investments	4	24,314,795	21,072,903	24,314,795	21,072,903
Asset held for sale	5	963,874	963,874	963,874	963,874
Accounts receivable	6	1,997,897	1,139,253	2,022,538	1,440,898
Taxation recoverable		478,393	478,117	478,672	478,396
Total current assets		28,704,296	24,891,558	76,259,014	65,004,403
CURRENT LIABILITIES					
Bank overdraft (unsecured)		-	95,654	-	95,654
Accounts payable	7	2,592,121	2,572,808	4,158,495	4,066,219
Taxation payable		-	-	773,818	757,840
Dividends unclaimed		575,588	575,144	575,588	575,144
Total current liabilities		3,167,709	3,243,606	5,507,901	5,494,857
Net current assets		25,536,587	21,647,952	70,751,113	59,509,546
NON-CURRENT ASSETS					
Deferred tax asset	12	-	-	12,481	-
Interest in subsidiaries	8	40,001	40,001	-	-
Investment properties	9	34,244,417	35,036,399	83,537,073	85,046,192
Property, plant and equipment	10	-	-	2,799,644	4,023,843
Total non-current assets		34,284,418	35,076,400	86,349,198	89,070,035
Total assets less current liabilities		$59,821,005	56,724,352	157,100,311	148,579,581
EQUITY					
Share capital	11(a)	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	11(b)	36,018,614	37,973,641	115,898,267	110,753,579
Equity attributable to owners of the company		37,260,916	39,215,943	117,140,569	111,995,881
Non-controlling interests		-	-	39,959,742	36,409,884
Total equity		37,260,916	39,215,943	157,100,311	148,405,765
NON-CURRENT LIABILITY					
Due to subsidiary	21(a)	22,560,089	17,508,409	-	-
Deferred tax liability	12	-	-	-	173,816
Total equity and non-current liability		$59,821,005	56,724,352	157,100,311	148,579,581

The financial statements on pages 10 to 36 were approved for issue by the Board of Directors on March 31, 2014 and signed on its behalf by:

____________________ Director
Blaise P. Hart

____________________ Director
Theresa Chin

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

MONTEGO BAY ICE COMPANY LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended December 31, 2013

	Notes	Company 2013	Company 2012	Group 2013	Group 2012
Continuing operations					
Gross operating revenue	13	1,578,680	1,211,716	17,978,974	16,072,079
Administrative and other expenses		(8,569,402)	(3,769,449)	(18,700,187)	(14,801,588)
Operating (loss)/ profit		(6,990,722)	(2,557,733)	(721,213)	1,270,491
Other income		89,954	-	416,004	15,000
		(6,900,768)	(2,557,733)	(305,209)	1,285,491
Finance income	14(a)	4,947,882	2,866,548	11,128,478	6,278,357
Finance costs	14(b)	(1,541)	(4,624)	(1,541)	(4,624)
(Loss)/profit from operations before taxation	15	(1,954,427)	304,191	10,821,728	7,559,224
Taxation	16	-	-	(2,126,582)	(1,803,007)
(Loss)/profit from continuing operations		(1,954,427)	304,191	8,695,146	5,756,217
Discontinued operations					
Gross operating revenue		-	8,229,396	-	8,229,396
Cost of operating revenue		-	(8,104,272)	-	(8,104,272)
Operating loss		-	(125,124)	-	(125,124)
Other income		-	11,316	-	11,316
Administrative and other expenses		-	(4,520,628)	-	(4,520,628)
Loss from discontinued operations	18	-	(4,384,188)	-	(4,384,188)
(Loss)/profit, being total comprehensive (loss)/income for the year		$(1,954,427)	(4,079,997)	8,695,146	1,372,029
Attributable to:					
Owners of the company		(1,954,427)	(4,079,997)	5,145,288	(445,313)
Non-controlling interests		-	-	3,549,858	1,817,342
		$(1,954,427)	(4,079,997)	8,695,146	1,372,029
Total comprehensive (loss)/income attributable to owners of the company dealt with in the financial statements of:					
The company		(1,954,427)	(4,079,997)	(1,954,427)	(4,079,997)
The subsidiaries		-	-	7,099,715	3,634,684
(Loss)/profit for the year attributable to members		$(1,954,427)	(4,079,997)	5,145,288	(445,313)
Loss per ordinary stock unit	19	$(0.32)	(0.66)	0.84	(0.07)

