

KINGSTON PROPERTIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

SIX (6) MONTHS ENDED JUNE 30, 2014

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KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2014

	<u>Notes</u>	Unaudited Quarter ended June 30, 2014 \$'000	Unaudited Quarter ended June 30, 2013 \$'000	Unaudited Six (6) months ended June 30, 2014 \$'000	Unaudited Six (6) months ended June 30, 2013 \$'000	Audited Year ended December 31, 2013 \$'000
Revenues:						
Rental income		25,412	21,916	50,407	43,781	91,470
Operating expenses		<u>(13,370)</u>	<u>(12,202)</u>	<u>(27,144)</u>	<u>(27,005)</u>	<u>(52,013)</u>
Results of operating activities before other Income/gains		12,042	9,714	23,263	16,776	39,457
Other (expense)/income/gains:						
Fair value gain on investment property		-	-	-	-	130,316
Loss on disposal of investment property		(3,091)	-	(3,091)	-	-
Miscellaneous income		65	444	149	516	910
		<u>(3,026)</u>	<u>444</u>	<u>(2,942)</u>	<u>516</u>	<u>131,226</u>
Results of operating activities		<u>9,016</u>	<u>10,158</u>	<u>20,321</u>	<u>17,292</u>	<u>170,683</u>
Finance income		1,861	1,679	3,692	3,304	6,908
Finance cost		<u>(14,851)</u>	<u>(11,586)</u>	<u>(27,426)</u>	<u>(31,148)</u>	<u>(70,533)</u>
Net finance cost	3	<u>(12,990)</u>	<u>(9,907)</u>	<u>(23,734)</u>	<u>(27,844)</u>	<u>(63,625)</u>
(Loss)/ profit before income tax		(3,974)	251	(3,413)	(10,552)	107,058
Taxation credit / (charge)		<u>805</u>	<u>303</u>	<u>3,857</u>	<u>3,864</u>	<u>(54,562)</u>
(Loss) / profit, being comprehensive expense / (income) for the period / year		<u>(3,169)</u>	<u>554</u>	<u>444</u>	<u>(6,688)</u>	<u>52,496</u>
Other comprehensive income						
Foreign currency translation differences for foreign operations being total comprehensive income		11,858	10,553	27,825	33,020	68,169
Total comprehensive income for the period / year		<u>8,689</u>	<u>11,087</u>	<u>28,269</u>	<u>26,332</u>	<u>120,665</u>
Earnings per share for profit attributable to the equity holders of the Company:						
Number of shares		68,800	68,800	68,800	68,800	68,800
Earnings per stock unit:		<u>(5) cents</u>	<u>1 cent</u>	<u>1 cent</u>	<u>(10) cents</u>	<u>76 cents</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT JUNE 30, 2014

	<u>Notes</u>	Unaudited as at June 30, 2014 \$'000	Unaudited as at June 30, 2013 \$'000	Audited as at December 31, 2013 \$'000
NON-CURRENT ASSETS				
Investment properties	4	983,415	857,272	1,002,318
Land held for development	5	18,817	-	18,497
Furniture, software and equipment		2,978	1,966	2,823
Deferred tax asset		-	11,029	-
Total non-current assets		<u>1,005,210</u>	<u>870,267</u>	<u>1,023,638</u>
CURRENT ASSETS				
Receivables and prepayments	6	25,791	15,005	11,688
Reverse repurchase agreements		476	4,047	14,557
Cash and cash equivalents		257,436	200,548	212,064
Total current assets		<u>283,703</u>	<u>219,600</u>	<u>238,309</u>
Total assets		<u>1,288,913</u>	<u>1,089,867</u>	<u>1,261,947</u>
EQUITY				
Share capital		406,609	406,609	406,609
Cumulative translation reserve		177,873	114,899	150,047
Retained earnings		255,093	213,998	273,182
Total equity		<u>839,575</u>	<u>735,506</u>	<u>829,838</u>
NON-CURRENT LIABILITIES				
Loans payable	7	139,535	139,379	142,048
Deferred tax liability		46,311	-	47,050
		<u>185,846</u>	<u>139,379</u>	<u>189,098</u>
CURRENT LIABILITIES				
Loans payable	7	233,384	190,683	218,238
Accounts payable and accrued charges	8	27,293	24,233	24,353
Bank overdraft		2,676	-	-
Income tax payable		139	66	420
Total current liabilities		<u>263,492</u>	<u>214,982</u>	<u>243,011</u>
Total equity and liabilities		<u>1,288,913</u>	<u>1,089,867</u>	<u>1,261,947</u>

