KPMG
Chartered Accountants
Unit #14, Fairview Office Park
Alice Eldemire Drive
Montego Bay
Jamaica, W.I.

P.O. Box 220
Montego Bay
Jamaica, W.I.
Telephone +1 (876) 684-9922
Fax +1 (876) 684-9927
e-Mail firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
MONTEGO BAY ICE COMPANY LIMITED

Report on the Financial Statements

We have audited the separate financial statements of Montego Bay Ice Company Limited (the company) and the consolidated financial statements of the company and its subsidiaries (the group), set out on pages 3 to 30, which comprise the company's and group's statements of financial position as at December 31, 2014, 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, 2014, and of the company's and group's financial performance 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, 2015

MONTEGO BAY ICE COMPANY LIMITED

Statements of Financial Position
December 31, 2014

	Notes	Company 2014	Company 2013	Group 2014	Group 2013
CURRENT ASSETS					
Cash and cash equivalents	3	1,335,238	949,337	57,764,316	48,479,135
Investments	4	26,247,439	24,314,795	26,247,439	24,314,795
Asset held for sale	5	-	963,874	-	963,874
Accounts receivable	6	2,776,574	1,997,897	3,049,361	2,022,538
Taxation recoverable		478,585	478,393	478,864	478,672
Total current assets		30,837,836	28,704,296	87,539,980	76,259,014
CURRENT LIABILITIES					
Bank overdraft (unsecured)		-	-	287,322	-
Accounts payable	7	3,635,408	2,592,121	5,492,132	4,158,495
Taxation payable		-	-	1,591,961	773,818
Dividends unclaimed		575,588	575,588	575,588	575,588
Total current liabilities		4,210,996	3,167,709	7,947,003	5,507,901
Net current assets		26,626,840	25,536,587	79,592,977	70,751,113
NON-CURRENT ASSETS					
Deferred tax asset	12	-	-	180,684	12,481
Interest in subsidiaries	8	40,001	40,001	-	-
Investment properties	9	34,631,705	34,244,417	84,683,794	83,537,073
Property, plant and equipment	10	-	-	2,239,715	2,799,644
Total non-current assets		34,671,706	34,284,418	87,104,193	86,349,198
Total assets less current liabilities		$61,298,546	59,821,005	166,697,170	157,100,311
EQUITY					
Share capital	11(a)	1,242,302	1,242,302	1,242,302	1,242,302
Reserves	11(b)	33,861,421	36,018,614	121,577,109	115,898,267
Equity attributable to owners of the company		35,103,723	37,260,916	122,819,411	117,140,569
Non-controlling interests		-	-	43,877,759	39,959,742
Total equity		35,103,723	37,260,916	166,697,170	157,100,311
NON-CURRENT LIABILITY					
Due to subsidiary	20(a)	26,194,823	22,560,089	-	-
Total equity and non-current liability		$61,298,546	59,821,005	166,697,170	157,100,311

The financial statements on pages 3 to 30 were approved for issue by the Board of Directors on March 31, 2015 and signed on its behalf by:

Director
Andrew Brennan

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, 2014

	Notes	Company 2014	Company 2013	Group 2014	Group 2013
Gross operating revenue	13	1,747,486	1,578,680	21,228,522	17,978,974
Administrative and other expenses		(8,484,137)	(8,569,402)	(17,154,703)	(18,700,187)
Operating (loss)/ profit		(6,736,651)	(6,990,722)	4,073,819	(721,213)
Other income		750,000	89,954	750,000	416,004
		(5,986,651)	(6,900,768)	4,823,819	(305,209)
Finance income	14(a)	3,829,614	4,947,882	7,612,092	11,128,478
Finance costs	14(b)	(-)	(1,541)	(-)	(1,541)
(Loss)/profit before taxation	15	(2,157,037)	(1,954,427)	12,435,911	10,821,728
Taxation	16	-	-	(2,838,896)	(2,126,582)
(Loss)/profit for the year		(2,157,037)	(1,954,427)	9,597,015	8,695,146
Attributable to:					
Owners of the company		(2,157,037)	(1,954,427)	5,678,998	5,145,288
Non-controlling interests		-	-	3,918,017	3,549,858
		$(2,157,037)	(1,954,427)	9,597,015	8,695,146
Total comprehensive (loss)/income attributable to owners of the company dealt with in the financial statements of:					
The company		(2,157,037)	(1,954,427)	(2,157,037)	(1,954,427)
The subsidiaries		-	-	7,836,035	7,099,715
(Loss)/profit for the year attributable to members		$(2,157,037)	(1,954,427)	5,678,998	5,145,288
(Loss)/earning per ordinary stock unit	18	$(0.35)	(0.32)	0.92	0.84