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, 2013

	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, 2011	1,242,302	19,229,822	3,188,783	19,635,033	43,295,940
Total comprehensive loss for the year	-	-	-	(4,079,997)	(4,079,997)
Transfer of gain on disposal of property, plant and equipment	-	-	11,316	(11,316)	-
Balances at December 31, 2012	1,242,302	19,229,822	3,200,099	15,543,720	39,215,943
Total comprehensive loss for the year	-	-	-	(1,954,427)	(1,954,427)
Dividends paid				(600)	(600)
Transfer of gain on disposal of property, plant and equipment	-	-	89,954	(89,954)	-
Balances at December 31, 2013	$1,242,302	19,229,822	3,290,053	13,498,739	37,260,916

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, 2013

		Capital reserves		Revenue reserves			
	Share capital [note 11(a)]	Share premium [note 11(b)]	Realised [note 11(b)]	Retained earnings [note 11(b)]	Total	Non-controlling interest	Total equity
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 loss for the year	-	-	-	(445,313)	(445,313)	1,817,342	1,372,029
Transfer of gain on disposal of property, plant and equipment	-	-	11,316	(11,316)	-	-	-
Balances at December 31, 2012	1,242,302	19,229,822	3,200,099	88,323,658	111,995,881	36,409,884	148,405,765
Total comprehensive income for the year	-	-	-	5,145,288	5,145,288	3,549,858	8,695,146
Transactions with owners of the company:							
Dividends paid				(600)	(600)	-	(600)
Transfer of gain on disposal of property, plant and equipment	-	-	89,954	(89,954)	-	-	-
Balances at December 31, 2013	$1,242,302	19,229,822	3,290,053	93,378,392	117,140,569	39,959,742	157,100,311

Retained earnings dealt with in the financial statements of:

	2013	2012
The company	13,498,739	15,543,720
The subsidiaries	79,879,653	72,779,938
	$93,378,392	88,323,658

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, 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(1,954,427)	(4,079,997)
Adjustments for:			
Interest income	14(a)	(1,342,556)	(1,176,817)
Gain on disposal of property, plant and equipment		(89,954)	(11,316)
Depreciation	9	621,936	689,549
Interest expense	14(b)	1,541	4,624
		(2,763,460)	(4,573,957)
(Increase)/decrease in current assets:			
Accounts receivable		(503,764)	126,738
Inventories		-	258,158
Increase/(decrease) in current liabilities:			
Accounts payable		19,313	(1,084,938)
Dividends unclaimed		444	(516)
Cash used by operations		(3,247,467)	(5,274,515)
Tax paid		(276)	(782)
Interest paid		(1,541)	(4,624)
Net cash used by operating activities		(3,249,284)	(5,279,921)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		987,676	1,199,021
Investments		(3,241,892)	878,949
Proceeds from disposal of investment properties		260,000	180,000
Net cash (used)/provided by investing activities		(1,994,216)	2,257,970
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(600)	-
Bank overdraft		(95,654)	95,654
Due to subsidiary		5,051,680	2,686,001
Net cash provided by financing activities		4,955,426	2,781,655
Net decrease in cash and cash equivalents		(288,074)	(240,296)
Cash and cash equivalents at beginning of the year		1,237,411	1,477,707
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		$ 949,337	1,237,411

