Kingston Wharves Limited

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1. Identification and Principal Activities

The company and its subsidiaries are incorporated and resident in Jamaica. The principal activities of the company and its subsidiaries comprise the operation of public wharves, port security services and the provision and installation of cold storage facilities.

The Company's registered office is located at the Kingport Building, Third Street, Newport West, Kingston.

The Company is listed on the Jamaica Stock Exchange.

The wharfage rates and penal charges billed to customers by the company are subject to regulation by the Port Authority of Jamaica. The new tariff rate structure approved by the Port Authority of Jamaica became effective in April 1998.

All amounts in these financial statements are stated in Jamaican dollars.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards and have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and financial assets.

Jamaica adopted International Financial Reporting Standards (IFRS) as its national accounting standards, effective for accounting periods beginning on or after 1 July 2002. The financial statements for the year ended 31 December 2003 have therefore been prepared

in accordance and comply with IFRS and comparative information has been restated to conform with the provisions of IFRS. In particular, the Group has opted for early adoption of IFRS 1, first time adoption of IFRS and has applied provisions of that standard in preparation of these financial statements. The effects of adopting IFRS on the equity and net profit as previously reported are detailed in Note 32.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(b) Consolidation

Subsidiaries, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. Intercompany transactions, balances and unrealised gains between the group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

The subsidiaries, which are all incorporated and domiciled in Jamaica, are as follows:

Subsidiaries	Principal Activities	Holding	Financial Year End
Trading:			
Harbour Cold Stores Limited	Cold storage facilities	100.00%	31 December
Security Administrators Limited	Port security services	66.00%	31 December
Western Storage Limited	Property rental	100.00%	31 December
Western Terminals Limited	Property rental	100.00%	31 December
Non-Trading			
Jamaica Cooling Stores Limited		100.00%	31 December

(c) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate. Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange difference on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

(d) Fixed assets and depreciation

Fixed assets are recorded on the following basis less accumulated depreciation:

Buildings, leasehold properties, walls, piers, dredging and roadways	Valuation
Machinery and equipment	Deemed cost
Furniture and fixtures	Historical cost
Motor vehicles	Historical cost

Under IFRS 1, a first time adopter may elect to use a previous generally accepted accounting principles (GAAP) revaluation of an item of fixed asset at or before the date of transition to IFRS as deemed cost at the date of the revaluation. The Group has elected to apply this provision.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The rates in use are:

Buildings, leasehold properties, walls, dredging and roadways	2.50%
Machinery and equipment	10%-20%
Furniture and fixtures	5%-10%
Motor vehicles	10%-20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter the term of the relevant lease.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits is in excess of the originally assessed standard of performance of the existing asset that will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(e) Impairment of long-lived assets

Fixed assets and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of the asset's net selling price and the value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and bank balances, and short term highly liquid investments with less than 90 days maturity from the date of acquisition, and bank overdrafts.

(g) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings.

(h) Employee benefits

(i) Pension obligations

The scheme is generally funded through payments to trustee-administered funds as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service cost. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the fund. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates on government securities which have terms to maturity approximating the terms of the related liability.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefit become vested.

A portion of actuarial gains and losses is charged or credited to income if the net cumulative actuarial gains or losses at the end of the previous reporting period exceeded the greater of 10% of the:

(i.i) Present value of the gross defined benefit obligation at that date; and

(i.ii) The fair value of the plan assets at that date.

Any excess actuarial gains or losses are charged or credited to income over the average remaining service lives of the related employees.

(ii) Other post-retirement obligations

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Those obligations are valued annually by the independent qualified actuaries.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits failing due more than 12 months after balance sheet date are discounted to present value.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

Trade payables

Trade payables are stated at their nominal value.

(k) Trade receivables

Trade receivables are carried at original invoice value less provision made for impairment of these receivables based on a review of all outstanding amounts at the year end. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, the recoverable amount being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

(l) Leases

Leases of fixed assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of the finance balance outstanding.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

(m) Deferred taxation

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, where they relate to items recorded in stockholders' equity, they are also charged or credited to stockholders' equity.

(n) Revenue recognition

Wharfage and other revenue items are accounted for on an accrual basis except penal charges which are accounted for on a cash basis.

Revenue consists of charges made for wharfage operations, port security, installation of cold storage facilities, storage and warehousing of goods after deduction of discounts and other reductions applicable to such charges.

(o) Investments

The Group's investments are classified as originated loans and are carried at amortised cost derived using the effective yield method. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of purchase and re-evaluates such designation on a regular basis.

Purchases and sales of investments are recognised on the trade date, which is the date the Group commits to purchase or sell the asset.

(p) Investments in subsidiaries

Investments by the Company in subsidiaries are stated at cost.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(r) Dividends

Dividends are recorded in the financial statements in the period in which they are approved.

(s) Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

(i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the Group that gives them significant influence over the Group's affairs and close members of the family of these individuals.

(ii) Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including directors and officers and close members of the families of these individuals.

(t) Segment reporting

Business segments provide services that are subject to risks and returns that are different from those of other business segments.

(u) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, comparatives have been adjusted or extended to take account of the requirements of IFRS (Note 32).

3. Segment Financial Information

The Group is organised into three main business segments. These segments are the basis on which the Group presents its primary segment information.

(a) Wharfage operations	- This incorporates the operation of public wharves
(b) Cold Storage operations	This incorporates the provision and installation of cold storage facilities
(c) Security operations	- This incorporates port security services
(d) Other	- Other operations of the Group comprise property rental.

Transactions between the business segments are on normal commercial terms and conditions.

The Group's operations are located at Newport West, Jamaica.