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)
SIX (6) MONTHS ENDED JUNE 30, 2014

	Share capital \$'000	Cumulative translation reserve \$'000	Retained earnings \$'000	Total \$'000
Audited balances at				
December 31, 2012 as previously reported	406,609	81,879	230,613	719,101
Loss, being comprehensive expense for the period	-	-	(6,688)	(6,688)
Translation of foreign subsidiaries' balances, being total other comprehensive income for the period	-	33,020	-	33,020
Contributions by and distributions to owners:				
Dividend declared , being total distributions to owners	-	-	(9,927)	(9,927)
Unaudited, balances at June 30, 2013	406,609	114,899	213,999	735,506
Audited balances at December 31, 2013	406,609	150,048	273,182	829,839
Profit, being comprehensive income for the period	-	-	444	444
Translation of foreign subsidiary's balances, being total other comprehensive income for the period	-	27,825	-	27,825
Contributions by and distributions to owners:				
Dividend declared , being total distributions to owners	-	-	(18,533)	(18,533)
Unaudited, balances at June 30, 2014	406,609	177,873	255,093	839,575

KINGSTON PROPERTIES LIMITED
GROUP STATEMENT OF CASH FLOWS
UNAUDITED
SIX (6) MONTHS ENDED JUNE 30, 2014

	Unaudited Six months ended June 30, 2014 \$'000	Unaudited Six months ended June 30, 2013 \$'000	Audited Year ended December 31, 2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the period / year	444	(6,688)	52,496
Adjustments to reconcile profit for the period / year to net cash provided by / (used in) operating activities:			
Translation difference	27,825	33,020	68,169
Taxation-net	(3,857)	(3,857)	54,562
Depreciation	199	177	401
Interest income	(3,692)	(3,304)	(6,908)
Interest expense	11,535	10,177	19,437
Increase in investment property due to:			
- foreign currency translation gain	(17,183)	(23,187)	(37,407)
- fair value gain	-	-	(130,316)
Loss on disposal of investment property	(3,091)	-	-
Decrease in office equipment due to foreign currency translation	-	(7)	-
Unrealized foreign exchange loss	16,042	20,421	47,694
Operating profit before changes in working capital	<u>28,222</u>	<u>26,752</u>	<u>68,128</u>
Changes in:			
Other receivables	(10,434)	1,943	345
Accounts payable and accrued charges	2,941	6,091	2,544
Income tax paid	-	(7)	(7)
Net cash provided by operations	<u>20,729</u>	<u>34,779</u>	<u>71,010</u>
Cash flows from investing activities			
Interest received	23	65	8,584
Reverse repurchase agreements	14,080	(1,162)	(11,670)
Additions to office equipment	(355)	(334)	(1,412)
Land held for development	(320)	-	(18,497)
Proceeds from disposal of investment property	44,847	-	-
Additions to investment property	(2,832)	-	(509)
Net cash (used in) / provided by investing activities	<u>55,443</u>	<u>(1,431)</u>	<u>(23,504)</u>
Cash flows from financing activities			
Interest paid	(11,535)	(10,177)	(15,771)
Dividend paid	(18,533)	(9,927)	(9,927)
Change in loans payable	12,634	21,192	51,418
Net cash provided by / (used in) financing activities	<u>(17,434)</u>	<u>1,088</u>	<u>25,720</u>
Net increase in cash and cash equivalents	58,7378	34,436	73,226
Cash and cash equivalents at beginning of period:	212,064	186,533	186,532
Effect of exchange rate fluctuations on cash and cash equivalents	(16,042)	(20,421)	(47,694)
Cash and cash equivalents at end of period / year	<u>254,760</u>	<u>200,548</u>	<u>212,064</u>
Represented by:			
Bank overdraft	(2,676)	-	-
Cash and cash equivalents	257,436	200,548	212,064
	<u>254,760</u>	<u>200,548</u>	<u>212,064</u>

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
SIX (6) MONTHS ENDED JUNE 30, 2014

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Kingston Properties Limited (the "Company ") was incorporated in Jamaica under the Companies Act on April 21, 2008. The Company is domiciled in Jamaica, with its registered office at 7 Stanton Terrace, Kingston 6, Jamaica. The Company is listed on the Jamaica Stock Exchange.

