KINGSTON WHARVES LIMITED

2010 Annual Report

Our Mission

To be the premier port operator in the region by providing consistent, high quality service to our customers, to the benefit of our employees, stockholders and the community.

Who we are

Kingston Wharves Limited (KWL) is consistently recognized as the leading multipurpose Port Terminal Operator in the Caribbean. KWL has copped the Caribbean Shipping Association's (CSA) 'Best Multi-purpose Terminal of the Year' title for 2006, 2007 and 2009 and was recognized in 2008 as the Region's most efficient port, an acknowledgement of its commitment to operational efficiency.

A listed company on the Jamaica Stock Exchange with net assets of US$92.5 million, the KWL Group includes two subsidiaries, Security Administrators Limited, provider of industrial and port security services and Harbour Cold Stores Limited, a public bonded cold storage facility, in addition to its core terminal operations. The Group has experienced steady growth through prudent management and a commitment to continuous improvement to ensure competitiveness, since its inception in 1945.

Located on the Port of Kingston, the Terminal operates 24 hours per day, 365 days per year. With highly trained staff and a comprehensive range of advanced technology, infrastructure and state-of-the-art terminal equipment, KWL's operations team performs the most demanding stevedoring functions.

KWL's Terminal has a 1,655 meters continuous quay that provides 9 deepwater berths for ro-ro, lo-lo, container, general break bulk and bulk cargoes. As part of an ongoing modernization programme, substantial investments have been made in recent years to upgrading the Terminal's infrastructure and administrative operations including dredging the harbour, giving rise to drafts as deep as 13 metres. The Terminal is now able to accommodate larger vessels traversing the Region due to the expansion of the Panama Canal.

KWL is notably equipped to handle varying degrees of dynamic transshipment logistics, reflecting exponential growth in the transshipment portfolio over the last decade. Two of the Region's premier shipping lines utilize KWL's terminal as their transshipment hub, operating weekly feeder services to over 15 Caribbean and Latin American Ports. Additionally, KWL now manages the regional transshipment hub for one of the world's leading motor vehicle carriers, the first direct service of its kind from Europe to Jamaica.

New equipment acquisitions, on the horizon, are slated to further promote operational efficiencies and capabilities at KWL. The Company remains committed to furthering the scope of its existing growth and development strategies as it boldly faces the future.

For further information visit our website at www.kingstonwharves.com.jm.

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Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Kingston Wharves Limited will be held at the Jamaica Conference Centre, 14-20 Port Royal Street, Kingston on the 27th day of June 2011 at 10:00 a.m. for the purpose of transacting the following business namely:

1. To receive the Audited Group Accounts for the year ended December 31, 2010 and the Reports of the Directors and Auditors circulated thereon:

   To consider and (if thought fit) pass the following resolution:

   "THAT the Audited Group Accounts for the year ended December 31, 2010 and the Reports of the Directors and Auditors circulated with the notice convening the meeting be adopted."

2. To declare the interim dividend of three cents ($0.03) paid on July 5, 2010 and nine cents ($0.09) paid on January 7, 2011 as final.

   To consider and (if thought fit) pass the following resolution:

   "THAT as recommended by the Directors, the interim dividends of three cents ($0.03) per share paid on July 5, 2010 and nine cents ($0.09) per share paid on January 7, 2011, totalling twelve cents ($0.12) for the year be and are hereby declared as final and that no further dividend be paid in respect of the year under review".

3. Rotation of Directors

   (a) The Directors retiring from office by rotation pursuant to Article 107 of the Company's Articles of Association are Messrs. Charles Johnston, Harriat Maragh and Stephen Lyn Kee Chow who being eligible offer themselves for re-election.

   To consider and (if thought fit) pass the following resolutions:

   (i) "THAT Mr. Charles Johnston, be and is hereby re-elected a Director of the Company."

   (ii) "THAT Mr. Harriat Maragh be and is hereby re-elected a Director of the Company."

   (iii) "THAT Mr. Stephen Lyn Kee Chow be and is hereby re-elected a Director of the Company."

4. To appoint auditors and authorise the Directors to fix the remuneration of the Auditors.

To consider and (if thought fit) pass following resolution:

> "THAT PriceWaterhouseCoopers, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company".

5. To fix the fees of the Directors or to determine the manner in which such fees are to be fixed.

To consider and (if thought fit) pass the following resolution:

> "THAT the amount shown in the accounts of the Company for the year ended December 31, 2010 as fees of the Directors for their services as directors, be and is hereby approved."

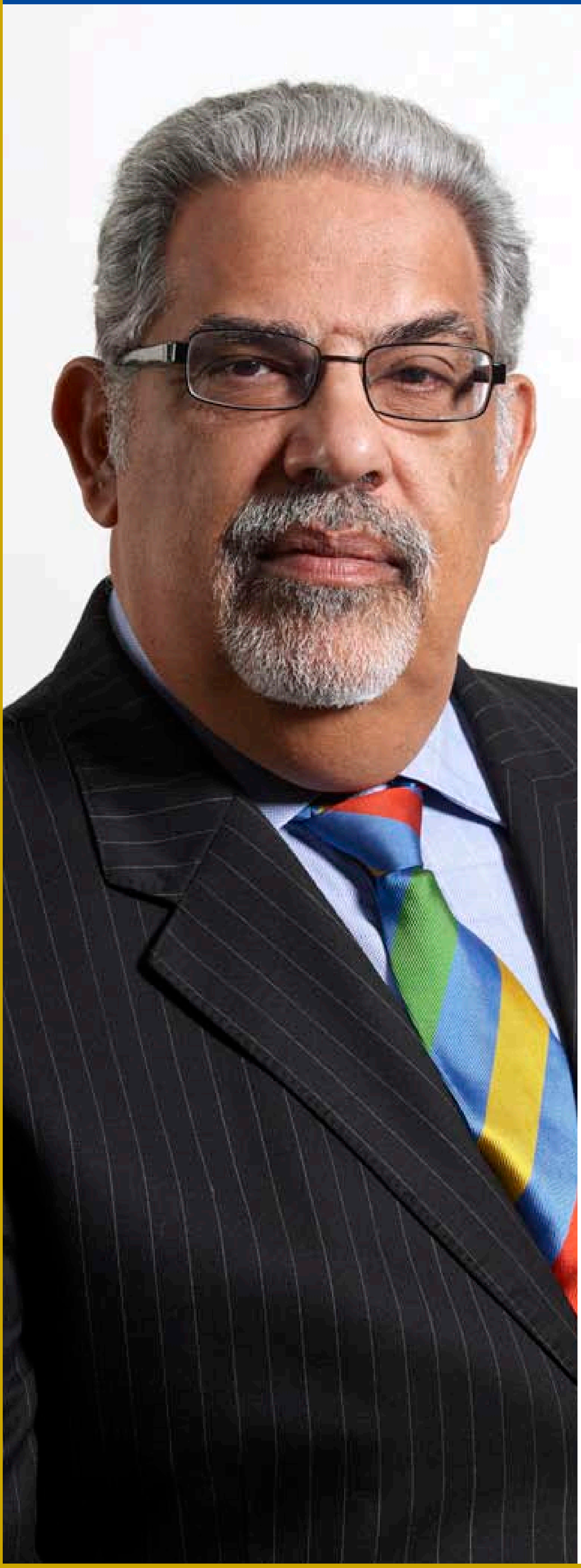
Dated this 4th day of April 2011.

By Order of the Board

Roger Hinds
Company Secretary

REGISTERED OFFICE
Kingport Building
Third Street
Newport West
Kingston, Jamaica

NB: A member entitled to vote at the meeting is entitled to appoint a proxy to vote in his stead. A proxy need not be a member of the company. Enclosed is a proxy form for your convenience, which must be lodged at the office of the Registrar and Transfer Agent of the company, KPMG Regulatory & Compliance Services, 6 Duke Street, Kingston, Jamaica at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp of $100.00. The stamp duty may be paid by adhesive stamp (s) to be cancelled by the person executing the proxy.



Chairman's Message

Kingston Wharves Limited (KWL), like its counterparts in the global shipping industry, has been challenged by the recession over the last two years. The Group, however, has continued along the path that it proactively took to implement strategies to enable it to emerge stronger from the recessionary period. Our performance in 2010 validates this decision. I am proud of the team effort which led to our results, especially when measured against the challenges we faced.

The global shipping industry has rebounded strongly from the worst downturn in history in 2009 as the recession hit global trade and forced many companies to lay up ships and cut jobs. At the height of this recession, world seaborne trade (goods loaded) decreased by 4.5% to 7.94 billion tons. Shipping is at the receiving end of market volatility and the industry is seen as a key indicator of global and national economic well being.