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, 2013

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		8,695,146	1,372,029
Adjustments for:			
Interest income	14(a)	(1,764,667)	(1,936,614)
Gain on disposal of property, plant and equipment		(326,050)	(26,316)
Gain on disposal of investment properties		(89,954)	-
Depreciation	9	2,435,184	2,784,503
Interest expense	14(b)	1,541	4,624
Taxation	16(a)	2,126,582	1,803,007
		11,077,782	4,001,233
(Increase)/decrease in current assets:			
Accounts receivable		(276,869)	(1,134)
Inventories		-	258,158
Increase/(decrease) in current liabilities:			
Accounts payable		92,276	(896,485)
Dividends unclaimed		444	(516)
Cash provided by operations		10,893,633	3,361,256
Tax paid		(2,297,177)	(2,546,179)
Interest paid		(1,541)	(4,624)
Net cash provided by operating activities		8,594,915	810,453
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,459,896	1,957,734
Investments		(3,241,892)	878,949
Acquisition of investment properties		(396,200)	-
Proceeds from disposals of property, plant and equipment		850,338	195,000
Proceeds from investments properties		260,000	-
Net cash (used)/provided by investing activities		(1,067,858)	3,031,683
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(600)	-
Bank overdraft		(95,654)	95,654
Net cash (used)/provided by financing activity		(96,254)	95,654
Net increase in cash and cash equivalents		7,430,803	3,937,790
Cash and cash equivalents at beginning of the year		41,048,332	37,110,542
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		$48,479,135	41,048,332

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 rental of properties and cold storage facilities. The group discontinued the retailing of ice and the sale of bottled spring water in July 2012 and November 2012 respectively (note 18).

2. 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 interpretations issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations that became effective during the year:

During the year, certain new standards, interpretations and amendments to existing standards became effective. The adoption of those standards, interpretations and amendments did not have any impact on the company's financial statements, except for IAS 1 *Presentation of Financial Statements*: Presentation of Items of Other Comprehensive Income. Other than the change of the 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income', the standard did not have any other impact on the financial statements.

New, revised and amended standards and interpretations issued but not yet effective:

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

- Amendments to IAS 32 *Financial Instruments: Presentation* is effective for annual reporting periods beginning on or after January 1, 2014. The standard clarifies that an entity currently has a legally enforceable right to offset if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all the counterparties. In addition, it clarifies that gross settlement is only equivalent to net settlement if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risks, and process receivables and payables in a single settlement process or cycle.

- Amendments to IAS 36 *Impairment of Assets* is effective for annual reporting periods beginning on or after January 1, 2014. These amendments were issued to reverse the unintended requirement in IFRS 13 *Fair Value Measurement* to disclose the recoverable amount of *every* cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

2. Basis of preparation and significant accounting policies (cont'd)

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

New, revised and amended standards and interpretations issued but not yet effective (cont'd):

- IFRS 9 *Financial Instruments* is effective for annual reporting periods beginning on or after January 1, 2015. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The standard includes guidance on classification and measurement of financial liabilities designated at 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.

Management is evaluating the impact, if any, that the foregoing standards and amendments to standards may have on its financial statements when they are adopted.

(b) Basis of measurement 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 group.

(c) Going concern:

The preparation of the financial statements in conformity with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, in part, that the statements of financial position and comprehensive income 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 funding from its subsidiary, Montego Cold Storage Limited, which has adequate cash resources that can be advanced to the company.

(d) 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 relate to residual value and expected useful life of property, plant and equipment and investment properties.

2. Basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements (cont'd):

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.

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

(e) Basis of consolidation:

A "subsidiary" is an entity controlled by the company. Control exists when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements comprise the financial results of the company and its subsidiaries from the date on which control commences until the date on which control ceases.

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.

(f) 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 statement of cash flows, bank overdraft, if any, is presented as a financing activity.

(g) 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.

(h) Accounts receivable:

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

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

2. Basis of preparation and significant accounting policies (cont'd)

(j) Interest in subsidiaries:

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

(k) Asset held for sale:

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale, the assets are remeasured in accordance with the group's other accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(l) 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.