The Company has two wholly owned subsidiaries:

- (i) Carlton Savannah REIT (St. Lucia) Limited, incorporated in St. Lucia under the International Business Companies Act of 1999 on May 8, 2008; and its wholly owned subsidiary:

- (ii) Kingston Properties Miami LLC, incorporated in Florida under the Florida Limited Liability Company Act on March 12, 2010.

The Company and its subsidiaries are collectively referred to as "Group". In these financial statements 'parent' refers to the Company and intermediate parent refers to its wholly owned subsidiary, Carlton Savannah REIT (St. Lucia) Limited.

The principal activity of the Group is to make accessible to investors, the income earned from the ownership of real estate properties.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial statements have been prepared under the historical cost basis, and as modified by the revaluation of certain fixed and financial assets and are expressed in Jamaican dollars.

These financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting.

The interim financial report is to be read in conjunction with the audited financial statements for the year ended December 31, 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2013.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended December 31, 2013.

(b) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Actual results could differ from these estimates and any adjustments that may be necessary would be reflected in the year in which actual results are known.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
SIX (6) MONTHS ENDED JUNE 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Consolidation:

(i) Subsidiaries

A subsidiary is an enterprise 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. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date the control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealized gain and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidation financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(d) 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', in this case the Group).

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group 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 Group or an entity related to the Group.
- (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 related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
SIX (6) MONTHS ENDED JUNE 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

(f) Investment properties

Investment properties, comprising, a commercial complex, warehouse building and residential condominiums, are held for long-term rental yields and capital gain.

Investment properties are initially recognized at cost, including transaction costs. The carrying amount includes the cost of additions to an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at fair value.

Fair value is determined every three years by an independent registered valuer and in each of the two intervening years by the directors. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognized in profit or loss.

(g) Furniture, software and equipment

- (i) Items of office equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The costs of day-to-day servicing of office equipment are recognized in the statement of comprehensive income as incurred.

- (ii) Depreciation is recognized in the statement of comprehensive income on the straight-line basis, over the estimated useful life of the asset. The depreciation rate for the furniture, software equipment are as follows:

Software	33 $\frac{1}{3}$ %
Computer and accessories	20%
Furniture and fixtures	10%

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SIX (6) MONTHS ENDED JUNE 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Receivables

Receivables are stated at amortized cost less, impairment losses, if any.

(i) Reverse repurchase agreements

Reverse repurchase agreements are transactions in which the Group makes funds available to institutions by entering into short-term agreements with those institutions. On delivering the funds, the Group receives the securities, or other documents evidencing a claim on the securities, and agrees to resell the securities, or surrender the documents evidencing the claim, on a specified date and at a specified price. Reverse repurchase agreements are accounted for as short-term collateralized lending. The difference between sale and purchase consideration is recognized as interest income on the accrual basis over the term of the agreement.

(j) Cash and cash equivalents

Cash and cash equivalent are carried at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(k) Accounts payable and accrued charges

Accounts payable and accrued charges are stated at cost.

(l) Revenue recognition:

Rental income and maintenance income are recorded in these financial statements on the accrual basis using the straight line method.

(m) Income tax

The income tax charge for the year comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized 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.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent management can demonstrate that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current and deferred tax assets and liabilities are offset in the statement of financial position if they apply to the same tax authority.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
SIX (6) MONTHS ENDED JUNE 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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. All operating segments for which discrete information is available are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and to assess their performance.

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

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

(o) Land held for development

Land held for development is carried at the lower of cost and net realizable value. Cost includes acquisition costs and transaction costs.