Yearended 31 December	Wharfage Operation 2003	Cold Storage Operations 2003	Security Operations 2003	Other 2003	Elimination 2003	Group 2003
External operating revenue	841,446	150,511	171,831	882	-	1,164,670
Operating revenue from segments	2,240	-	33,692	1,940	(37,872)	-
Total revenue	843,686	150,511	205,523	2,822	(37,872)	1,164,670
Segment result	142,962	39,127	14,586	(4,105)	(65,189)	127,381
Taxation						(60,573)
Profit before minority interest						66,808
Minority interest						(3,273)
Net profit						63,535
Segment assets	2,621,761	388,459	54,457	1,352,883	(217,836)	4,199,724
Segment liabilities	770,158	55,730	18,812	319,073	(129,044)	1,034,729
Capital expenditure	32,586	23,446	1,849	-	-	57,881
Depreciation charge	67,347	13,664	2,066	25,948	-	109,025

Year ended 31 December	Wharfage Operation 2002 $'000	Cold Storage Operations 2002 $'000	Security Operations 2002 $'000	Other 2002 $'000	Elimination 2002 $'000	Group 2002 $'000
External operating revenue	804,662	138,694	162,557	566	-	1,106,479
Operating revenue from Segments	-	-	30,212	2,923	(33,135)	-
Total revenue	804,662	138,694	192,769	3,489	(33,135)	1,106,479
Segment result	162,435	43,186	5,307	(14,177)	(6,309)	190,442
Taxation						(40,940)
Net profit						149,502

Segment assets	2,621,761	416,738	63,429	1,410,881	(320,194)	4,192,615
Segment liabilities	832,748	101,465	19,703	347,227	(231,223)	1,069,920
Capital expenditure	283,544	20,395	1,099	-	-	305,038
Depreciation charge	65,090	13,526	2,370	24,905	-	105,891

4. Other Operating Expenses

Other operating expenses includes the following:

	2003	**2002**
	$'000	**$'000**
(i) Legal and professional fees	25,263	-
(ii) Redundancy payments	23,334	2,400
(iii) Termination of contracts	23,796	-
(iv) Loss on part disposal of subsidiary	15,608	-
	88,001	2,400

(i) This represents fees incurred in connection with the stevedoring litigation and the costs associated with the planned extraordinary general meeting of 18 February 2003.

(ii) This represents redundancy payments made to former employees by Harbour Cold Stores Limited.

(iii) This represents termination payments to management.

(iv) This represents the loss on sale of a third of the Group's interest in Security Administrators Limited to the Port Authority of Jamaica.

5. Operating Profit

Operating profit for the year is arrived at after charging/(crediting) the following:

	2003 $'000	2002 $'000
Depreciation	109,025	105,891
Gain on disposal of fixed assets	(666)	(325)
Auditors' remuneration	2,383	2,114
Directors' emoluments -		
Fees	934	1,189
Management remuneration	10,911	9,852
Termination of contracts	23,796	-
Repairs and maintenance	50,635	43,598
Staff costs (Note 6)	387,432	389,274

6. Staff Costs

	2003 $'000	2002 $'000
Wages and salaries	282,294	306,928
Statutory contributions	32,253	29,463
Pension costs - defined benefit plan (note 15)	6,460	(4,154)
Other post retirement benefits (note 15)	6,553	5,682
Staff incentive	39,688	34,731
Other	20,184	16,624
	387,432	389,274

The number of persons employed by the Group at year end:

	2003 No.	2002 No.
Full time	145	188
Part time	196	139
	341	327

7. Finance income, net

	2003 $'000	2002 $'000
Interest income	93,409	53,936
Foreign exchange losses, net	(19,153)	(8,719)
Interest expense:		
-Loans	(23,388)	(11,228)
- Finance leases	(2,018)	(3,151)
	48,850	30,838

8. Taxation

	2003 $'000	2002 $'000
Income tax	57,867	42,572
Prior year under provision	139	103
Tax credit arising on bonus shares issued	-	(3,740)
Deferred tax (Note 24)	2,567	2,005
	60,573	40,940

The tax on the Group's profit differs from the theoretical amount that would arise using the basic statutory rate of 33 1/3% as follows:

	2003 $'000	2002 $'000
Profit before tax	127,381	190,442
Tax calculated at a tax rate of 33 1/3%	42,460	63,481
Income not subject to tax	(730)	(730)
Expenses not deductible for tax purposes	108	181
Effect of tax credit on bonus issue of shares	-	(3,740)
Effect of special tax allowances	(3,175)	(20,180)
Intercompany dividends	16,333	2,036
Loss on part disposal of subsidiary	5,203	-
Other	374	(108)
Income tax expense	60,573	40,940

The tax credit on the issue of bonus shares is computed at the rate of 25% of the nominal value of the shares issued during the year. The maximum nominal value available for credit is 50% of the after-tax profit for the year of each company.

9. Profit Attributable to Stockholders

	2003 $'000	2002 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	97,646	128,121
Subsidiaries	(34,111)	(21,381)
	63,535	149,502

	2003 $'000	2002 $'000
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	535,336	445,025
Subsidiaries	34,862	69,132
	570,198	514,157

10. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year.