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, 2014

		Capital reserves		Revenue reserves	
	Share capital [note 11(a)]	Share premium [note 11(b)]	Realised [note 11(b)]	Retained earnings [note 11(b)]	Total
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
Total comprehensive loss for the year	-	-	-	(2,157,037)	(2,157,037)
Dividends paid				(156)	(156)
Transfer of gain on disposal of property, plant and equipment	-	-	750,000	(750,000)	-
Balances at December 31, 2014	$1,242,302	19,229,822	4,040,053	10,591,546	35,103,723

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, 2014

		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, 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
Total comprehensive income for the year	-	-	-	5,678,998	5,678,998	3,918,017	9,597,015
Preference shares dividends paid	-	-	-	(156)	(156)	-	(156)
Transfer of gain on disposal of property, plant and equipment	-	-	750,000	(750,000)	-	-	-
Balance at December 31,2014	$1,242,302	19,229,822	4,040,053	98,307,234	122,819,411	43,877,759	166,697,170

Retained earnings dealt with in the financial statements of:

	2014	2013
The company	10,591,546	13,498,739
The subsidiaries	87,715,688	79,879,653
	$98,307,234	93,378,392

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, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(2,157,037)	(1,954,427)
Adjustments for:			
Interest income	14(a)	(1,450,355)	(1,342,556)
Gain on disposal of property, plant and equipment		(750,000)	(89,954)
Depreciation	9	576,586	621,936
Interest expense	14(b)	-	1,541
		(3,780,806)	(2,763,460)
(Increase)/decrease in current assets:			
Accounts receivable		(771,551)	(503,764)
Increase/(decrease) in current liabilities:			
Accounts payable		1,043,287	19,313
Dividends unclaimed		-	444
Cash used by operations		(3,509,070)	(3,247,467)
Tax paid		(192)	(276)
Interest paid		-	(1,541)
Net cash used by operating activities		(3,509,262)	(3,249,284)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,443,229	987,676
Investments		(1,932,644)	(3,241,892)
Proceeds from disposal of investment properties		750,000	260,000
Net cash provided/(used) by investing activities		260,585	(1,994,216)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(156)	(600)
Bank overdraft		-	(95,654)
Due to subsidiary		3,634,734	5,051,680
Net cash provided by financing activities		3,634,578	4,955,426
Net increase/(decrease) in cash and cash equivalents		385,901	(288,074)
Cash and cash equivalents at beginning of the year		949,337	1,237,411
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		$1,335,238	949,337

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, 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		9,597,015	8,695,146
Adjustments for:			
Interest income	14(a)	(1,606,095)	(1,764,667)
Gain on disposal of property, plant and equipment		-	(326,050)
Gain on disposal of investment properties		(750,000)	(89,954)
Depreciation	9,10	1,548,365	2,435,184
Interest expense	14(b)	-	1,541
Taxation	16(a)	2,838,896	2,126,582
		11,628,181	11,077,782
Increase in current assets:			
Accounts receivable		(1,019,697)	(276,869)
Increase in current liabilities:			
Accounts payable		1,333,637	92,276
Dividends unclaimed		-	444
Cash provided by operations		11,942,121	10,893,633
Tax paid		(2,189,148)	(2,297,177)
Interest paid		-	(1,541)
Net cash provided by operating activities		9,752,973	8,594,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,598,969	1,459,896
Investments		(1,932,644)	(3,241,892)
Additions to investment properties	9	(1,171,283)	(396,200)
Proceeds from disposals of property, plant and equipment		-	850,338
Proceeds from investments properties		750,000	260,000
Net cash used by investing activities		(754,958)	(1,067,858)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(156)	(600)
Bank overdraft		287,322	(95,654)
Net cash provided/(used) by financing activity		287,166	(96,254)
Net increase in cash and cash equivalents		9,285,181	7,430,803
Cash and cash equivalents at beginning of the year		48,479,135	41,048,332
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		$57,764,316	48,479,135

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.