The April 2011 issue of the Business Monitor International – Latin America Report predicts that Jamaica will emerge from the recession this year, although real GDP growth is likely

KWL is positioned to exploit the much expected economic rebound. We implemented growth strategies through new alliances, improved our operations, and made an important change in our corporate governance; the separation of the roles of Chairman and Chief Executive Officer.

to remain subdued at just 1.5% in 2011 and 1.4% in 2012, from a 1.2% contraction in 2010. It believes that in real terms the economy will be about the same size it was in 2005.

The effect of measures instituted in 2010 to address deep fiscal imbalances in the Jamaican economy, such as tax measures, the debt exchange initiative, the engagement of the IMF standby arrangement and the Government's fiscal responsibility, should continue to positively impact the fortunes of the domestic currency in 2011. However, uncertainty about the Jamaican economy, especially the potential effect on business, will prevail.

In my new role as Non-Executive Chairman of the Board of the KWL Group, I assure you that the Kingston Wharves team and I will work assiduously to propel the Group to a very enviable position, not only in Jamaica and the Caribbean but the world in general.

The Jamaican dollar is not expected to slide significantly in 2011 but the 'lacklustre' economy will, according to a United Nations report. The exchange rate could dip in line with US inflation losing at worst three per cent or about J$2.50 to close at J$88.09/US$1, according to analysis by the Economic Commission for Latin America and the Caribbean (ECLAC), which is one of five regional commissions of the United Nations Economic and Social Council.

KWL is positioned to exploit the much expected economic rebound. We implemented growth strategies through new alliances, improved our operations, and made an important change in our corporate governance; the separation of the roles of Chairman and Chief Executive Officer.

The Board of Directors of the Kingston Wharves Group, on the recommendation of its Corporate Governance Committee, decided to separate the roles of Chairman and Chief Executive Officer (CEO), effective July 1, 2010. This is in keeping with the Group's commitment to adopt corporate governance best practices and is also a response to the changing business environment in which we now operate.

I must express a special thank you to the management and staff for their dedication to making the Group successful. In my new role as Non-Executive Chairman of the Board of the KWL Group, I assure you that the Kingston Wharves team and I will work assiduously to propel the Group to a very enviable position, not only in Jamaica and the Caribbean but the world in general.

Derek Jones
Chairman

Board of Directors

The Board of Directors is committed to providing guidance, strategic direction and oversight to the management of the Company to ensure the interests of all stakeholders, including shareowners are being served.

DEREK JONES

Chairman

Derek Jones, an Attorney-at-Law, is the Regional Managing Partner of Higgs & Johnson, one of the Caribbean's leading law firms. He is the Chairman of the Cable and Wireless Jamaica Pension Fund, the Red Stripe Pension Fund and the Jamaica College Trust. He is a Director of Caribbean Cement Company, the National Building Society of Cayman and a Trustee of the Urban Development Corporation Pension Fund.

Mr. Jones has been practising law for over 40 years and was formerly the Senior Partner of Myers, Fletcher & Gordon. He has served an array of organizations, including being a member of the Disciplinary Committee of the General Legal Council in Jamaica, Chairman of the Tribunal for Breaches under the Rules of Horse Racing, and served as Vice President and as President of the Jamaican Bar Association.

GRANTLEY STEPHENSON, C.D., J.P.

Chief Executive Officer

Grantley Stephenson is the current Vice President of the Caribbean Shipping Association. He is a Director of Security Administrators Limited, Harbour Cold Stores Limited., Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited, Port Computer Services Limited, the Maritime Authority of Jamaica and Assessment Recoveries Limited.

Mr. Stephenson has headed some of the local shipping industry's leading companies including Jamaica Merchant Marine, Jamaica Freight and Shipping Co. Limited and Seaboard Freight and Shipping Jamaica Limited. He is a Past President of the Shipping Association of Jamaica and has served in varying roles in that organistion's Managing Committee since 1990.

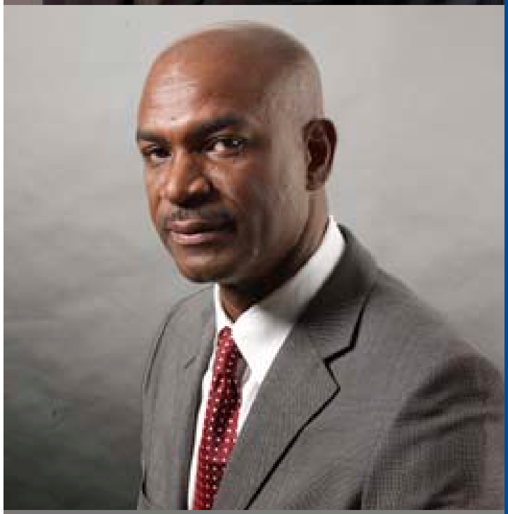
Mr. Stephenson was conferred with the National Award of the Order of Distinction, Commander Class in 2007 and is the longstanding Honorary Consul General for the Kingdom of Norway. He is a Fellow of the Jamaica Institute of Management and holds an MBA from the University of the West Indies. He is also a graduate of the University of Technology in Jamaica and the University of Plymouth in England.

HARRIAT MARAGH

Harriat Maragh is Chairman & CEO of Lannaman & Morris (Shipping) Limited after joining the Company as a Sales Representative. He is also the Chairman of Seafreight Jamaica Limited, Seafreight Lines Inc. Miami, Kingston Port Workers Superannuation Fund, Caribbean Maritime Institute Trust and Metro Investments Limited. He serves as a Director on several boards including the Shipping Association of Jamaica, Port Computer Services and the National Cruise Council of Jamaica.

Mr. Maragh is a Past President of the Shipping Association of Jamaica. He is a graduate of Humber College in Toronto, Canada.

ROGER HINDS



Roger Hinds is the Company Secretary for Kingston Wharves Limited. Mr. Hinds is also the Chairman and CEO of Transocean Shipping Limited and the Founder and Chairman of Transport Logistics Limited and Marine Haulage Services Limited.

In addition, Mr. Hinds is Chairman for Port Computer Services Limited and a Director of Assessment Recoveries Limited and Amalgamated Stevedores Limited.

He is President of the Shipping Association of Jamaica and a member of the Caribbean Shipping Association's General Council.

PETER A. LAWSON

Peter Lawson is Managing Director of P.A. Lawson Management & Strategy Consultants Limited, P.A. Lawson Engineering & Construction Limited and Lawson & Associates Limited (consulting engineers).

Mr. Lawson has lived and worked in the U.S.A., Europe, Latin America, Africa and Australia managing major operations and leading strategy, marketing and business development for some of the world's largest companies, including The Coca-Cola Company and Royal Dutch Shell, where he also served as Chairman of a number of Shell oil and gas marketing companies.

Mr. Lawson holds a Bachelor of Arts degree from the University of Florida and a Master of Business Administration degree from the Goizueta Business School of Emory University.

STEPHEN LYN KEE CHOW, J.P.

Mr. Lyn Kee Chow is the Chief Executive Officer of Pickapeppa Company Limited, producers of the world-famous brand of Jamaican Sauce. He serves as a Lay Magistrate and Board Member of The Catholic College of Mandeville & St. Vincent Strambi Catholic School.

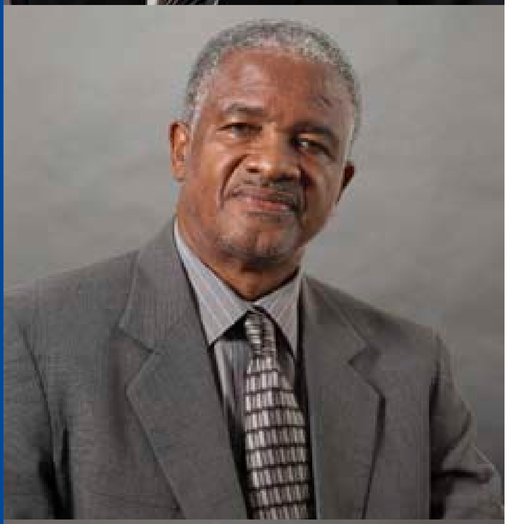
Mr. Lyn Kee Chow studied at the DeCarteret College in Mandeville, Manchester.

KIM CLARKE

Kim Clarke is the Managing Director of the Maritime and Transport Group of Companies that consists of Maritime & Transport Services Limited., Maritime Towing Company Limited., Maritime General Insurance Brokers Limited., A.E. Parnell & Company Limited, Parnell Investment Limited and Seaport Equipment Limited.