KINGSTON PROPERTIES LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SIX (6) MONTHS ENDED JUNE 30, 2014

3. Finance costs

	Unaudited Quarter ended June 30, 2014 \$'000	Unaudited Quarter ended June 30, 2013 \$'000	Unaudited Six (6) months ended June 30, 2014 \$'000	Unaudited Six (6) months ended June 30, 2013 \$'000	Audited Year end December 31, 2013 \$'000
Finance income					
Interest income	<u>1,861</u>	1,679	<u>3,692</u>	3,304	<u>6,908</u>
Finance costs:					
Interest expense	(5,904)	(4,658)	(11,431)	(9,203)	(19,437)
Commitment fees	(104)	(497)	(104)	(973)	(2,210)
Amortization cost	1	-	3	-	-
Foreign exchange gains and losses arising from investing and financing activities:					
Unrealized (losses)/gains on translation of foreign currency balances	(9,046)	(6,163)	(16,042)	(20,421)	(47,694)
Realized gain / (loss) on conversion of foreign exchange	<u>202</u>	(268)	<u>148</u>	(551)	(1,192)
Total finance cost	<u>(14,851)</u>	(11,586)	<u>(27,426)</u>	(31,148)	(70,533)
Net finance cost	<u>(12,990)</u>	(9,907)	<u>(23,734)</u>	(27,844)	(63,625)

4. Investment properties

a. Investment properties held by the group are as follows:

	Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
(i) Hagley Park Road warehouse	200,733	200,000	200,509
(ii) Miami residential condominium	400,074	277,272	421,809
(iii) Red Hills Road commercial complex	382,608	380,000	380,000
	<u>983,415</u>	<u>857,272</u>	<u>1,002,318</u>

- (i) This represents 26,000 square feet of commercial property located on Hagley Park Road, Kingston, Jamaica.
- (ii) This represents 14,543 square feet, (June 30 / December 31, 2013: 16,092 square feet) of residential condominium space (17 units), (June 30 / December 31, 2013: 19 units) located at 133 NE 2nd Avenue in downtown Miami, Florida.
- (iii) This represents 47,865 square feet of commercial property located on Red Hills Road, Kingston, Jamaica.

KINGSTON PROPERTIES LIMITED
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4. Investment properties (Cont'd)**b(i) Acquisition**

Other receivables (see note 6) consists of an amount of \$11,168,628 deposited in acquiring an apartment complex in Downtown, Miami during the year.

b(ii) Disposal

Management has made the decision to dispose of two more units during the year.

5. Land held for development

Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
<u>18,817</u>	<u>-</u>	<u>18,497</u>

This represents land held for development in Waterworks, Westmoreland, Jamaica.

6. Receivables and prepayments

	Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
Withholding tax recoverable	6,095	3,797	3,803
Security deposits	2,665	2,368	2,553
Prepayments	4,638	5,079	1,312
Interest receivables	1,150	-	3,487
Other receivables	11,243	3,761	532
	<u>25,791</u>	<u>15,005</u>	<u>11,687</u>

7. Loans payable

	Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
Bank loan - Sagicor Bank Jamaica [see (i)]			
Face amount	213,184	172,338	202,118
Un-amortized transaction costs	(104)	57,781	(416)
Carrying value	<u>213,080</u>	<u>230,119</u>	<u>201,702</u>
Vendor's mortgage [see (ii)]	<u>47,025</u>	<u>57,781</u>	<u>52,729</u>
Total bank loans and vendor's mortgage	<u>260,105</u>	<u>230,119</u>	<u>254,431</u>
Other mortgage loan - Best Meridian Insurance Company [see (iii)]			
Face amount	119,832	108,269	113,611
Un-amortized transaction costs	(7,018)	(8,326)	(7,756)
	<u>112,814</u>	<u>99,943</u>	<u>105,855</u>
Total loans payable	<u>372,919</u>	<u>330,062</u>	<u>360,286</u>

KINGSTON PROPERTIES LIMITED
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SIX (6) MONTHS ENDED JUNE 30, 2014

7. Loans payable (Cont'd):

	Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
Classified as follows:			
Non-current			
Vendor's mortgages [see (ii)]	26,721	39,437	36,193
Other mortgage loan [see (iii)]	112,814	99,942	105,855
	139,535	139,379	142,048
Current			
Bank loan (i)	213,080	172,338	201,702
Vendor's mortgage (ii)	20,304	18,345	16,536
	233,384	190,683	218,238
Total loans payable	372,919	330,062	360,286

(i) **Bank loans**

Sagicor Bank Jamaica Limited (formerly Pan Caribbean Bank Limited)

This represents a draw down under a credit facility of US\$1,899,988 (J\$213,184,180); [June 30, 2013; (US\$1,699,988, J\$172,337,840); December 31, 2013 (US\$1,899,988 (J\$202,117,629))] evidenced by a promissory note. The loan currently attracts interest at a rate of 5% per annum. The loan was renewed on August 15, 2013, and is repayable twelve months from date of disbursement.