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, in all materials respects, 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 and amendments to standards did not result in changes to amounts recognised or disclosed in the financial statements.

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

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

- Improvements to *IFRS 2010-2012 and 2011-2013,* cycles, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments which may be applicable to the group are as follows:

  - IFRS 13 *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

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):

- Improvements to *IFRS 2010-2012 and 2011-2013,* cycles (cont'd):

  – IAS 24 *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognised as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute of the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

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):

- *Improvements to IFRS, 2012-2014* cycle (cont'd):

  - IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

    IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting,* require their inclusion.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 and can be early adopted. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and also joint ventures.

- Amendments to IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint venture, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognized when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

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):

- Amendments to IAS 16 and IAS 38 are effective for annual reporting periods beginning on or after January 1, 2016. The amendments to IAS 16 *Property, plant and equipment* explicitly states that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The new amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue.

- IFRS 15 *Revenue from Contracts with Customers* is effective for annual reporting periods beginning on or after January 1, 2017. The new revenue standard replaces several standards including IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, etal and introduces a new revenue recognition model for contracts with customers. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. Revenue may be recognised over time, in a manner that best reflects the group's performance or at a point in time, when control of the good or service is transferred to the customer.

- IAS *1 Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

  - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard

  - the order of notes to the financial statements is not prescribed.

  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.

  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI.

  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounting for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

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, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. 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. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

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 profit or loss and other 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.

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

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

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.

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 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.

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

(i) Accounts payable:

Trade and other payables are stated at amortised cost.

(j) Interest in subsidiaries:

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

(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 (cont'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 group.

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

(p) Related parties (cont'd):

(b) 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 established 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 group or is a member of the key management personnel of the group (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.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

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

(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.

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.

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

(u) Impairment (cont'd):

(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 fair valueless cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

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

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

(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.

Based on the current operations of the company, processes, customers and distribution systems, management has determined that disclosure of segment information is not applicable to the group.

(w) 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 group has no financial instruments that are carried at fair value. The carrying value of the group's financial instruments approximates their fair value, due to their short-term nature, except for related party balances.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

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

(w) Determination of fair value (cont'd):

The fair value of related party balances could not be determined as the balances are interest-free, however, they are assumed to approximate carrying value due to the right to effect set-off of the balances.

3. Cash and cash equivalents

	Company		Group	
	2014	2013	2014	2013
Cash	20,000	20,000	20,000	20,000
Bank accounts	1,315,238	929,337	1,315,238	2,531,627
Certificates of deposit	-	-	56,429,078	45,927,508
	$1,335,238	949,337	57,764,316	48,479,135

Certificates of deposit comprise foreign currency deposits of US$494,471 (2013: US$433,262) for the group.

4. Investments

Investments consist of corporate bonds valued at US$230,000 (2013: US$230,000) which have been classified as loans and receivables and carried at amortised cost.

5. Assets held for sale

	Company and Group	
	2014	2013
Cost of plant and equipment	-	3,102,961
Less: Accumulated depreciation	-	(2,139,087)
	$ -	963,874

During 2012, management had decided on a plan to dispose of its bottling equipment for spring water. Consequently, the asset was presented as an asset held for sale. As at December 31, 2014, the sale of the asset has not been executed and was reclassified back to investment properties.

6. Accounts receivable

Accounts receivable comprise other receivables for the company and the group. No impairment loss was recognised during the year.

7. Accounts payable

Accounts payable comprise other payables for the company and the group.

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

8. Interest in subsidiaries

Interest in subsidiaries comprises unquoted shares, as follows:

	2014	2013	% 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 and machinery	Office furniture and equipment	Total
Cost:				
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
Disposals	-	(50,000)	-	(50,000)
Reclassified from assets held for sale	-	3,102,961	-	3,102,961
December 31, 2014	48,088,031	26,040,542	1,749,106	75,877,679
Depreciation:				
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
Eliminated on disposal	-	(50,000)	-	(50,000)
Reclassified from assets held for sale	-	2,139,087	-	2,139,087
Charge for the year	325,733	215,597	35,256	576,586
December 31, 2014	15,714,104	24,100,072	1,431,798	41,245,974
Net book values:				
December 31, 2014	$32,373,927	1,940,470	317,308	34,631,705
December 31, 2013	$32,699,660	1,192,193	352,564	34,244,417