Additionally, Mr. Clarke is the Chairman of Amalgamated Stevedores Limited and Managing Director of Boat Services Limited. He is also a Director of R.S. Gamble Limited., Arnold L. Malabre & Company Limited and Newport Fersan Jamaica Limited.

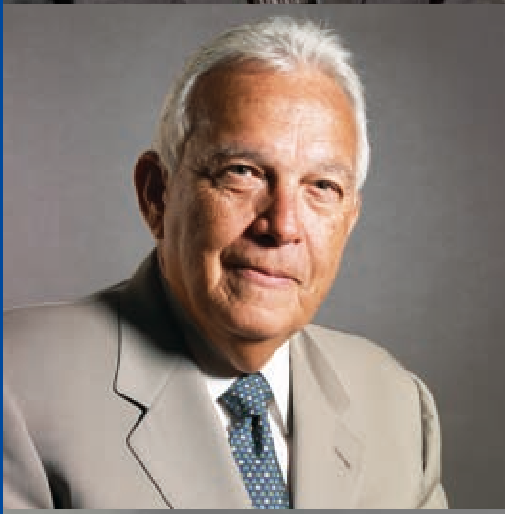
Mr. Clarke is the current Vice President of the Shipping Association of Jamaica. He is a graduate of the University of Miami.



ALVIN HENRY

Alvin Henry is a Chartered Accountant and a member of the Institute of Chartered Accountants of Jamaica. Mr. Henry is a former General Manager of the Shipping Association of Jamaica and now serves as an Industrial Relations Consultant.

In his over 30 years of active participation in the shipping industry, he has served as Executive Vice President of the Caribbean Shipping Association and a member on several Boards and Committees.



CHARLES JOHNSTON, C.D.

Charles Johnston is the Chairman and Managing Director of the Jamaica Fruit and Shipping Company Limited. Mr. Johnston has been the Chairman of Jamaica Producers Group Limited since 1986. With over 35 years of involvement in the business sector, many of these years actively involved in the Jamaica's shipping industry, he currently serves as Chairman of Seaboard Freight & Shipping Co. Limited and T.S. Crane Services.

Mr. Johnston is a member of the Board of Directors of the Shipping Association of Jamaica, Kingston Port Workers Superannuation Fund, Port Authority of Jamaica, and Bank of Nova Scotia Jamaica Limited., Scotia Investments Jamaica Limited., HD Hopwood and Company and Jamaica Public Service Company Limited.

Mr. Johnston is a recipient of the National Award of the Order of Distinction, Commander Class. Mr. Johnston holds a Bachelor of Science Degree in economics from the University of Pennsylvania, Wharton School of Finance and Commerce.

KARLENE BAILEY

Karlene Bailey is a Management Consultant and part-time Lecturer with expertise in the areas of business strategy, portfolio management, economics, product development and business planning. She is currently pursuing a Doctorate in Business Administration (DBA) at the University of the West Indies and is an approved Mentor for the Jamaica Stock Exchange (JSE) Junior Market.

Miss Bailey has over nine years experience in the financial services sector and currently serves as a member of the Investment Committee and Audit and Compliance Committee of the Board of Advantage General Insurance Company Limited.

Miss Bailey is a graduate of the University of the West Indies and a post graduate of La Universidad Católica Santo Domingo.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Corporate Governance

BOARD ROLE, STRUCTURE AND COMPOSITION

The Board of Directors of Kingston Wharves Limited provides management with guidance and strategic direction with respect to managing and operating the Company, including the development of business plans, long term strategic plans, assessing and managing the key risks facing the company, the establishment of appropriate internal controls, and the approval of published accounting reports and budgets.

During the year 2010 the Board of Kingston Wharves Limited made the decision to move back to a structure of leadership by a non-executive Chairman and appointed Mr. Derek Jones, an independent director, to the position of non-executive Chairman of the Board. This decision was made following a commercial and governance review of the Company as well as its external and internal requirements. Prior to the appointment of Mr. Jones as non-executive Chairman, Mr. Grantley Stephenson had served in the dual capacity of Chairman and Chief Executive Officer since 2004 when the Board made the decision to merge both roles.

The Board of Kingston Wharves Limited comprises nine non-executive directors and one executive director, Mr. Grantley Stephenson, the Chief Executive Officer of the Company. Based on the definition of independence set out in the Board's Corporate Governance Charter, there are five independent directors including the Chairman.

Kingston Wharves Limited has eleven scheduled Board meetings for the year, one each month from January through November. In addition, special Board meetings are convened if there are specific matters that require more time and focus than a regular Board meeting would allow, or if there are time sensitive issues on which the Board needs to meet and make decisions.

To effectively discharge its responsibilities, the Board is assisted by four Board committees – Business Development, Corporate Governance, Audit and Finance, and Compensation.

BUSINESS DEVELOPMENT COMMITTEE

The primary roles of the Business Development Committee are to advise the Board of Directors on business development matters, make recommendations to the Board on decisions that need to be made in this regard, and provide guidance, direction and oversight to management with respect to existing and new business development opportunities.

The Business Development Committee held two full meetings during 2010.

Committee Members

Peter Lawson - Chairman
Karlene Bailey
Kim Clarke
Alvin Henry
Roger Hinds
Charles Johnston
Stephen Lyn Kee Chow
Harry Maragh
Grantley Stephenson

The primary mission and role of the Kingston Wharves Limited Board of Directors is to provide guidance, strategic direction and oversight to the management of the Company to ensure the interests of all stakeholders, including shareowners are being served.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee provides direction and guidance to the Board on corporate governance, board structure, director nominations, committee structure and appointments, Chairman/CEO performance and evaluation, director performance and evaluation, and director training and development. The Committee is committed to ensuring that the Company adheres to international best practice and the rules outlined by the Jamaica Stock Exchange and the Financial Services Commission.

In line with internationally accepted best practice, the Corporate Governance Committee is comprised exclusively of independent directors.

During 2010 the Corporate Governance Committee had six meetings.

Committee Members

Peter Lawson - Chairman
Alvin Henry
Stephen Lyn Kee Chow

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee reviews monthly management reports, budgets, financing for capital projects, internal controls, and financial information to be communicated externally prior to this information being sent to the Board for approval. In addition, the Committee reviews and evaluates the effectiveness of the Company's internal audit function.

In 2010 the Audit and Finance Committee had thirteen meetings.

Committee Members

Alvin Henry - Chairman
Karlene Bailey
Charles Johnston - resigned December 2010
Stephen Lyn Kee Chow

COMPENSATION COMMITTEE

Kingston Wharves Limited's Compensation Committee has traditionally existed to review the performance of the CEO and make recommendations to the Board regarding the CEO's compensation. In December 2010 the responsibilities of the Committee were expanded to better align with global corporate governance practices and meet the current and future requirements of Kingston Wharves Limited.

The Compensation Committee is now charged with establishing the policy and framework for executive compensation, providing for performance-based reward opportunities to support the Company's business objectives, optimize long-term financial returns to investors, and motivate and retain key executives. The Committee is responsible for establishing performance criteria for the CEO and certain key executives, conducting annual performance reviews for these executives, recommending fixed and variable compensation based on the performance of these executives, succession planning for executive positions, and reviewing and approving employment contracts for executives. In addition, the Committee is responsible for recommending compensation and benefits for the Board, and works with an independent compensation consultant in this regard.

The Committee consists solely of independent directors.

Outside of meetings and work sessions with the independent consulting firm that is reviewing and advising the Compensation Committee on Executive and Board compensation the full Compensation Committee had one meeting during 2010.

Committee Members

Peter Lawson - Chairman
Alvin Henry
Stephen Lyn Kee Chow

Directors' Report

The directors are pleased to report their results for the year 2010.

1. The profit for the group before income tax was $ 887,281,000. The profit for the group after tax and minority interest was $602,741,000.

2. The directors recommend that the interim dividends paid on July 5, 2010 and January 7, 2011 be declared as final.

3. Messrs. PricewaterhouseCoopers, the present auditors will continue in office pursuant to Section 153 of the Companies Act, 1965.

4. The directors wish to express their sincere appreciation to the management and staff for their dedication.

By Order of the Board
April 4, 2011

R Hinds

Roger Hinds
Company Secretary

Chief Executive Officer's Report

The results of the past year are a fulfilment of the commitment made in 2008 to prepare the KWL Group to effectively manage the challenges as a consequence of the recession and to put the Group on a path of sustainable growth.

The Financial Year represented a period of readjustment and restructuring towards the development of strategic alliances with global, regional and national players. These adjustments were imperatives as the KWL Group focused on the creation of an environment necessary to foster long-term growth and on maintaining its leadership position in the Caribbean.