(m) 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 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.

(n) 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.

2. Basis of preparation and significant accounting policies (cont'd)

(n) Depreciation (ont'd):

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	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.

(o) Foreign currencies:

Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Foreign currency balances at the reporting date are translated at the rates of exchange ruling on that date. Gains and losses arising from fluctuations in exchange rates are included in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses are recognized in profit or loss and treated as cash items and included in the cash flows along with movement in the relevant balances.

(p) Related parties:

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") that is, the company.

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company 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.

2. Basis of preparation and significant accounting policies (cont'd)

(p) Related parties (cont'd):

(b) An entity is related to the company if any of the following conditions applies (cont'd):

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the company.

(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 company or is a member of the key management personnel of the company (or of a parent of the company).

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

(q) 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.

(r) 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.

(s) 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.

(t) 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 directly to equity, in which case it is recognised in other comprehensive income.

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.

2. Basis of preparation and significant accounting policies (cont'd)

(t) Taxation (cont'd):

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 asset is 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.

(u) Impairment:

The carrying amounts of 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 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.

2. Basis of preparation and significant accounting policies (cont'd)

(u) Impairment (cont'd):

(ii) Reversals of 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.

(v) 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.

(w) 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.

(x) Determination of fair value:

Fair value is 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. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company has no financial instruments that are carried at fair value. The carrying value of the company's financial instruments approximates their fair value.

3. Cash and cash equivalents

	Company		Group	
	2013	2012	2013	2012
Cash	20,000	20,000	20,000	20,000
Bank accounts	929,337	1,217,411	2,531,627	1,217,411
Certificates of deposit	-	-	45,927,508	39,810,921
	$949,337	1,237,411	48,479,135	41,048,332

Certificates of deposit comprise foreign currency deposits of US$433,262 (2012: US$429,736) for the group.

4. Investments

Investments consist of corporate bonds valued at US$230,000 (2012: US$228,681) which have been classified as loans and receivables and carried at amortised cost.

5. Assets held for sale

	Company and Group	
	2013	2012
Cost of plant and equipment (note 9)	3,102,961	3,102,961
Less: Accumulated depreciation (note 9)	(2,139,087)	(2,139,087)
	$ 963,874	963,874

During the prior year, management decided on a plan to dispose of its bottling equipment for spring water (see note 10). Consequently, the asset is presented as an asset held for sale. As at December 31, 2013, the sale of the asset has not been executed.

6. Accounts receivable

	Company		Group	
	2013	2012	2013	2012
Trade receivables	-	141,662	-	141,662
Others	1,997,897	997,591	2,022,538	1,299,236
	$1,997,897	1,139,253	2,022,538	1,440,898

The aging of trade receivables at the reporting date was:

	Company and Group			
	2013		2012	
	Gross	Impairment	Gross	Impairment
0-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
More than 90 days	-	-	141,662	-
Total	$ -	-	141,662	-

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Company and Group	
	2013	2012
Balance at January 1	-	366,694
Accounts written off	-	(366,694)
Balance at December 31	$ -	-

During the year, impairment losses recognised in profit or loss amounted to $Nil (2012:$ Nil).

7. Accounts payable

	Company		Group	
	2013	2012	2013	2012
Trade payables	-	435,708	-	435,708
Other	2,592,121	2,137,100	4,158,495	3,630,511
	$2,592,121	2,572,808	4,158,495	4,066,219

8. Interest in subsidiaries

Interest in subsidiaries comprises unquoted shares, as follows:

	2013	2012	% 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	Plant machinery and vehicles	Office furniture and equipment	Total
Cost:				
December 31, 2011	10,129,032	-	-	10,129,032
Reclassified from property, plant and equipment (note 10)	37,958,999	23,389,272	1,749,106	63,097,377
December 31, 2012	48,088,031	23,389,272	1,749,106	73,226,409
Disposals	-	(401,691)	-	(401,691)
December 31, 2013	48,088,031	22,987,581	1,749,106	72,824,718
Depreciation:				
December 31, 2011	246,666	-	-	246,666
Charge for the year	360,923	285,063	43,563	689,549
Reclassified from property, plant and equipment (note 10)	14,437,905	21,502,418	1,313,472	37,253,795
December 31, 2012	15,045,494	21,787,481	1,357,035	38,190,010
Charge for the year	342,877	239,552	39,507	621,936
Eliminated on disposals	-	(231,645)	-	(231,645)
December 31, 2013	15,388,371	21,795,388	1,396,542	38,580,301
Net book values:				
December 31, 2013	$32,699,660	1,192,193	352,564	34,244,417
December 31, 2012	$33,042,537	1,601,791	392,071	35,036,399

9. Investment properties (cont'd)

Group

	Freehold land and buildings	Machinery and equipment	Office furniture and equipment	Total
Cost:				
December 31, 2011	70,516,140	2,009,318	1,079,946	73,605,404
Reclassified from property, plant and equipment (note 10)	37,958,999	23,389,272	1,749,106	63,097,377
December 31, 2012	108,475,139	25,398,590	2,829,052	136,702,781
Additions	-	396,200	-	396,200
Disposals	-	(858,293)	-	(858,293)
December 31, 2013	108,475,139	24,936,497	2,829,052	136,240,688
Depreciation:				
December 31, 2011	10,128,206	1,839,940	656,106	12,624,252
Charge for the year	1,411,786	302,001	64,755	1,778,542
Reclassified from property, plant and equipment (note 10)	14,437,905	21,502,418	1,313,472	37,253,795
December 31, 2012	25,977,897	23,644,359	2,034,333	51,656,589
Charge for the year	1,381,218	294,416	59,639	1,735,273
Eliminated on disposals	-	(688,247)	-	(688,247)
December 31, 2013	27,359,115	23,250,528	2,093,972	52,703,615
Net book values:				
December 31, 2013	$ 81,116,024	1,685,969	735,080	83,537,073
December 31, 2012	$ 82,497,242	1,754,231	794,719	85,046,192

Freehold land and buildings include land at cost of $26,185,000 (2012: $26,185,000) for the company and $70,077,000 (2012: $70,077,000) for the group.

At December 31, 2013, the fair value of investment properties amounted to $38,070,901 (2012: $38,070,901) for the company and $136,770,901 (2012: $136,770,901) 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, investment properties generated income and incurred expenses as follows:

	Company		Group	
	2013	2012	2013	2012
	$	$	$	$
Income earned from properties	1,578,680	1,211,716	17,978,974	16,072,079
Expenses incurred by properties	-	(43,750)	(737,254)	(3,139,076)

10. Property, plant and equipment

Group

	Freehold land and buildings	Plant, machinery and vehicles	Furniture and equipment	Total
Cost:				
December 31, 2011	37,958,999	37,530,112	1,749,106	77,238,217
Disposals	-	(917,409)	-	(917,409)
Reclassified to investment properties (note 9)	(37,958,999)	(23,389,272)	(1,749,106)	(63,097,377)
Reclassified to asset held for sale (note 5)	-	(3,102,961)	-	(3,102,961)
December 31, 2012	-	10,120,470	-	10,120,470
Disposals	-	(2,500,000)	-	(2,500,000)
December 31, 2013	-	7,620,470	-	7,620,470
Depreciation:				
December 31, 2011	14,437,905	29,480,896	1,313,472	45,232,273
Charge for the year	-	1,005,961	-	1,005,961
Eliminated on disposal	-	(748,725)	-	(748,725)
Reclassified to investment properties (note 9)	(14,437,905)	(21,502,418)	(1,313,472)	(37,253,795)
Reclassified to asset held for sale (note 5)	-	(2,139,087)	-	(2,139,087)
December 31, 2012	-	6,096,627	-	6,096,627
Charge for the year	-	699,911	-	699,911
Eliminated on disposals	-	(1,975,712)	-	(1,975,712)
December 31, 2013	-	4,820,826	-	4,820,826
Net book values:				
December 31, 2013	$ -	2,799,644	-	2,799,644
December 31, 2012	$ -	4,023,843	-	4,023,843