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

9. Investment properties (cont'd)

Group

	Freehold land and buildings	Plant, machinery and motor vehicle	Office furniture and equipment	Total
Cost:				
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
Additions	-	-	1,171,283	1,171,283
Disposals	-	(50,000)	-	(50,000)
Reclassified from assets held for sale	-	3,102,961	-	3,102,961
December 31, 2014	108,475,139	27,989,458	4,000,335	140,464,932
Depreciation:				
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
Reclassified from assets held for sale	-	2,139,087	-	2,139,087
Eliminated on disposal	-	(50,000)	-	(50,000)
Charge for the year	551,951	264,974	171,511	988,436
December 31, 2014	27,911,066	25,604,589	2,265,483	55,781,138
Net book values:				
December 31, 2014	$ 80,564,073	2,384,869	1,734,852	84,683,794
December 31, 2013	$ 81,116,024	1,685,969	735,080	83,537,073

Freehold land and buildings include land at cost of $26,185,000 (2013: $26,185,000) for the company and $70,077,000 (2013: $70,077,000) for the group.

At December 31, 2014, the fair value of investment properties amounted to $38,070,901 (2013: $38,070,901) for the company and $136,770,901 (2013: $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	
	2014	2013	2014	2013
	$	$	$	$
Income earned from properties	1,747,486	1,578,680	21,228,522	17,978,974
Expenses incurred by properties	-	-	(2,293,651)	(737,254)

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

10. Property, plant and equipment

Company and Group

	Plant, machinery and vehicles
Cost:	
December 31, 2012	10,120,470
Disposals	(2,500,000)
December 31, 2013	7,620,470
Additions	-
December 31, 2014	7,620,470
Depreciation:	
December 31, 2012	6,096,627
Charge for the year	699,911
Eliminated on disposals	(1,975,712)
December 31, 2013	4,820,826
Charge for the year	559,929
December 31, 2014	5,380,755
Net book values:	
December 31, 2014	$ 2,239,715
December 31, 2013	$ 2,799,644

11. Share capital and reserves

	Company and Group	
	2014	2013
(a) Share capital:		
(i) Authorised:		
52,500,000 ordinary shares at no par value		
5,000 6% cumulative non-redeemable preference shares at no par value		
(ii) Stated capital:		
Issued and fully paid:		
6,161,510 ordinary stock units	1,232,302	1,232,302
5,000 6% cumulative non-redeemable preference shares	10,000	10,000
	$1,242,302	1,242,302

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

11. Share capital and reserves (cont'd)

(b) Reserves comprise:

	Company		Group	
	2014	2013	2014	2013
Capital:				
Share premium	19,229,822	19,229,822	19,229,822	19,229,822
Realised gains on disposal of property, plant and equipment	4,040,053	3,290,053	4,040,053	3,290,053
Revenue:				
Retained earnings	10,591,546	13,498,739	98,307,234	93,378,392
	$33,861,421	36,018,614	121,577,109	115,898,267

12. Deferred tax (liability)/asset

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

Group

	2012	Recognised in income [note 16(a)]	2013	Recognised in income [note 16(a)]	2014
Property, plant and equipment	(40,046)	(19,188)	(59,234)	(8,270)	(67,504)
Investment properties	(168,732)	245,153	76,421	171,767	248,188
Accounts receivable	34,962	(39,668)	(4,706)	4,706	-
	$(173,816)	186,297	12,481	168,203	180,684

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		Group	
	2014	2013	2014	2013
Interest income	1,450,355	1,342,556	1,606,095	1,764,667
Foreign exchange gains	2,379,259	3,605,326	6,005,997	9,363,811
	$3,829,614	4,947,882	7,612,092	11,128,478

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

14. Finance income and costs (cont'd)

(b) Finance costs:

	Company and Group 2014	2013
Overdraft interest	$ -	1,541

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	
	2014	2013	2014	2013
	$	$	$	$
Depreciation	576,586	621,936	1,548,364	2,435,184
Gain on disposal of property, plant and and equipment	750,000	89,954	750,000	416,004
Staff costs (note 17)	2,064,457	2,344,578	2,246,934	5,654,874
Directors' emoluments:				
Fees	58,500	78,000	58,500	78,000
Management remuneration (note 20)	-	-	1,848,000	1,848,000
Auditors' remuneration	1,000,000	1,150,000	2,150,000	2,150,000