It is secured by hypothecation of a deposit of US\$1,952,000, June 30, 2013: J\$1,699,988; (December 31, 2013: US\$1,952,000) held by a subsidiary with the bank, and a corporate guarantee of that subsidiary limited to the extent of the facility.

(ii) **Vendor's mortgage**

This represents balance owing under a mortgage of US\$780,000 from the vendor of the Red Hills Road property. It bears interest rate of 6% per annum and is repayable in sixty (60) monthly installments, which commenced on January 1, 2012. The balance at June 30, 2014 is US\$419,109 (J\$47,024,998); [June 30, 2013: (US\$ 569,975, J\$57,781,318); December 31, 2013 (US\$495,671, J\$52,728,313)].

(iii) **Other mortgage loan - Best Meridian Insurance Company**

This represents a promissory note of US\$1,068,000 (2013: US\$1,068,000) payable by Kingston Properties Miami LLC to Best Meridian Insurance Company, a Florida corporation. The note attracts interest at a rate of 6.5% per annum, with monthly interest payments US\$5,785, which commenced on October 1, 2012. These monthly payments continue on the first day of each month thereafter until September 01, 2017, at which time the remaining unpaid principal balance and accrued interest will become due and payable. The note is secured by a mortgage over the condominiums, known as Loft II, located in Miami-Dade County, Florida, owned by the Group. The balance at June 30, 2014 is US\$1,068,000, (J\$119,831,948); [(June 30, 2013: US\$1,068,000, (J\$108,268,714); December 31, 2013 US\$1,068,000, (J\$113,611,384)].

Transaction costs of approximately US\$99,000 were incurred in obtaining the loan. These costs were deducted from the loan balance and are being amortized over the life of the loan. The balance at June 30, 2014 is (US\$62,928, J\$7,017,683); [June 30, 2013: (US\$82,800, J\$8,326,294); (December 31, 2013 US\$72,865, J\$7,756,049)].

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8. Accounts payable and accrued charges

	Unaudited June 30, 2014 \$'000	Unaudited June 30, 2013 \$'000	Audited December 31, 2013 \$'000
Accounts payable	4,853	5,794	455
Interest payable	888	-	4,204
Accounting and audit fees	896	-	2,909
Dividend payable	125	483	260
Other payables and accrued charges	8,487	7,496	4,635
Security deposits held	12,044	10,460	11,889
	<u>27,293</u>	<u>24,233</u>	<u>24,353</u>

9. Segment reporting

The Group has one operating segment, rental of real estate, which includes the earning of income from the ownership of real estate. Internal management reports are reviewed monthly by the Board. Information regarding the reportable segment is included below.

Performance is measured on segment profit before income tax, as included in the internal management reports that are reviewed by the Board. Segment report is used to measure performance as management believe that such information is the most relevant in evaluating the results of the segment compared to other entities that operated within these industries.

(a) Geographical information

	Unaudited Six (6) months ended June 30, 2014				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	<u>33,407</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>50,407</u>
(Loss) / profit for the period	<u>(3,642)</u>	<u>1,084</u>	<u>3,002</u>	<u>-</u>	<u>444</u>
	Unaudited as at June 30, 2014				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	<u>938,423</u>	<u>609,796</u>	<u>476,971</u>	<u>(736,277)</u>	<u>1,288,913</u>
Segment Liabilities	<u>430,513</u>	<u>422,485</u>	<u>662</u>	<u>(404,321)</u>	<u>449,339</u>

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9. Segment reporting (Cont'd):

	Unaudited Six (6) months ended June 30, 2013				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	28,315	15,466	-	-	43,781
(Loss) / profit for the period	(15,764)	6,316	2,760	-	(6,688)
	Unaudited as at June 30, 2013				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	920,738	410,275	404,813	(645,959)	1,089,867
Segment liabilities	368,926	343,853	5,385	(363,803)	354,361
	Audited Year ended December 31, 2013				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Revenues	59,418	32,052	-	-	91,470
(Loss) / Profit for the year	(37,495)	84,294	5,697	-	52,496
	Audited as at December 31, 2013				
	Jamaica \$'000	United States of America \$'000	St. Lucia \$'000	Consolidated adjustments and eliminations \$'000	Total Group \$'000
Segment assets	946,995	575,736	468,470	(729,254)	1,261,947
Segment liabilities	416,913	406,269	6,454	(397,527)	432,109