11. Share capital and reserves

	2013	2012
(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

11. Share capital and reserves (cont'd)

(b) Reserves comprise:

	Company 2013	Company 2012	Group 2013	Group 2012
Capital:				
Share premium	19,229,822	19,229,822	19,229,822	19,229,822
Realised gains on disposal of property, plant and equipment	3,290,053	3,200,099	3,290,053	3,200,099
Revenue:				
Retained earnings	13,498,739	15,543,720	93,378,392	88,323,658
	$36,018,614	37,973,641	115,898,267	110,753,579

Retained earnings include unrealised revaluation surplus of $42,084,748 (2012: $42,084,748) for the company and $77,205,612 (2012: $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 asset/(liability)

Deferred tax asset/(liability) is attributable to the following:

Group

	2011	Recognised in income [note 16(a)]	2012	Recognised in income [note 16(a)]	2013
Property, plant and equipment	(8,144)	(31,902)	(40,046)	19,188	(20,858)
Investment properties	(912,331)	801,539	(110,792)	185,381	74,589
Accounts receivable	(22,616)	(362)	(22,978)	(18,272)	(41,250)
	$(943,091)	769,275	(173,816)	186,297	12,481

13. Gross operating revenue

Gross operating revenue represents income from the rental of properties and cold storage facilities.

14. Finance income and costs

(a) Finance income:

	Company 2013	Company 2012	Group 2013	Group 2012
Interest income	1,342,556	1,176,817	1,764,667	1,936,614
Foreign exchange gains	3,605,326	1,689,731	9,363,811	4,341,743
	$4,947,882	2,866,548	11,128,478	6,278,357

14. Finance income and costs (cont'd)

(b) Finance costs:

	Company and Group	
	2013	2012
Overdraft interest	$1,541	4,624

15. (Loss)/profit for the year before taxation

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

	Company		Group	
	2013	2012	2013	2012
	$	$	$	$
Depreciation	621,936	689,549	2,435,184	2,784,503
Gain on disposal of property, plant and and equipment	89,954	11,316	416,004	26,316
Staff costs (note 17)	2,344,578	2,788,763	5,654,874	5,545,962
Directors' emoluments:				
Fees	78,000	55,250	78,000	55,250
Management remuneration (note 21)	-	-	1,848,000	1,848,000
Auditors' remuneration	1,150,000	1,150,000	2,150,000	2,150,000

16. Taxation

	Company		Group	
	2013	2012	2013	2012
(a) Income tax expense:				
Current tax @ 25% (2012: 33⅓%)	-	-	2,312,879	2,572,282
Deferred taxation:				
Origination and reversal of temporary differences (note 12)	-	-	(186,297)	(769,275)
Taxation expense recognised in profit or loss	$ -	-	2,126,582	1,803,007

16. Taxation (cont'd)

(b) Reconciliation of effective tax charge:

	Company		Group	
	2013	2012	2013	2012
(Loss)/profit for the year before taxation	$(1,954,427)	(4,079,997)	10,821,728	3,175,036
Computed "expected" tax (credit)/charge	(488,607)	(1,359,999)	2,705,432	1,058,345
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	41,651	28,053	154,656	332,949
Disallowable (income)/expenses	(37,403)	3,629	74,273	12,847
Foreign exchange gains	(630,163)	(499,819)	(1,980,241)	(1,371,330)
Effect of change in tax rate	-	-	57,940	(57,940)
Unutilised tax losses	1,114,522	1,828,136	1,114,522	1,828,136
Actual taxation charge recognised in profit or loss	$ -	-	2,126,582	1,803,007

(c) At December 31, 2013, taxation losses, subject to agreement by the Commissioner, Tax Administration Jamaica, available for relief against future taxable profits, amounted to approximately $64 million (2012: $60 million) for the company and group. If unutilised, these can be carried forward indefinitely (see note 25).