	2003 $'000	2002 $'000
Net profit attributable to stockholders ($'000)	63,535	149,502
Weighted average number of ordinary stock units in issue (thousand)	1,072,598	1,072,598
Basic earnings per stock unit	$0.06	$0.14

11. Dividends

On 5 December 2003 the company paid a dividend to registered stockholders on record as at 1 December 2003,

	2003 $'000	2002 $'000
Ordinary, gross - 2 cents (2002 - 5 cents)	21,453	53,630

12. Fixed Assets

THE GROUP

	Freehold Land $'000	Freehold Buildings, Leasehold Properties, Security, Walls,Piers, Dredging and Roadways $'000	Machinery, Equipment $'000	Furniture and Fixtures $'000	Motor Vehicles $'000	Total $'000
Cost or Valuation -						
At 1 January 2003	815,000	2,315,198	389,065	156,884	18,386	3,694,533
Additions	-	28,882	20,527	8,472	-	57,881
Disposals		(21)	(43,451)	(518)	(815)	(44,805)
Transfers	-	-	859	(859)	-	-
At 31 December 2003	815,000	2,344,059	367,000	163,979	17,571	3,707,609
Accumulated Depreciation -						
At 1 January 2003	-	57,971	173,594	75,745	10,354	317,664
Depreciation		58,613	33,675	14,182	2,555	109,025
Relieved on disposals		(10)	43,212	(502)	(499)	(44,223)
Transfers	-	-	173	(173)	-	-
At 31 December 2003	-	116,574	164,230	89,252	12,410	382,466
Net Book Value -						
At 31 December 2003	815,000	2,227,485	202,770	74,727	5,161	3,325,143
At 31 December 2002	815,000	2,257,227	215,471	81,139	8,032	3,376,869

THE COMPANY

	Freehold Land	Freehold Buildings, Leasehold Properties, Security Walls, Piers, Dredging and Roadways	Machinery, Equipment	Furniture and Fixtures	Motor Vehicles	Total
Cost or Valuation -						
At I January 2003	475,000	1,180,000	224,034	150,462	7,386	2,036,882
Additions	-	15,665	9,002	7,919	-	32,586
Disposals	-	-	(884)	-	-	(884)
At 31 December 2003	475,000	1,195,665	232,152	158,381	7,386	2,068,584
Accumulated Depreciation -						
At 1 January 2003	-	29,500	42,138	71,975	4,019	147,632
Charge for the year	-	29,890	22,674	13,687	1,096	67,347
Relieved on disposals	-	-	(884)	-	-	(884)
At 31 December 2003	-	59,390	63,928	85,662	5,115	214,095
Net Book Value -						
At 31 December 2003	475,000	1,136,275	168,224	72,719	2,271	1,854,489
At 31 December 2002	475,000	1,150,500	181,896	78,487	3,367	1,889,250

(a) The freehold land and buildings of the Group were revalued as at December 2002 on the basis of market value by D.C. Tavares and Finson, independent qualified valuators. The carrying value of the assets has been adjusted upwards and the increase in value has been recognised in capital reserves (Note 20).

(b) Machinery and equipment were revalued in 1993 and the revaluation surplus taken to capital reserves. The revalued amounts have been designated the deemed cost of these assets at the date of revaluation under the provision of IFRS 1 (Note 2 (d)).

(c) Machinery, equipment and motor vehicles for the Group include an amount of $17,739,000 (2002 - $14,029,000, representing assets acquired under finance leases by subsidiaries (Note 23).

13. Investments

Investment in subsidiaries is comprised of:

	2003 $'000	2002 $'000
Western Terminals Limited	46,039	46,039
Harbour Cold Stores Limited	13,336	13,336
Western Storage Limited	16,301	16,301
Kingston Terminal Operators Limited	50	50
Security Administrators Limited	6	6
	75,732	75,732

14 Long Term Receivables

The Port Authority of Jamaica requires the company to allocate 16% of wharfage collected to a special reserve. The reserve, which was created in 1976, can only be utilised for retroactive labour costs and special expenditure in accordance with directives from Port Authority of Jamaica and must be represented by cash, deposits or easily realisable securities. The interest arising on the investments representing the reserve may be used by the company.

The long term receivables represent the amount spent in excess of the balance of the special reserve and is recoverable from future collection of wharfage allocated to the reserve. A total of $23,138,000 (2002 - $24,176,000) was allocated to the reserve during the year.

	The Group and The Company	
	2003	2002
	$'000	$'000
Balance at 1 January	51,149	75,325
Recoveries from wharfage	(23,138)	(24,176)
Balance at 31 December	28,011	51,149
This comprises:		
Off-dock expenses	936	19,724
Severance payments	12,075	16,425
Management fee	15,000	15,000
	28,011	51,149

15. Retirement Benefit Asset and Employee Benefit Obligations

(a) Pension Plan

The company participates in a joint contributory pension scheme which is open to all permanent employees and administered by trustees. Under the scheme retirement benefits are based on average salary during the five years preceding retirement; this applies to full time employees. The scheme is funded by employee contributions at 5% and employer contribution of 10% of salary as recommended by independent actuaries.

The assets of the plan are held independently of the company's assets in a separately administered trustee fund. The scheme is valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuation was carried out as at 31 December 2003.

The defined benefit asset amounts were determined as follows:

	The Group and The Company	
	2003	**2002**
	$'000	**$'000**
Fair value of plan assets	(465,911)	(363,043)
Present value of funded obligations	247,060	182,407
	(218,851)	(180,636)
Unrecognised actuarial gains	41,327	13,866
Asset in the balance sheet	(177,524)	(166,770)

The pension plan assets include the company's ordinary shares with a fair value of $12,000,000 (2002 - $26,000,000

The amounts recognised in the profit and loss account are as follows:

	The Group and The Company	
	2003	**2002**
	$'000	**$'000**
Current service cost	5,850	5,450
Interest cost	26,349	18,024
Expected return on plan assets	(39,296)	(27,628)
Past service costs - vested benefits	13,557	-
Included in staff costs (Note 6)	6,460	(4,154)

The actual return on plan assets was 17.2% (2002 - 17.4%).