KWL proudly co-sponsored the Caribbean Shipping Association's (CSA) 40th Annual General Meeting held in Montego Bay in October 2010. At this 2010 milestone conference, the KWL Group was recognised, for the third time over the past four years, as the Caribbean's Multi-Purpose Port of the Year. This recognition highlights our ongoing efforts to improve productivity, to contain

In the face of increases in volumes across most cargo types handled by the port, productivity was successfully maintained, and in some areas exponentially improved.

cost, to strengthen security, and to deliver world-class service to our customers.

IMPROVEMENT IN PRODUCTIVITY

In the face of increases in volumes across most cargo types handled by the port, productivity was successfully maintained, and in some areas exponentially improved. Twenty-foot Equivalent Units (TEUs) handled increased by 25% or 51,198 over 2009 while maintaining productivity at 21 Average Container Moves per hour in 2010.

In facilitation of the Hoegh Motor Vehicle Transshipment Hub, the Motor Vehicle Department successfully implemented systems and procedures, in consultation and with the support of the principals, to impressively manage and facilitate the handling/transhipment of 47,773 cars and large motor vehicles including trucks, buses and earth-moving equipment to multiple Caribbean and South American destinations. In addition to the transshipment amounts, 9,063 domestic motor units were handled by KWL, achieving a staggering 404% increase in the total motor units handled in 2010 when compared to 2009.

Increased tonnage was registered on most break bulk cargo types received at KW in 2010. The introduction in 2009 of stevedoring cement, lumber and steel, continued to bear fruit for the Terminal. Cement delivered the most impressive growth of 77% or 22,804 tonnes in 2010 when compared to 2009. Lumber increased by 41% or 12,149 tonnes and steel increased modestly by 4% or 1,103 tonnes in 2010.

CONTAINMENT OF COST

In response to the rising cost for inputs such as fuel and electricity, KWL continued to enforce several measures to contain costs such as tighter monitoring of purchases and the awarding of contracts. The Company continued its conservation efforts and energy efficient practices in 2010 and will culminate in an overall energy audit in 2011 and the necessary action plan developed and implemented.

IMPROVEMENT IN SAFETY & SECURITY

Safety and security are core values of the KWL Group, given the nature of our business. KWL continued its drive to enhance security systems and utilized technology to automate numerous processes and activities. Solutions implemented included:

- the second successful year of implementation of the Megaports Initiative which facilitates the nonintrusive scanning of inbound and outbound cargo to detect the presence of special nuclear material (SNM) or other radioactive material;
- installation of closed-circuit surveillance cameras to monitor the entire facility, including docking areas, access and exit gates, restricted areas and cargo-handling areas;
- implementation of an electronic access control system that records movements of persons entering and exiting the Wharf as well as buildings; and
- deployment of a remote-operated vehicle to inspect hulls of vessels

Security Surveillance System Enhancement, Safety and Security Training of key personnel, increased partnership with Law Enforcement agencies to combat illicit activities, and continued compliance with ISPS Code requirements were also key achievements in 2010.

PROACTIVELY MEETING CUSTOMER NEEDS

In anticipation of the busy 2010 Christmas season, through a working partnership between Jamaica Customs, other agencies and a dedicated project team of key employees, KWL implemented several Christmas Service Delivery & Communication Initiatives to improve service and efficiency in the clearance of cargo with particular emphasis on barrels. Among them was the well received, 'Opening on Saturdays' initiative and the concession initiative that gave customers 7 days free storage after LCL containers were stripped and moved to a warehouse, instead of calculating from the arrival date of the vessel.

KWL was able to implement these key initiatives, including the stripping of containers at nights between 9pm and 5am while arranging for the cargo to be scanned at the same time, allowing cargo to be ready for clearance during normal daytime business hours that day. The centralized Customs Manifest achieved in 2009, was complemented by an expanded IT Cargo Retrieval and Queuing System (CRQS) in 2010. The CRQS is designed to improve cargo delivery time by enabling the mobilization of resources for locating and preparing customers' cargo for inspection ahead of their arrival to the warehouses/berths. It also identifies any bottlenecks customers may experience while clearing their cargo so that they can be immediately addressed.

INFORMATION SYSTEMS

As part of KWL's commitment to better serve our customers through continuous business process improvement, enhancements were made to the in-house developed CRQS, an outcome of a process reengineering exercise conducted during the first half of the Financial Year. This resulted in improved efficiencies in the entire process chain of manifesting, locating, retrieving and delivering cargo. These improvements were especially critical to the initiative to improve service delivery to customers during the busy 2010 Christmas period.

In the second quarter of the Financial Year, a vehicle inventory management system (VIM) was implemented. This software, also developed in-house, utilizes web-based technology and is used as one of the tools to manage the unloading and loading of vehicles between the car parks and shipside. The application runs on Windows CE handheld devices and it is envisioned that the capabilities of this software solution will be expanded to include other business units within the Group.

HUMAN RESOURCES

During the Year, the Group began the process of enhancing the skills of the leadership team as an important component of its succession planning programme through the introduction of the Leadership Planning Process by a firm of International Consultants. This is expected to boost overall organizational performance and to increase the leadership talent pool.

Focus also remained on having a staff compliment equipped with the skills to undertake the demands of the industry and to ensure the productivity levels necessary to keep pace with international competition. In support of this objective, staff members participated in several internal and external training programmes during the Year. Special emphasis was placed on safety in operations, and as such, extensive training was provided in occupational health and safety and in handling hazardous materials. In addition, working with the Caribbean Maritime Institute (CMI) and the HEART NTA, a series of training programmes are being designed, for implementation in 2011, for technical personnel. The successful completion of this program will lead to an internationally recognised certification.

KWL continued to enjoy stable industrial relations in 2010. The wage freeze agreed with Unions and staff expired towards the end of the Year and two unions have submitted claims for the contract period November 2010 to October 2012. Discussion commenced in 2010 between Management and Unions to negotiate the claims.

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KWL WAS VOTED THE 'BEST MULTI-PURPOSE TERMINAL OF THE YEAR', by the Caribbean Shipping Association (CSA). The prestigious award was presented to Grantley Stephenson, CEO, KWL, at the CSA's 40th Anniversary Gala Banquet which marked the end of the CSA's 40th Annual General Meeting, Conference and Exhibition held at the Rose Hall Resort & Spa in Montego Bay from October 11-13, 2010.

As part of its rewards and recognition initiatives, the CSA established a Caribbean Port Awards Committee comprised of key users of the region's port terminals. The committee reviews the performance and operations of terminals in the Caribbean, Latin America and the Gulf of Mexico. Over the years, KWL's performance has been consistently recognized. KWL previously won 'Best Multi-purpose Terminal of the Year' for performance in 2006 and again in 2007. Last year, KWL received special recognition, winning the 'Efficiency & Productivity Award' for performance in 2008.

In addition to facilitating the exchange of ideas on critical matters affecting Caribbean territories, the Conference fostered a number of networking opportunities at multiple social events, including the "Jamaica Cultural Night" which was co-sponsored by KWL and SeaFreight Agencies. Another feature of the conference was a Business Exposition titled "Shipping Insight 2011", where KWL had a modern interactive booth.

CAPTIONS:

1. KWL Executives celebtate the "Port of the Year" win at the 2010 CSA Awards Banquet.
2. Frantley Stephenon, CEO accepts "Port of the Year" Award at the 2010 CSA Awards Banquet.
3. KWL's interactivd booth at the 2010 CSA Expo.

Corporate and Social Responsibility

The annual KWL Christmas Treat in full swing at the Union Gardens Christian Academy (UGCA).

KWL continued to embrace its social responsibility as a good corporate citizen. This commitment is engrained in the core of KWL's philosophy as a formidable corporate enterprise and is manifested in the Group's actions as well as the attitude of its employees. This spirited focus on impacting Jamaica's impressionable youth is as heart-felt as it is deliberate; a valiant effort geared at arming a new and upcoming generation with the tools for which a successful future can be engineered. To this end, numerous activities and initiatives primarily focused on education and sports development were executed in 2010.

COMMITMENT TO EDUCATION

KWL continued its support of the Union Gardens Christian Academy, located within the immediate community that surrounds the Company's business operations. During 2010, the students benefitted from financial support of activities such as Sports Day, an Easter Field Outing and the Annual Christmas Treat. Additionally, KWL funded a scholarship for the School's Vice Principal to pursue further studies in Early Childhood Education at the Shortwood Teachers' College – the second such scholarship provided over a five-year involvement with the School.