(d) A deferred tax asset of $16 million (2012: $11.6 million) 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 tax losses are still in progress.

(e) Effective January 1, 2013, the corporate income tax rate for unregulated entity, with gross income of less than $500 million, was reduced from 33⅓% to 25%.

17. Staff costs

	Company		Group	
	2013	2012	2013	2012
Laundry	8,575	36,100	8,575	36,100
Staff welfare	2,442	64,119	2,442	64,119
Staff training	11,749	10,484	11,749	10,484
Salaries and wages	1,935,238	2,327,568	4,981,998	4,845,549
Health insurance	196,628	156,928	196,628	156,928
Employers' contributions	189,946	193,564	453,482	432,782
	$2,344,578	2,788,763	5,654,874	5,545,962

18. Discontinued operation

In the prior year, the company discontinued the sale of ice and bottled spring water.

Loss from discontinued operation:

	Company and Group	
	2013	2012
Gross operating revenue	-	8,229,396
Cost of operating revenue	-	(8,104,272)
Other income	-	11,316
Administrative expenses	-	(4,520,628)
Loss from discontinued operation	-	(4,384,188)
Loss per ordinary stock unit	$ -	(0.71)

(b) Cash flows used in discontinued operations:

	2013	2012
Cash flow from operating activities		
Loss from discontinued operations	-	(4,384,188)
Gain on disposal of plant and machinery	-	(11,316)
Net cash flows for the year	$ -	(4,395,504)

(c) The discontinued operations had no effect on the financial position of the company and group.

19. Loss per ordinary stock unit

The loss per ordinary stock unit is calculated by dividing the loss for the year attributable to owners by the ordinary stock units in issue during the year.

	Company		Group	
	2013	2012	2013	2012
(Loss)/profit attributable to owners	$(1,954,427)	(4,079,997)	5,145,288	(445,313)
Number of stock units in issue	6,161,150	6,161,510	6,161,510	6,161,510
(Loss)/earning per stock unit	$(0.32)	(0.66)	0.84	(0.07)

20. Dividends

Preference dividends in arrears at December 31, 2013 $1,483 (2012: $2,083).

21. Related party balance and transactions

(a) The amount due from the subsidiary, Montego Cold Storage Limited, is unsecured, interest-free and not repayable before December 31, 2014.

21. Related party balance and transactions (cont'd)

(b) 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	
	2013	2012	2013	2012
	$	$	$	$
Companies under common control:				
Rental income	-	-	(5,106,007)	(4,951,147)
Sales	-	(247,500)	-	(247,500)
Purchases	-	4,910	-	4,910
Short term compensation of key management personnel included in staff costs	-	-	1,848,000	1,848,000

22. Segment results

During prior year, the company had discontinued its ice and other combined reportable segments. Those segments which did not qualify as reportable segments were 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.

	2013		
	Discontinued operations	Rental	Total
	$	$	$
Gross revenue from external customers	-	17,978,974	17,978,974
Finance income	-	11,128,478	11,128,478
Interest expense	-	(1,541)	(1,541)
Segment profit after tax	-	8,695,146	8,695,146
Non-controlling interest			(3,549,858)
Profit attributable to owners of the company			5,145,288
Reportable segment assets	-	185,208,302	185,208,302
Reportable segment liabilities	-	5,054,714	5,054,714
Depreciation	-	2,435,184	2,435,184

22. Segment results (cont'd)

	2012		
	Discontinued operations $	Rental $	Total $
Gross revenue from external customers	8,229,396	16,072,079	24,301,475
Finance income	-	6,278,357	6,278,357
Interest expense	-	(4,624)	(4,367)
Segment (loss)/profit after tax	(4,384,188)	5,756,217	1,372,029
Non-controlling interest			(1,817,342)
Loss attributable to owners of the company			(445,313)
Reportable segment assets	-	154,074,438	154,074,438
Reportable segment liabilities	-	5,668,673	5,668,673
Depreciation and impairment	-	2,784,503	2,784,503

23. Financial risk management

The group 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, 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 accounts receivable, investments and cash and cash equivalents.