The movement in the defined benefit asset during the year is as follows:

	2003 $'000	2002 $'000
At beginning of year	(166,770)	(148,428)
Amounts recognised in the profit and loss account (Note 6)	6,460	(4,154)
Contributions paid	(17,214)	(14,188)
	(177,524)	(166,770)

The principal actuarial assumptions used were as follows:

	2003	2002
Discount rate	15%	12.4%
Long term inflation rate	7.25%	7.25%
Expected return on plan assets	10.5%	9.5%
Future salary increases	9.5%	9%
Future pension increases	4.5%	2%

(b) Other Post Retirement Benefits

The company operates an insured health plan, self insured health plan and insured group life plan. The method of accounting and the frequency of valuations for these plans are similar to those used for the pension scheme.

In addition to the assumptions used for the pension scheme, the main actuarial assumption for the insured health plan and self insured health plan is a long term increase in health costs of 10.5% per year (2002- 9.5%). Insured group life plan is salary rate increases of 9.5% per year (2002- 8.0%).

The amounts recognised in the balance sheet was determined as follows:

	2003 $'000	2002 $'000
Present value of funded obligations	43,636	35,298
Unrecognised actuarial loss	(7,520)	(1,590)
Liability in the balance sheet	36,116	33,708

The amount recognised in the profit and loss account are as follows:

	2003 $'000	2002 $'000
Current service cost	2,044	1,746
I nterest cost	4,409	3,936
Net actuarial loss recognised	100	-
	6,553	5,682

The movement in the defined benefit obligations during the year is as follows:

	2003 $'000	2002 $'000
At beginning of year	33,708	31,461
Amounts recognised in the profit and loss account (Note 6)	6,553	5,682
Contributions paid	**(4,145)**	**(3,435)**
	36,116	33,708

16. Receivables and Prepayments

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Trade receivables	100,550	99,584	71,448	72,468
Prepayments	35,923	34,347	27,201	27,046
Other receivables	30,362	38,271	20,818	27,061
	166,835	172,202	119,467	126,575

17. Short Term Investments

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Repurchase agreements	186,528	162,376	186,528	162,376
Deposits	248,107	147,780	152,864	77,930
Included in cash and cash equivalents	434,635	310,156	339,392	240,306

Included in short term investments is an amount of $260,713,000 (2002 - $220,942,000) for the Group and $259,228,000 (2002- $219,893,000) for the company representing the Assets Replacement/Rehabilitation and Depreciation Reserve funds. The balance also includes net interest of $37,753,000 (2002 - $17,248,000) earned for the Group and $37,594,000 (2002 - $17,017,000) for the company for the year (Note 21).

The weighted average effective interest rate on short-term bank deposits was 21.24% (2002 -13.64%) and these deposits have an average maturity of 30 days.

18. Payables

Payables comprise:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	26,209	28,017	4,738	6,227
Other payables and accruals	85,499	108,301	74,922	101,054
	111,708	136,318	79,660	107,281

19. Share Capital and Share Premium

	Number of Stock Units (thousands)	Ordinary Stock Units $'000	Share Premium $'000	Total $'000
At 31 December 2001	1,070,867	214,173	75,180	289,353
Issue of shares	1,731	346	1,731	2,077
At 31 December 2002	1,072,598	214,519	76,911	291,430
Issue of shares	-	11	207	218
At 31 December 2003	1,072,598	214,530	77,118	291,648

The total authorised number of ordinary shares is 150,000,000 shares with a par value of $0.20 per share. All issued shares are fully paid.

20. Capital Reserves

Capital reserves comprise:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Realised gain on sale of assets	30,188	30,188	5	5
Capital distributions received	3,612	3,612	3,612	3,612
Capitalisation of profits	130,325	130,325	-	-
Unrealised surplus on revaluation of fixed assets	2,531,132	2,531,132	1,056,540	1,056,540
Capitalisation of Asset Replacement Reserve (Note 21 (i))	155,812	139,342	155,812	139,342
Capitalisation of Depreciation Reserve (Note 21 (ii))	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
Deferred Taxation	(558,956)	(558,956)	(198,577)	(198,577)
	2,295,598	2,279,128	1,017,402	1,000,932

The movements in each category of reserves were as follows:

(i) Capitallsation of Profits

	The Group	
	2003	**2002**
	$'000	**$'000**
At beginning of year	130,325	114,662
Profits capitalised during the year	-	15,663
At end of year	130,325	130,325

21. Asset Replacement/Rehabilitation and Depreciation Reserves

The Port Authority of Jamaica authorised the creation of a special reserve to be provided through the tariff, for the replacement and/or rehabilitation of the wharf facilities. A total of $66,701,000 to be recovered from the tariff over a five-year period was approved to meet the shortfall in the accumulated needs of the Asset Replacement/Rehabilitation Reserve (the Reserve Fund). A further sum of $12,579,000 was also approved to meet the annual needs of the Reserve Fund.

The Port Authority of Jamaica also stipulated that the depreciation charge on the historical cost of fixed assets be matched with amounts placed in a Depreciation Fund.

The Authority requires that both the Asset Replacement/Rehabilitation and the Depreciation Reserves be represented by a Fund consisting of cash, deposits or highly liquid securities. The net interest arising on such Funds should be transferred to the Asset Replacement/ Rehabilitation and Depreciation Reserves, respectively (Note 17).

The requirement of the Reserve Fund became effective in April 1998 with the introduction of the new tariff rate structure approved by the Port Authority of Jamaica.