In an effort to create a more conducive and safe learning environment, KWL also assisted with urgent renovations to the building and property, including remedying the leaking roof, replacing a damaged classroom door, securing the kitchen windows and repainting exterior and interior walls. An important goal in 2011 will be to assist the School to become compliant with the Ministry of Education's Early Childhood Education requirements. This will include assisting with the creation of a playing field, improving the physical surroundings, and ensuring that desks and chairs are adequate and suitable for small children.

KWL acknowledged the stellar achievements of the children of our employees; we hosted our Annual GSAT Awards Ceremony and provided financial assistance with school expenses.

The Company also sponsored the Annual Maritime Awareness Week held under the theme "Year of the Seafarer". The week of special events targeted students as well as the general public, and provided exposure to innovation and growth and development occurring within the local maritime industry. Like previous years, tours were given to groups of primary, secondary and tertiary level students, affording them significant exposure to the various aspects of terminal operations.

In a move to facilitate more affordable educational tools for young Jamaicans and the wider public, KWL hosted the Logos Hope, the world-renowned library vessel, at its terminal for five days. Thousands of students were able to access over 7,000 books and other literature aboard the vessel.

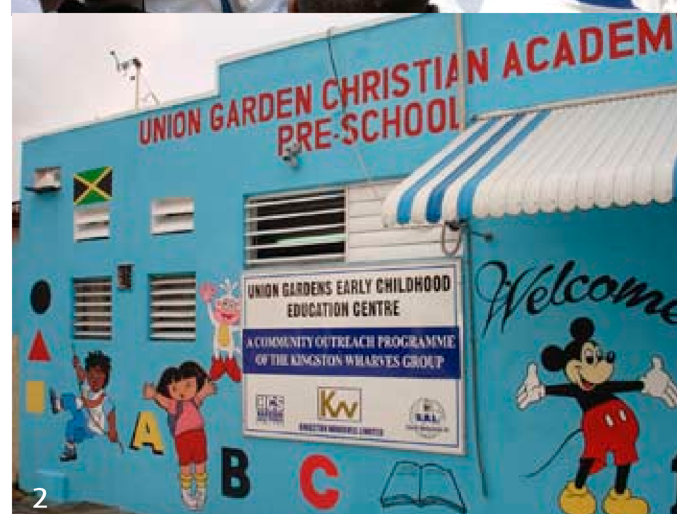
SPORTS DEVELOPMENT

The Company remains passionate about its enduring commitment to identifying and nurturing cricketing talent among young Jamaicans. For the past 21 years, KWL has maintained a strong partnership with the Jamaica Cricket Association. Through consistent sponsorship of the National Under-15 Cricket Competition, several players have been placed on both the West Indies and the National teams. Another successful season of this island-wide competition was celebrated in 2010; it continued to instill discipline, teach critical life lessons and promote camaraderie amongst young men. For the first time in the history of the Competition, Surrey was crowned county champions, dethroning Cornwall. On the final day of competition at Sabina Park, special awards were presented to the players in acknowledgement of their outstanding performances. KWL views its involvement in this competition as vital to the overall development of cricket in Jamaica.

KWL understands the value of and remains committed to the development of good community relations. The Company is proud of its impact on Jamaica through its response to the growing needs of the communities it serves, and expects to provide even greater support in the coming year.

Our success as an organization is only possible through the support of our many stakeholders: customers, shareholders, Board members, and management and staff. I welcome our new Chairman and commend the Board of Directors for their unwavering commitment to successful leadership of the Group. As we look forward to a new financial year, we assure you that the KWL Team will continue to implement programmes and initiatives that will create the environment for advancement of the Group and progress for all.

Grantley Stephenson
Chief Executive Officer



1. UGCA students during their Annual Easter Field Trip.
2. Back-to-School renovations completed at UGCA.
3. UGCA student receives gifts at the annual KWL Christmas Treat.
4. 2010 KWL Under-15 Cricket Competition Champions “Surrey” celebrate historic win.

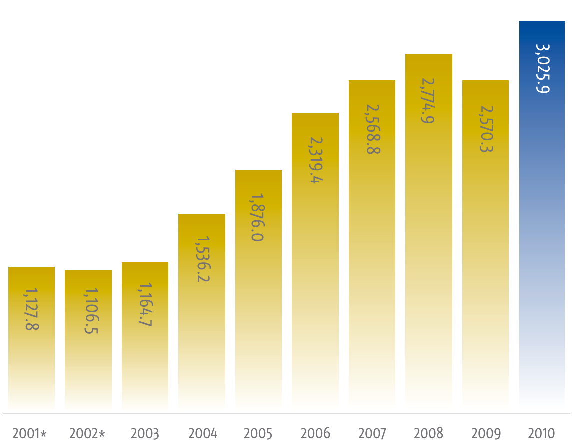
Management Discussion and Analysis

The principal activities of the KWL Group are wharf operations, cold storage, and provision of security services. These activities are carried out through Kingston Wharves Limited (KWL) which operates and manages the wharf operations, Harbour Cold Stores Limited (HCS) which operates cold storage facilities and provides complimentary ancillary services, and Security Administrators Limited (SAL) which provides security services to maritime-related companies.

PERFORMANCE OVERVIEW

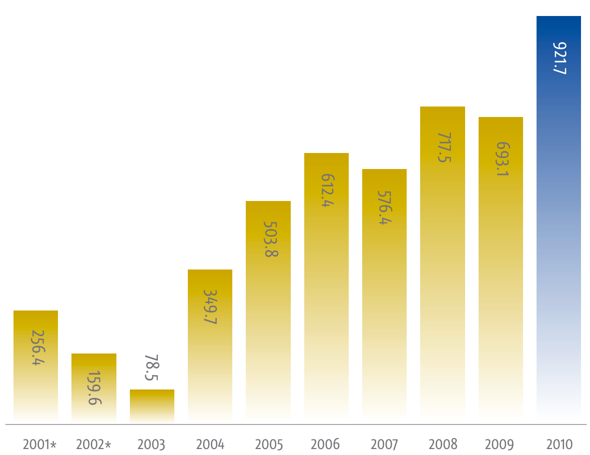
THE GROUP

The Group recorded a 18% or $456 million increase in revenue, from $2,570 million in 2009 to $3,026 million in 2010.



Group Revenue ($m)

Group Operating Profit for 2010 was $922 million compared to $693 million in 2009, an increase of $229 million or 33%. This performance was the result of improved terminal performance, and an actuarial adjustment to the Group's Pension Plan (IAS 19).



Group Operating Profit ($m)

The Group also benefited from lower net finance cost that was reduced to $34 million in 2010 from $497 million in 2009 as a result of the strengthening of the Jamaican dollar relative to the US dollar.

Kingston Wharves Limited

ANNICA ANDERSON
Human Resource and Administration Manager

GRANTLEY STEPHENSON
Chief Executive Officer

ALRICK MITCHELL
Operations Manager

KAREN GILBERT
Group Chief Financial Officer

Kingston Wharves Limited

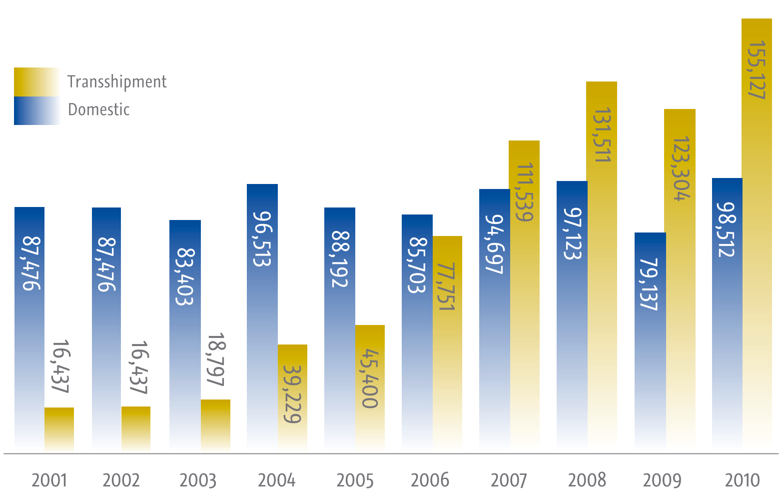
The Company achieved a 25% increase in revenue, from $1,948 million in 2009 to $2,441 million in 2010, against the background of a weak macro-economic environment and negative growth forecasts for Jamaica. Operating profit increased from $585 million in 2009 to $865 in 2010.