16. Taxation

	Company		Group	
	2014	2013	2014	2013
(a) Income tax expense:				
Current tax @ 25%	-	-	3,007,099	2,312,879
Deferred taxation:				
Origination and reversal of temporary differences (note 12)	-	-	(168,203)	(186,297)
Taxation expense recognised in profit or loss	$ -	-	2,838,896	2,126,582

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

16. Taxation (cont'd)

(b) Reconciliation of effective tax charge:

	Company		Group	
	2014	2013	2014	2013
(Loss)/profit for the year before taxation	$(2,157,194)	(1,954,427)	12,435,911	10,821,728
Computed "expected" tax (credit)/charge	(539,299)	(488,607)	3,108,978	2,705,432
Tax effect of differences between treatment for financial statement and taxation purposes:				
Depreciation and capital allowances	(1,889,184)	41,651	(2,111,239)	154,656
Disallowable (income)/expenses	(77,875)	(37,403)	(12,544)	74,273
Foreign exchange gains	(589,724)	(630,163)	(1,496,410)	(1,980,241)
Effect of change in tax rate	-	-	254,029	57,940
Unutilised tax losses	3,096,082	1,114,522	3,096,082	1,114,522
Actual taxation charge recognised in profit or loss	$ -	-	2,838,896	2,126,582

(c) At December 31, 2014, taxation losses, subject to agreement by the Commissioner, Tax Administration Jamaica, available for relief against future taxable profits, amounted to approximately $76 million (2013: $64 million) for the company and group. If unutilised, these can be carried forward indefinitely.

(d) A deferred tax asset of $19 million (2013: $16 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.

17. Staff costs

	Company		Group	
	2014	2013	2014	2013
Laundry	9,275	8,575	9,275	8,575
Staff welfare	2,523	2,442	2,523	2,442
Staff training	-	11,749	-	11,749
Salaries and wages	1,865,075	1,935,238	1,865,075	4,981,998
Health insurance	105,048	196,628	105,048	196,628
Employers' contributions	82,536	189,946	265,013	453,482
	$2,064,457	2,344,578	2,246,934	5,654,874

MONTEGO BAY ICE COMPANY LIMITED

Notes to the Financial Statements
December 31, 2014

18. (Loss)/profit per ordinary stock unit

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

	Company		Group	
	2014	2013	2014	2013
(Loss)/profit attributable to owners	$(2,157,037)	(1,954,427)	5,347,510	5,145,288
Number of stock units in issue	$ 6,161,150	6,161,150	6,161,150	6,161,510
(Loss)/earning per stock unit	$(0.35)	(0.32)	0.92	0.84

19. Dividends

Preference dividends in arrears at December 31, 2014 amounted $1,327 (2013: $1,483).

20. Related party balance and transactions

(a) The amount due to the subsidiary, Montego Cold Storage Limited, is unsecured, interest-free and not repayable before December 31, 2015.

(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	
	2014	2013	2014	2013
	$	$	$	$
Companies under common control:				
Rental income	-	-	(6,566,426)	(5,106,007)
Short term compensation of key management personnel included in staff costs	-	-	1,848,000	1,848,000

21. Financial risk management

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.

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.

21. Financial risk management (cont'd)

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. The group did not have any trade receivables as at the reporting period.

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.

21. Financial risk management (cont'd)

(c) Market risk (cont'd):

(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, 2014, foreign currency assets aggregated US$231,501 (2013: $238,436) for the company and US$724,471 (2013: US$668,895) for the group. The group has no foreign currency denominated liability.

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

December 31, 2014	$114.12
December 31, 2013	$105.72

Sensitivity analysis

A 10% (2013: 15%) strengthening of the US$ against the Jamaica dollar at December 31, 2014, would have decreased loss for the year by $2,641,889 (2013: $3,723,998) for the company and $8,267,663 for the group (2013: $10,597,537).

A 1% (2013: 15%) 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 2013.

(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, 2014, financial assets subject to fixed interest rates aggregated $26,361,073 (2013: $25,088,539) for the company and $82,790,151 (2013: $71,016,047) for the group.

At December 31, 2014, financial liabilities subject to fixed interest rates aggregated $Nil (2013: $Nil) for the company and the group.

21. Financial risk management (cont'd)

(c) Market risk (cont'd):

(ii) Interest rate risk (cont'd):

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.