During 2001 the Port Authority of Jamaica approved the capitalisation of $158,967,000 from the Reserve Fund for capital expenditure already incurred by the company and $453,000 from the Depreciation Fund in respect of assets retired during the year by the company and its subsidiary, Western Terminals Limited. The Reserve Fund balance of $113,422,000 as at 31 December 2001 was fully utilised for this capitalisation. A further $16,470,000 was capitalised during the year. The remaining portion of $3,155,000 (2002- $19,625,000) is to be capitalised from the future replenishment of the Reserve Fund.

The balance of the reserves comprises:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
(i) Asset Replacement/Rehabilitation				
Reserve	-	-	-	-
(ii) Depreciation Reserve	7,551	37,980	7,217	37,805
	7,551	37,980	7,217	37,805

The movements in each category of reserves were as follows: -

(i) Asset Replacement/Rehabilitation Reserve

	The Group and The Company	
	2003	2002
	$'000	$'000
At beginning of year	-	-
Transfers from profit and loss account during the year	16,470	25,920
Transfer to capital reserves - utilized for capital expansion	(16,470)	(25,920)
	-	-

At end of year

(ii) Depreciation Reserve

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	37,980	20,788	37,805	20,788
Transfer from retained earnings (net interest)	37,753	17,248	37,594	17,017
Transfer to capital reserves	-	(56)	-	-
Transfer to the retained earnings account (interest recovered)	(68,182)	-	(68,182)	-
At end of year	7,551	37,980	7,217	37,805

The Port Authority approved the company's application to apply net interest of $68,182,000 on the depreciation reserve against interest expense already incurred on borrowings to finance the capital rehabilitation programme. In addition the Port Authority also gave approval for $274,135,000 to be recovered against the wharfage reserves.

The total historical depreciation reserve for the purposes of the Port Authority of Jamaica's requirements includes accumulated depreciation reflected under fixed assets (Note 12) and amounts to $260,713,000 (2002 - $220,942,000) for the Group and $259,228,000 (2002 - $219,893,000) for the company.

(iii) Value of Reserve Funds Represented by Cash and Short Investments

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Asset replacement/rehabilitation reserve	-	-	-	-
Depreciation reserve	7,551	37,980	7,217	37,805
Accumulated historical cost depreciation	253,549	183,349	252,063	1,812,140
Less approved disbursements	(387)	(387)	(52)	(52)
	260,713	220,942	259,228	219,893
	260,713	220,942	259,228	219,893

22. Long Term Loans

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
(a) Port Authority of Jamaica	2,933	2,933	1,480	1,480
(b) Harbour Cold Stores Limited	-	-	96,000	120,000
(c) Western Terminals Limited	-	-	40,000	50,000
(d) Pan Caribbean Financial Services Limited	1,145	3,896	-	-
(e) Bank of Nova Scotia Jamaica Limited	15,765	25,785	15,765	25,785
(f) Development Bank of Jamaica/Bank of Nova Scotia Jamaica Limited	13,333	20,000	13,333	20,000
(g) Development Bank of Jamaica/FirstCaribbean International Bank (Jamaica) Limited	9,429	12,000	9,429	12,000
(h) Development Bank of Jamaica/Bank of Nova Scotia Jamaica Limited	111,733	125,896	111,733	125,896
(i) FirstCaribbean International Bank (Jamaica) Limited	74,620	73,724	74,620	73,724
	228,958	264,234	362,360	428,885
Less: Current portion	(64,065)	(51,244)	(96,919)	(82,494)
	164,893	212,990	265,441	346,391

(a) These loans, which are interest free and unsecured, were obtained to build the security wall and are repayable only if the wharf is sold.

(b) This loan is unsecured and attracts interest at the prevailing market interest rate. The principal is repayable over a five-year period commencing January 2003 with a moratorium of two years on principal payments.

(c) This loan is unsecured and attracts interest at the prevailing market rate. The principal is repayable over a five-year period commencing January 2003 with a moratorium of two years on principal payments.

(d) This loan, which attracts interest at a rate of 13% per annum, is repayable over 48 months and matures in May 2004. The loan is secured by a bank guarantee.

(e) This represents a loan obtained under the Scotia Bank Jamaica Economic Growth Fund and was obtained for the company's capital expenditure program. The interest rate is fixed at 8.5% per annum for the life of the loan. The principal is repayable in sixty equal consecutive monthly installments of $835,000, commencing August 2000.

(f) This represents a loan granted by the Development Bank of Jamaica through the Bank of Nova Scotia Jamaica Limited. The interest is set at the Development Bank of Jamaica's lending rate plus 3% per annum, which is currently equivalent to 9.5% per annum. The principal is repayable in nine equal consecutive quarterly installments of $1,667,000, commencing December 2000.

(g) This represents a loan granted by the Development Bank of Jamaica through FirstCaribbean International Bank (Jamaica) Limited. The interest is set at the Development Bank of Jamaica's lending rate plus 2.5% per annum, which is currently equivalent to 9% per annum. The principal is repayable in sixty-four consecutive quarterly installments of $214,000, commencing August 2001.

(h) This represents a demand loan obtained for the company's capital expenditure program. The interest rate is fixed at 11 % per annum for the life of the loan. The principal is repayable in 20 quarterly installments of US$130,000, commencing October 2002.

(i) This represents a demand loan obtained for the company's capital expenditure program. The interest rate is currently set at US six months LIBOR plus 2.75%. The principal is repayable in twenty-eight equal quarterly payments of US$54,000, commencing October 2002.

There is no security for loans (e), (f), (g), and (h). Under the terms of the agreements with the banks the company has undertaken not to pledge or encumber its assets without their written consent.