KWL's performance in 2010 was positively impacted by increased motor vehicle transshipment; container volume handled and warehouse activities. One of the most significant initiatives during 2010 was the partnership with Höegh Autoliners, a primary global provider of "roll on/roll off" (RO/RO) vehicle transportation services, saw the relocation of their transhipment hub to Jamaica. KWL now manages and facilitates terminal operations for Höegh Autoliners' Regional Motor Vehicle Transhipment Hub, officially opened in February 2010. This resulted in a 1,249% increase in motor units transhipped in 2010 compared to 2009; outperforming the initial forecasted annual transhipment volumes of 15,000 units to 47,773 units. This dynamic initiative with Höegh Autoliners has improved the transit time for the East Asia-US trade.

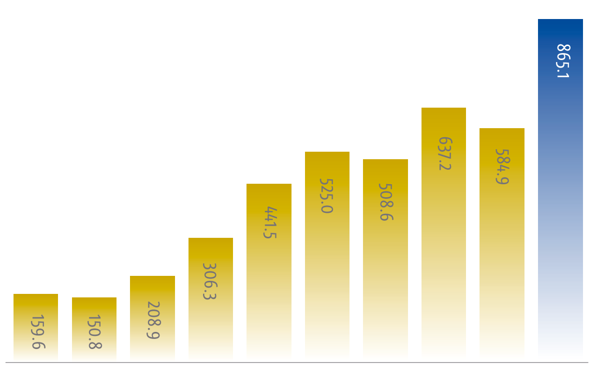
Additionally, the Company's container transhipment service continued to deliver steady growth, consistent with the last ten years. During 2010, there was a 26% increase or 31,823 TEUs over 2009 results.

Domestic containers handled in 2010 increased by 24% over 2009. This increase was influenced by a greater share of the domestic containers imported through the Port of Kingston being redirected to KWL. The change in operations at the Berth 5 Warehouse to facilitate FCL strip and stuff also had positive results as this introduced a new source of income.

Minister of Transport and Works, Hon. Mike Henry is presented with a replica of the Höegh Caribia at the opening of the Hoegh Transshipment Hub at KWL.



Transshipment & Domestic TEUs



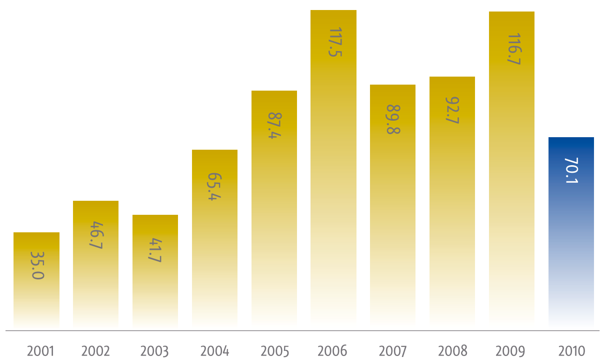
Kingston Wharves Limited - Operating Profit ($m)

STEVE WHYTE *Group Information Systems Manager*	NERVAL ROBERTS *Group Chief Internal Auditor*	ANTHONY ALLEN *Facilities Maintenance Manager*	VALRIE CAMPBELL *Safety, Security & Claims Manager*

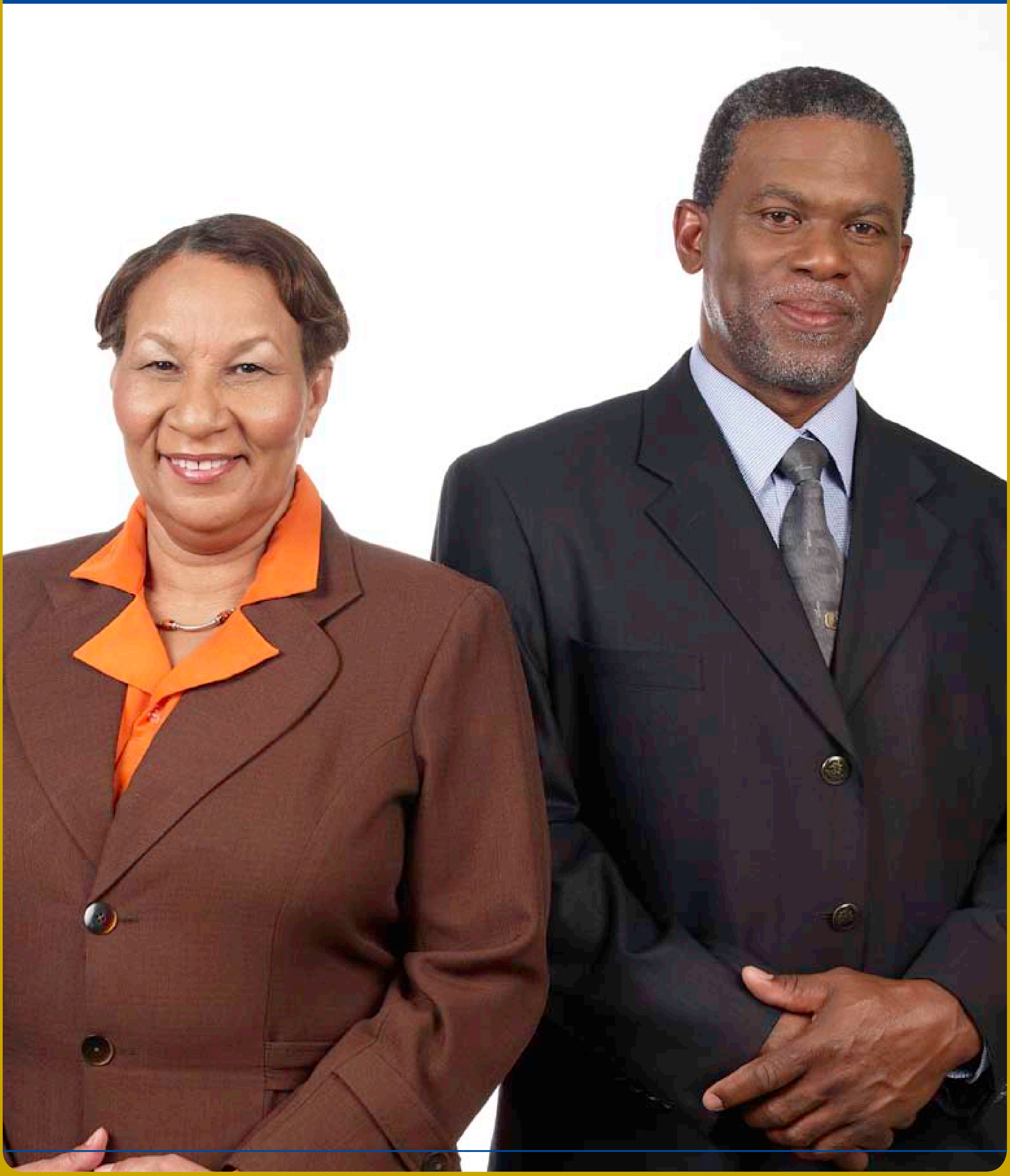
Harbour Cold Stores Limited

Harbour Cold Stores Limited (HCS) experienced numerous operational challenges in 2010. The loss of a major customer for the rental of refrigerated facilities resulted in reduced income from cold storage operations. Further, the trend for many large companies to establish their own cold storage facilities adversely affected business prospects in the cold storage business. HCS, like many similar companies felt the impact of the downturn in the Jamaican economy. Volumes in storage diminished as a result of declining consumption which negatively affected the food industry and its network of distributors and retailers. Coupled with this was the reduction in interest income occasioned by the lowering of interest rates from the Jamaican Government's Debt Exchange Programme (JDX).

In response to the challenges of 2010, HCS took the initiative to widen its service offering to include the distribution of consumer products. At the outset, results were promising. However, a contraction in demand resulted in reduced prices being charged by some sellers. Operating profit for 2010 amounted to $70 million and represented a decrease of 40% from the $117 million achieved in 2009.



Harbour Cold Stores - Operating Profit ($m)

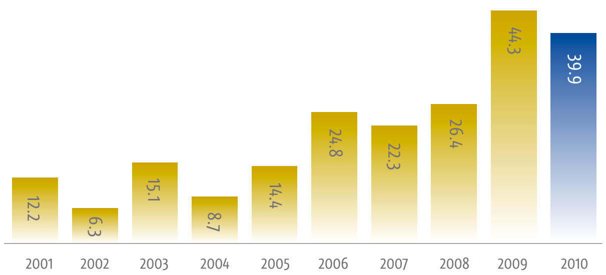


VILMA DAVIDSON
General Manager

VINCENT VASSELL
Operations Manager

Security Administrators Limited

Compared to 2009, the operating profit of Security Administrators Limited (SAL) decreased by 10% or $4 million, mainly because of the reduction in the volume of business.