Accounts receivable:

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 significant concentration of credit risk.

23. Financial risk management

(a) Credit risk (cont'd):

Investment securities and cash and cash equivalents:

The group limits its exposure to credit risk by only investing, where possible, with financial institutions that are appropriately licensed and regulated and by 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 and a significant concentration in cash and cash equivalents.

(b) Liquidity risk:

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

The group generally ensures availability of sufficient cash on demand to meet operational expenses. The contractual cash outflow for the group's financial liabilities is represented by their 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 foreign currency risk on transactions that are denominated in a currency other than its functional currency, primarily the United States dollar (US$).

At December 31, 2013, foreign currency assets aggregated US$234,834 (2012: $238,436) for the company and US$668,277 (2012: US$668,895) for the group. The group has no foreign currency denominated liability.

23. Financial risk management

(d) Market risk (cont'd):

(i) Foreign currency risk:

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

December 31, 2013	$105.72
December 31, 2012	$ 92.15

Sensitivity analysis

A 15% (2012: 4%) strengthening of the US$ against the Jamaica dollar at December 31, 2013, would have decreased loss for the year by $3,723,998 (2012: $878,875) for the company and $10,597,537 for the group (2012: $2,463,052).

A 15% (2012: 4%) weakening of the US$ against the Jamaica dollar would have the same but opposite effect on loss for the year. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

(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, 2013, financial assets subject to fixed interest rates aggregated $25,088,539 (2012: $22,290,053) for the company and $71,016,047 (2012: $62,100,974) for the group.

At December 31, 2013, financial liabilities subject to fixed interest rates aggregated $Nil (2012: $95,654) for the company and the group.

Sensitivity analysis

At the reporting date, the group only had fixed rate financial assets and liabilities carried at amortised cost. 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 its subsidiary, is subject to externally imposed capital requirements.

24. Subsequent event

The Government of Jamaica has implemented new tax measures to change the current tax incentives regime, effective January 1, 2014. The company, although listed on the Jamaica Stock Exchange, is an unregulated entity for tax purposes and the major applicable changes are set out below:

- While tax losses may still be carried forward indefinitely, the amount that can be utilised is restricted to 50% of chargeable income (before prior year losses) in any one year;
- Tax compliant entities will be able to claim up to 30% of employer's and employees' statutory payroll contributions ("Employment Tax Credit") against income tax for the year. Unused Employment Tax Credit cannot be carried forward or refunded;
- The maximum capital allowances on private motor vehicles, which were previously limited to J$3,200 per vehicle, have been increased to a maximum of US$35,000 per vehicle; and
- No initial allowances will be given on the purchase of buildings; however, all other capital expenditure on buildings and other assets will continue to attract initial allowances.

MONTEGO BAY ICE COMPANY LIMITED

FORM OF PROXY

P.O. Box 51, Montego Bay, Jamaica

I/We ____

of ____

being a member/members of the Montego Bay Ice Co. Ltd., HEREBY APPOINT ______________________________________ or failing him/her

______________________________________ or failing him/her

as my Proxy* to vote for me on my behalf at the Annual General Meeting of the Company to be held on the 2nd day of July, 2014 and at any adjournment thereof.

DATED this ____________________ day of ______________ 2014

Signature ______________

Address ______________

____

Witness ______________

Place $100 adhesive stamp here

(To be lodged with the Company's Office at least 24 hours before the meeting)

* A member unable to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her and proxy need not also be a member.

If executed by a Corporation the Proxy should be sealed.