The weighted average rate of interest on long term loans was 10% (2002 - 10.8%).

23. Finance Lease Obligations

At 31 December 2003 the Group had outstanding obligations under finance leases as follows:

	2003 $'000	2002 $'000
Minimum lease payments under finance leases:		
Not later than 1 year	8,220	5,165
Later than 1 year and not later than 5 years	3,445	9,178
	11,665	14,343
Future finance charges	(1,961)	(2,878)
Present value of finance lease obligations	9,704	11,465

The present value of finance lease obligations may be analysed as follows:

	2003 $'000	2002 $'000
Net later than I year	6,742	5,164
Later than 1 year and not later than 5 years	2,962	6,301
	9,704	11,465

The weighted average rate of interest on finance lease obligations at the year end was 24% (2002- 24%).

24. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33 1/3% for the Group. Liabilities recognised on the balance sheet are as follows:

The make-up of the deferred income tax account is as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Deferred income tax assets	(19,895)	(19,208)	(17,786)	(15,183)
Deferred income tax liabilities	630,874	627,620	283,250	270,615
Net liability	610,979	608,412	265,464	255,432

The movement in the net deferred tax balance is as follows:

	The Group		The Company	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
Net liability at beginning of year	608,412	565,929	255,432	250,654
Deferred tax expense (Note 8)	2,567	2,005	10,032	9,745
Deferred tax charged/(credited) to stockholders' equity	-	40,478	-	(4,967)
Net liability at end of year	610,979	608,412	265,464	255,432

Deferred income tax assets and liabilities are due to the following items:

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets:				
Finance lease obligations	1,910	3,822	-	-
Payables	199	203		-
Interest payable	-	988	-	988
Employee benefit obligations	12,038	11,236	12,038	11,236
Unrealised foreign exchange losses	5,748	2,959	5,748	2,959
	19,895	19,208	17,786	15,183

	The Group		The Company	
	2003	**2002**	**2003**	**2002**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax liabilities:				
Fixed assets	567,779	570,620	220,886	214,010
Interest receivable	3,920	1,410	3,190	1,015
Retirement benefit asset	59,175	55,590	59,174	55,590
	630,874	627,620	283,250	270,615

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $45,518,000 at 31 December 2003 (2002 - $86,731,000).

25. Minority Interest

On 1 January 2003 the Group sold a third of its shareholding in Security Administrators Limited. The minority

interest is comprised as follows:

	2003 $'000
At beginning of year	-
Partial disposal of subsidiary	15,609
Share of net profit of subsidiary	3,273
Dividends paid	(7,000)
	11,882

26. Related Party Transactions and Balances

During the year the company and its subsidiaries had normal business transactions with related parties, as follows:

	2003 $'000	2002 $'000
(a) Income earned		
Grace Kennedy & Company Limited and its subsidiaries	61,554	143,560
Seafreight Limited	70,246	49,150
Seaboard Freight & Shipping Jamaica Limited	36,368	23,941
Jamaica Freight & Shipping Company Limited	22,496	34,954
Maritime & Transport Services Limited	13,929	10,706
Transocean Shipping Limited	8,338	26,596
Shipping Services Stevedoring Limited	6,960	6,135
A. E. Parnell & Company Limited	2,269	3,349
Lannaman & Morris (Shipping) Limited	1,040	2,310
	223,200	300,701
(b) Fees and other expenditure		
Grace Kennedy & Company Limited and its subsidiaries	228,823	228,640

27. Cash Provided by Operating Activities

	Restated 2003 $'000	2002 $'000
Net profit	63,535	149,502
Items not affecting cash resources:		
Depreciation	109,025	105,891
Deferred taxation	2,567	2,005
Gain on sale of fixed assets	(666)	(325)
Interest income	(93,409)	(53,936)
Interest expense	25,406	14,379
Income tax expense	58,006	38,935
Loss on partial disposal of subsidiary	15,608	-
Minority interest in results of the year	3,273	-
	183,345	256,451
Changes in non-cash working capital components:		
Inventories	(1,884)	755
Related companies	82,514	82,519
Receivables and prepayments	11,893	(8,654)
Payables	(21,646)	(37,257)
Retirement benefit asset	2,408	2,247
Employee benefit obligations	(10,754)	(18,342)
	62,531	21,268
Cash provided by operating activities	245,876	277,719

28. Capital Commitments

Commitments for capital expenditure approved but not yet disbursed at 31 December 2003 amounted to $nil (2002- $155,000,000)

29. Litigations

Legal actions were brought against Kingston Wharves Limited by companies involved in stevedoring activities at Port Bustamante. The plaintiffs are seeking a declaration that the company's stated intention to take over all the stevedoring activities on Berths 1-9 is in breach of the Fair Competition Act and is otherwise illegal. Although these are not monetary claims, if the plaintiffs succeed in obtaining a judgement against the company, this is likely to have an impact on the company's future strategic objectives.

30. Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in market prices, foreign exchange rates and interest rates. Risk management is carried out by a central treasury function, which identifies, evaluates and manages risk based on guidelines set by the Board of Directors.

(i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates. The Group is primarily exposed to such risks arising from its foreign currency transactions in relation to borrowings and accounts held. The Group balance sheet at 31 December 2003 includes aggregate net foreign liabilities of approximately US$1,268,000 (2002 - US$3,152,000) in respect of transactions arising in the ordinary course of business.

(ii) Interest rate risk

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items or changes in interest income or expenses. Interest rate risk mainly arises through interest - bearing liabilities and assets. The Group's operating cash flows are substantially independent of changes in market interest rates. At 31 December 2003, the Group has interest-bearing assets as disclosed in Note 17 and interest- bearing liabilities as disclosed in Notes 22 and 23.