Security Administrators Limited - Operating Profit ($m)

Security Administrators plan to increase services offered to customers external to the port as well as to other port facilities in Jamaica.

Outlook

The widening of the Panama Canal, scheduled for completion in 2014, should result in substantially larger vessels transiting the Canal and some are expected to call at the Port of Kingston. This major development will create opportunities for regional ports. To this end, the Group will be embarking on an in-depth study of the possible benefits that may accrue to Kingston and will develop a plan which, when implemented, will enable the Group to benefit to the fullest.

The Group will continue its focus on maximizing shareholders wealth by growing revenue and reducing costs. To achieve this, the Group will be engaging the services of experts to optimise the returns from its existing assets and to streamline business processes.

Every effort will be made to grow the motor vehicle transshipment business which has made a positive contribution to revenue. With significant investment in equipment planned for 2011, the Group will have greater operational flexibility and efficiencies, allowing it to provide critical support in terms of efficiency and productivity to its container transhipment hub operations. Essentially, this will maintain the Group's strategy of having diversified revenue streams not solely influenced by the local economy.

CAPTIAN JOHN ULETT
Managing Director

PAULINE BURTON
Accountant

CALVIN WATSON
Assistant Operations Manager

JULIET CRAWFORD
Administrative Manager

Directors' & Senior Management's Shareholdings

as at December 31, 2010

NAMES	SHAREHOLDING
DIRECTORS	
Grantley Stephenson	331,369
Roger Hinds	Nil
Kim Clarke	Nil
Harriat Maragh	Nil
Charles Johnston	Nil
Peter Lawson	Nil
Alvin Henry	91,333
Stephen Lyn Kee Chow	150,000
Karlene Bailey	Nil
Derek Jones	Nil
	572,702
SENIOR MANAGERS	
Karen Gilbert	Nil
Alrick Mitchell	4,333
	4,333

Top Ten Shareholders

as at December 31, 2010

NAMES	SHAREHOLDING	% OF CAPITAL
National Commercial Bank Limited	360,807,145	33.6370
Kingston Port Workers Superannuation Fund	169,127,556	15.7673
Shipping Association of Jamaica Property Limited	168,993,715	15.7492
NCB Capital Markets A/C No. 2231	105,283,757	9.8153
Maritime & Transport Services Limited	71,475,924	6.6635
Jamaica Fruit & Shipping Co. Ltd.	68,656,184	6.4006
Lannaman & Morris (Shippiing) Limited	28,736,164	2.6790
LOJ PIF Equity Fund	10,286,533	0.9590
NCB Insurance Company Limited - A/C WT 181	10,000,000	0.9323
Jamaica Producers Group	6,623,725	0.6175
	999,930,703	93.2206

Total No. of Shareholders at December 31, 2010	JCSD	1,500
	Main Register	1,302
		2,802

Ten Year Statistical Review

	2010	2009	2008
No. of Stock Units @ 20 cents each. (000's)	1,072,650	1,072,650	1,072,650
Total Assets ($'000)	12,317,049	12,160,635	12,233,560
Net Current Assets ($'000)	912,786	896,221	836,735
Deposit & Cash Balance ($'000)	1,282,678	1,120,133	1,182,095
Capital Expenditure ($'000)	111,172	141,950	390,520
Total Gearing ($'000)	2,462,422	3,007,277	3,110,254
Net Worth ($'000)	7,908,397	7,434,373	7,289,040
PROFIT AND LOSS ACCOUNT			
Revenue ($'000)	3,025,883	2,570,325	2,774,922
% Increase/(Decrease) over prior year	17.72	-7.37	8.02
Operating Profit (J$'000)	921,723	693,091	717,528
% Increase/(Decrease) over prior year	32.99	-3.41	24.48
Finance Costs ($'000)	34,442	497,056	500,043
% Increase/(Decrease) over prior year	-93.07	-0.60	201.03
Profit Before Income Tax ($'000)	887,281	196,035	217,485
% Increase/(Decrease) over prior year	352.61	-9.86	-47.00
Net Profit Attributable to Equity Stockholders ($'000)	602,741	145,333	160,705
% Increase/(Decrease) over prior year	314.73	-9.57	-52.70
Dividends Declared ($'000)	128,717	-	53,632
% Increase/(Decrease) over prior year	100.00	-100.00	-37.50
IMPORTANT RATIOS			
Return on Sales	19.92%	5.65%	5.79%
Return on Equity	7.62%	1.95%	2.20%
Current Ratio	2.02:1	2.24:1	2.12:1
Debt to Equity Ratio	31.14%	40.45%	42.67%
Profit Before Tax to Sales	29.32%	7.63%	7.84%
Dividend Cover - Times	4.70	0.00	3.00
Earnings Before Interest & Income Tax (EBIT) - Times	26.76	1.39	1.43
No. of Permanent Employees	458	434	347
Net Profit After Income Tax per Employee ($'000)	1,316.0	334.9	463.1
MARKET STATISTICS			
Stock Price at year end	$4.00	$3.08	$4.80
Earnings per Stock Unit	$0.56	$0.14	$0.15
Price Earnings Ratio	7.14	22.00	32.00
Net Worth per Stock Unit at year end	$7.37	$6.93	$6.80
Net Worth to Total Assets	64.21%	61.13%	59.58%
Market Capitalisation ($'000)	4,290,600	3,303,762	5,148,720

* Restated For Adoption of IFRS

2007	2006	2005	2004	2003	2002*	2001*
1,072,650	1,072,650	1,072,650	1,072,650	1,072,650	1,072,598	1,070,867
8,854,977	7,677,911	6,343,594	4,487,008	4,199,724	4,192,615	3,214,575
604,910	565,202	516,432	453,571	461,149	389,318	336,527
976,178	677,137	633,945	515,491	498,584	355,052	227,199
1,222,946	1,335,957	718,468	384,402	57,881	305,038	301,613
2,606,776	1,643,036	762,129	268,080	243,788	277,366	100,614
4,890,156	4,707,122	4,405,831	3,332,754	3,164,995	3,122,695	2,866,728
2,568,778	2,319,431	1,875,955	1,536,215	1,164,670	1,106,479	1,127,800
10.75	23.64	22.12	31.90	5.26	-1.89	1.63
576,428	612,360	503,822	349,652	78,531	159,604	256,449
-5.87	21.54	44.09	345.24	-50.80	-37.76	36.14
166,111	99,288	41,540	18,552	44,559	23,098	8,072
67.30	139.02	123.91	-58.37	92.91	186.15	107.77
410,317	513,072	462,282	331,100	127,381	190,442	282,700
-20.03	10.99	39.62	159.93	-33.11	-32.63	14.19
339,771	426,103	314,981	242,844	63,535	149,502	214,148
-20.26	35.28	29.71	282.22	-57.50	-30.19	28.16
85,812	85,812	85,812	75,085	21,453	53,630	8,760
0.00	0.00	14.29	250.00	-60.00	512.21	-82.85
13.23%	18.37%	16.79%	15.81%	5.46%	13.51%	18.99%
6.95%	9.05%	7.15%	7.29%	2.01%	4.79%	7.47%
1.91:1	2.19:1	2.48:1	2.62:1	3.22:1	1.55:1	2.71:1
53.31%	34.91%	17.30%	8.04%	7.70%	8.88%	3.51%
15.97%	22.12%	24.64%	21.55%	10.94%	17.21%	25.07%
3.96	4.97	3.67	3.23	2.96	2.79	24.45
3.47	6.17	12.13	18.85	1.76	6.91	31.77
202	186	191	157	147	188	200
1,682.0	2,290.9	1,649.1	1,546.8	432.2	795.2	1,070.7
$7.65	$7.94	$6.00	$4.90	$1.30	$2.60	$0.86
$0.32	$0.40	$0.29	$0.23	$0.06	$0.14	$0.20
23.91	19.85	20.69	21.30	21.67	18.57	4.30
$4.56	$4.39	$4.11	$3.11	$2.95	$2.91	$2.68
55.22%	61.31%	69.45%	74.28%	75.36%	74.48%	89.18%
8,205,773	8,516,841	6,435,900	5,255,985	1,394,445	2,788,755	920,946

Corporate Data

CHAIRMAN

Derek Jones, appointed July 1, 2010

DIRECTORS

Karlene Bailey
Kim Clarke
Alvin Henry
Roger Hinds
Charles Johnston
Peter Lawson
Stephen Lyn Kee Chow
Harriat Maragh
Grantley Stephenson