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether the changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group has no significant exposure to market risk as the financial instruments subject to this risk are not material to the Group and are held on a short term basis.

(iv) Credit risk

Credit risk is the risk that one party to a financial contract will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's exposure to credit risk on its financial assets relates to the amount held in cash and bank balances, accounts receivable and short term investments. The Group's credit risk is mainly attributable to trade receivables. The amount presented in the balance sheet is net of provision for impairment losses estimated by the Group's management. Cash is held with substantial financial institutions. There are no significant concentrations of risk attached to trade receivables as these amounts are not concentrated in any given sector or institution.

(v) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the management of the Group aims at maintaining sufficient liquidity by efficient cash management and by investing in liquid interest bearing securities.

31. Fair Value of Financial Instruments

In assessing the fair value of financial instruments the Group uses a variety of methods and makes assumptions that are based on market conditions at the balance sheet date.

The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented above are not necessarily indicative of the amounts that the company would realise in a current market exchange.

The carrying values of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are receivables and prepayments, cash and short-term deposits, trade and other payables and short-term borrowings.

The estimated fair values of the company's other financial instruments are as follows:

	2003		2002	
	Carrying Amount $'000	**Fair Value $'000**	**Carrying Amount $'000**	**Fair Value $'000**
Financial asset				
Long term receivables	28,011	-	51,149	-
Financial liability				
Long term liabilities (including current portion)	238,662	273,524	275,699	273,823

Fair values were estimated as follows:

Long term receivables
* Unable to determine fair value as the financial asset has no applicable interest rate and the period in which theasset may be recovered cannot be determined.

Long term liabilities

For disclosure purposes, the fair values of long term receivables and long term liabilities are estimated by discounting the future contractual cash flows at the current market rate available to the Group for similar financial instruments.

32. Financial Effect of Adopting International Financial Reporting Standards

The Group adopted IFRS effective 1 January 2002. Prior to that date, the financial statements of the Group and company were prepared in accordance with Jamaican GAAP. The financial statements for the year ended 31 December 2002 (the immediately preceding comparative period) have been restated to reflect the financial position and results under I FRS. The financial effects of conversion to IFRS are set out as follows:

(a) Reconciliation of equity at 1 January 2002

		The Group		
	Note	**Previous Jamaican GAAP $'000**	**Effect of Transition to IFRS $'000**	**IFRS $'000**
Non-Current Assets				
Fixed assets	(i)	2,355,109	620,892	2,976,001
Long term receivables		75,325	-	75,325
Retirement benefit asset	(ii)	-	148,428	148,428
		2,430,434	769,320	3,199,754
Current Assets				
Inventories		2,498	-	2,498
Related parties		151,349	-	151,349
Receivables and prepayments		154,252	-	154,252
Taxation recoverable		8,160	-	8,160
Short term investments		219,844	-	219,844
Cash and bank		7,355	-	7,355
		543,458	-	543,458
Current Liabilities				
Payables		170,612	-	170,612
Taxation		7,868	-	7,868
Bank overdraft		3,596	-	3,596
Current portion of long term loans and finance lease obligations		24,855	-	24,855
		206,931	-	206,931
Net Current Assets		336,527	-	336,527
		2,766,961	769,320	3,536,281

Stockholders' Equity				
Share capital		214,173	-	214,173
Share premium		75,180	-	75,180
Capital reserves	(i),(iii)	1,961,823	114,314	2,076,137
Asset replacement/rehabilitation and depreciation reserves		20,788	-	20,788
Retained earnings	(i),(ii),(iii)	422,834	57,616	480,449
		2,694,798	171,930	2,866,728
Non-Current Liabilities				
Long term loans		66,278	-	66,278
Finance lease obligations		5,885	-	5,885
Employee benefit obligations	(ii)	-	31,461	31,461
Deferred taxation	(iii)	-	565,929	565,929
		2,766,961	769,320	3,536,281

The Company

	Note	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Non-Current Assets				
Fixed assets	(i)	1,631,102	24,906	1,656,008
Investments	(v)	181,683	(105,951)	75,732
Long term receivables		75,325	-	75,325
Retirement benefit asset	(ii)	-	148,428	148,428
		1,888,110	67,383	1,955,493
Current Assets				
Related companies		67,433	-	67,433
Group companies		16,761	-	16,761
Receivables and prepayments		104,189	-	104,189
Taxation recoverable		8,160	-	8,160
Short term investments		188,915	-	188,915
Cash		5,345	-	5,345
		390,803	-	390,803
Current Liabilities				

Payables		135,122	-	135,122
Current portion of long term loans		53,186	-	53,186
		188,308	-	188,308
Net Current Assets		202,495	-	202,495
		2,090,605	67,383	2,157,988
Stockholders' Equity				
Share capital		214,173	-	214,173
Share premium		75,180	-	75,180
Capital reserves	(i),(iii)	1,245,810	(290,551)	955,259
Asset replacement/rehabilitation and depreciation reserves		20,788	-	20,788
Retained earnings	(i),(ii),(iii)	337,652	75,819	413,471
		1,893,603	(214,732)	1,678,871
Non-Current Liabilities				
Long term loans		197,002	-	197,002
Employee benefit obligations	(ii)	-	31,461	31,461
Deferred taxation	(iii)	-	250,654	250,654
		2,090,605	67,383	2,157,988

(b) Reconciliation of equity at 31 December 2002
The Group

	Note	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Non-Current Assets				
Fixed Assets	(i)	2,565,599	811,270	3,376,869
Long term receivables		51,149	-	51,149
Retirement benefit asset	(ii)	-	166,770	166,770
		2,616,748	978,040	3,594,788
Current Assets				
Inventories		1,743	-	1,743
Related companies		68,830	-	68,830
Receivables and prepayments		172,202	-	172,202

Short term investments		310,156	-	310,156
Cash and bank		44,896	-	44,896
		597,827	-	597,827
Current Liabilities				
Payables		136,318	-	136,318
Taxation	(iv)	22,741	(8,625)	14,116
Bank overdraft		1,667	-	1,667
Current portion of long term loans and finance lease obligations		56,408	-	56,408
		217,134	(8,625)	208,509
Net Current Assets		380,693	8,625	389,318
		2,997,441	986,665	3,984,106
Stockholders' Equity				
Share Capital		214,519	-	214,519
Share premium		76,911	-	76,911
Capital reserves	(i),(iii)	2,003,462	275,666	2,279,128
Asset replacement/rehabilitation and depreciation reserves		37,980	-	37,980
Retained earnings	(i),(ii),(iii),(iv)	445,278	68,879	514,157
		2,778,150	344,545	3,122,695
Non-Current Liabilities				
Long term loans		212,990	-	212,990
Finance lease obligations		6,301	-	6,301
Employee benefit obligations	(ii)	-	33,708	33,708
Deferred taxation	(iii)	-	608,412	608,412
		2,997,441	986,665	3,984,106

(b) Reconciliation of equity at 31 December 2002

		The Company		
	Note	Previous Jamaican GAAP $'000	Effect of Transition to IFRS $'000	IFRS $'000
Non-Current Assets				
Fixed assets	(i)	1,841,084	48,166	1,889,250
Investments	(v)	195,794	(120,062)	75,732
Long term receivables		51,149	-	51,149
Retirement benefit asset	(ii)	-	166,770	166,770
		2,088,027	94,874	2,182,901
Current Assets				
Related companies		13,970	-	13,970
Group companies		6,674	-	6,674
Receivables and prepayments		126,575	-	126,575
Short term investments		240,306	-	240,306
Cash and bank		37,514	-	37,514
		425,039	-	425,039
Current Liabilities				
Payables		107,281	-	107,281
Taxation		14,284	(8,509)	5,775
Bank overdraft		1,667	-	1,667
Current portion of long term loans		82,494	-	82,494
		205,726	(8,509)	197,217
Net Current Assets		219,313	8,509	227,822
		2,307,340	103,383	2,410,723
Stockholders' Equity				
Share capital		214,519	-	214,519
Share premium		76,911	-	76,911
Capital reserves	(i),(iii),(v)	1,285,841	(284,909)	1,000,932
Asset replacement/rehabilitation and depreciation reserves		37,805	-	37,805
Retained earnings	(i),(ii),(iii),(iv)	345,873	99,152	445,025
		1,960,949	(185,757)	1,775,192

Non-Current Liabilities				
Long term loans		346,391	-	346,391
Employee benefit obligations	(ii)	-	33,708	33,708
Deferred taxation	(iii)	-	255,432	255,432
		2,307,340	103,383	2,410,723

(c) Reconciliation of net profit for the year ended 31 December 2002

The Group

	Note	**Previous Jamaican GAAP $'000**	**Effect of Transition to IFRS $'000**	**IFRS $'000**
Revenue		1,106,479	-	1,106,479
Cost of sales	(i)	(487,659)	8,256	(479,403)
Gross Profit		618,820	8,256	627,076
Other operating income		4,826	-	4,826
Administrative expenses	(i),(ii)	(443,171)	(3,610)	(446,781)
Other operating expenses		(25,517)	-	(25,517)
Operating Profit		154,958	4,646	159,604
Finance income, net	(iv)	4,965	25,873	30,838
Profit before Taxation		159,923	30,519	190,442
Taxation	(iii)	(38,933)	(2,007)	(40,940)
NET PROFIT		120,990	28,512	149,502

The Company

	Note	**Previous Jamaican GAAP**	**Effect of Transition to IFRS**	**IFRS**
Profit before tax		112,341	50,094	162,435
Taxation		(24,570)	(9,744)	(34,314)
NET PROFIT	(i),(ii),(iii),(iv)	87,771	40,350	128,121

Brief descriptions of each item of difference:

(i) Freehold land and buildings including leasehold properties have been restated at fair value which represents market valuation (Note 12 (a)).

(ii) Asset and liabilities arising under defined benefit pension plans and other other post-retirement benefit obligations were not recognised under previous Jamaican GAAP. They are recognised under IFRS based on valuations carried out by independent actuaries using the projected unit credit method.

(iii) No provision for deferred taxation was recognised under previous Jamaican GAAP. Under IFRS, full provision is made for deferred tax on all temporary differences using the liability method.

(iv) Asset replacement and rehabilitation and depreciation reserves previously accounted for as a liability, now de-recognised and included as part of stockholders' equity.

(v) Investments in subsidiary restated at cost.

34. Subsequent Event

Grace, Kennedy & Company Limited sold its 43.45% shareholding in Kingston Wharves Limited to National Commercial Bank Jamaica Limited on 21 January 2004. As a consequence, directors who had been nominated by Grace, Kennedy & Company Limited, Douglas Orane, Philip Alexander, Gordon Shirley, Donald Wehby and Robert Kinlocke resigned effective 28 January 2004. Directors nominated by National Commercial Bank Jamaica Limited, Robert Almeida, Peter Lawson, Joseph Sferrazza and Stephen Lyn Kee Chow were appointed on 23 February 2004 to fill the temporary vacancies.