CHIEF EXECUTIVE OFFICER

Grantley Stephenson

AUDITORS

PricewaterhouseCoopers
Scotia Centre
Corner of Duke & Port Royal Streets
Kingston

ATTORNEYS-AT-LAW

Hylton & Hylton
31 Upper Waterloo Road
Kingston 10

Livingston Alexander & Levy
72 Harbour Street
Kingston

Michael Hylton & Associates
11A Oxford Road
Kingston 5
Jamaica

Myers, Fletcher & Gordon
21 East Street
Kingston

Patterson Mair Hamilton
63-67 Knutsford Boulevard
Kingston 5

Wilson Franklyn Barnes
21 Connolley Avenue
Kingston 4
Jamaica

BANKERS

Bank of Nova Scotia (Jamaica) Limited
Scotiabank Centre
Corner of Duke & Port Royal Streets
Kingston

First Caribbean International Bank (Jamaica) Ltd.
23 Knutsford Boulevard
Kingston 5

First Global Bank
2 St. Lucia Avenue
Kingston 5

National Commercial Bank Jamaica Limited
The Atrium
32 Trafalgar Road
Kingston 10

REGISTRAR & TRANSFER AGENT

KPMG Regulatory & Compliance Services
6 Duke Street
Kingston

CORPORATE SECRETARY

Roger Hinds
90 First Street
Newport West
Kingston 11
Tel: (876) 923-5719
Fax: (876) 923-9301

ADMINISTRATIVE OFFICERS

Kingport Building
Third Street
Newport West
Kingston 11, Jamaica
Tel: (876) 923-9211

Financial Statements

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Box 372
Kingston Jamaica
Telephone (876) 922 6230
Facsimile (876) 922 7581

Independent Auditor's Report

To the Members of
Kingston Wharves Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kingston Wharves Limited and its subsidiaries, ('the group') and the accompanying financial statements of Kingston Wharves Limited standing alone set out on pages 38 to 100, which comprise the consolidated and company balance sheets as of 31 December 2010 and the consolidated and company statement of comprehensive income, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

M.G. Rochester P.W. Pearson E.A. Crawford J.W. Lee C.D.W. Maxwell P.E. Williams
G.L. Lewars L.A. McKnight L.E. Augier A.K. Jain B.L Scott B.J. Denning G.A. Reece P.A. Williams

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the group and the company as of 31 December 2010, and of the financial performance and cash flows of the group and the company for the year then ended, so far as concerns the members of the company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants

4 April 2011
Kingston, Jamaica

Group Statement of Comprehensive Income

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Revenue		3,025,883	2,570,325
Cost of sales		(1,592,450)	(1,389,021)
Gross Profit		1,433,433	1,181,304
Other operating income	8	70,417	186,527
Administration expenses		(582,127)	(674,740)
Operating Profit		921,723	693,091
Finance costs	9	(34,442)	(497,056)
Profit before Income Tax		887,281	196,035
Income tax expense	10	(275,671)	(40,955)
Net Profit, being Total Comprehensive Income for the Year		611,610	155,080
Net Profit, being Total Comprehensive Income Attributable to:			
Equity holders of the company	11	602,741	145,333
Non-controlling interest	12	8,869	9,747
		611,610	155,080
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$0.56	$0.14

Group Balance Sheet

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	10,009,903	10,156,401
Intangible asset	16	5,030	-
Recoverable from special reserve fund	18	40,143	55,107
Deferred income tax assets	28	1,560	1,363
Retirement benefit asset	19	453,342	329,699
		10,509,978	10,542,570
Current Assets			
Inventories	20	28,529	5,163
Trade and other receivables	22	480,901	484,279
Taxation recoverable		14,963	8,490
Short term investments	23	1,201,909	1,057,352
Cash and bank	23	80,769	62,781
		1,807,071	1,618,065
Total assets		12,317,049	12,160,635

Group Balance Sheet

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	24	291,648	291,648
Capital reserves	25	5,409,445	5,396,866
Asset replacement/rehabilitation and depreciation reserves	26	214,796	214,601
Retained earnings		1,992,508	1,531,258
		7,908,397	7,434,373
Non-controlling Interest	12	51,469	42,600
		7,959,866	7,476,973
LIABILITIES			
Non-current Liabilities			
Borrowings	27	2,003,744	2,576,003
Deferred income tax liabilities	28	1,316,140	1,266,774
Retirement benefit obligations	19	143,014	119,041
		3,462,898	3,961,818
Current Liabilities			
Trade and other payables	29	349,067	248,719
Taxation		86,540	41,851
Borrowings	27	458,678	431,274
		894,285	721,844
Total equity and liabilities		12,317,049	12,160,635

Approved for issue by Board of Directors on 4 April 2011 and signed on its behalf by:

Grantley Stephenson Director

Alvin Henry Director

Group Statement of Changes in Equity

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

		Attributable to equity holders of the company					Non-controlling Interest	Total Equity
	Note	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2008		291,648	5,384,287	208,588	1,404,517	7,289,040	32,853	7,321,893
Total comprehensive income for the year		-	-	-	145,333	145,333	9,747	155,080
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	6,013	(6,013)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-	-	-
Balance at 31 December 2009		291,648	5,396,866	214,601	1,531,258	7,434,373	42,600	7,476,973
Total comprehensive income for the year		-	-	-	602,741	602,741	8,869	611,610
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	195	(195)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-	-	-
Dividends	14	-	-	-	(128,717)	(128,717)	-	(128,717)
Balance at 31 December 2010		291,648	5,409,445	214,796	1,992,508	7,908,397	51,469	7,959,866

Group Statement of Cash Flows

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Net profit		611,610	155,080
Adjustments for:			
Amortisation	16	1,258	-
Depreciation	15	250,804	253,800
Foreign exchange adjustment on long term loans		(104,597)	313,610
(Gain)/Loss on disposal of property, plant and equipment		(669)	54
Retirement benefit asset		(123,643)	(17,344)
Retirement benefit obligations		23,973	32,752
Interest income	8	(86,624)	(136,124)
Interest expense	9	139,039	183,446
Taxation	10	275,671	40,955
		986,822	826,229
Changes in operating assets and liabilities:			
Inventories		(23,366)	1,088
Trade and other receivables		16,642	(125,577)
Trade and other payables		239	(63,835)
Recoverable from special reserve fund		14,964	13,687
Cash provided by operations		995,301	651,592
Tax paid		(188,286)	(137,808)
Interest paid		(139,039)	(183,446)
Interest received		91,859	113,806
Net cash provided by operating activities		759,835	444,144
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(111,172)	(141,950)
Proceeds from sale of property, plant and equipment		1,247	-
Net cash used in investing activities		(109,925)	(141,950)
Cash flows from financing activities			
Dividends paid		(28,608)	-
Long term loans received		-	24,133
Long term loans repaid		(440,258)	(440,720)
Net cash used in financing activities		(468,866)	(416,587)
Net increase/(decrease) in cash and cash equivalents		181,044	(114,393)
Net cash and cash equivalents at beginning of year		1,120,133	1,182,095
Exchange adjustment on foreign currency cash and cash equivalents		(18,499)	52,431
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	1,282,678	1,120,133

Company Statement of Comprehensive Income

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Revenue		2,440,644	1,948,216
Cost of sales		(1,196,430)	(1,020,663)
Gross Profit		1,244,214	927,553
Other operating income	8	26,869	117,167
Administration expenses		(405,964)	(459,867)
Operating Profit		865,119	584,853
Finance costs	9	(53,538)	(520,284)
Profit before Income Tax		811,581	64,569
Income tax expense	10	(248,833)	(749)
Net Profit, being Total Comprehensive Income for the Year		562,748	63,820

Company Balance Sheet

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	7,242,900	7,329,811
Intangible asset	16	5,030	-
Investments in subsidiaries	17	75,731	75,731
Recoverable from special reserve fund	18	40,143	55,107
Retirement benefit asset	19	453,342	329,699
		7,817,146	7,790,348
Current Assets			
Inventories	20	2,256	1,501
Trade and other receivables	22	366,250	333,633
Group companies	21	1,359	1,464
Short term investments	23	589,673	517,329
Cash and bank	23	32,059	38,314
		991,597	892,241
Total assets		8,808,743	8,682,589

Company Balance Sheet

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
EQUITY			
Stockholders' Equity			
Share capital	24	291,648	291,648
Capital reserves	25	2,878,195	2,865,616
Asset replacement/rehabilitation and depreciation reserves	26	212,968	212,968
Retained earnings		1,552,117	1,130,665
		4,934,928	4,500,897
LIABILITIES			
Non-current Liabilities			
Borrowings	27	2,076,459	2,673,918
Deferred income tax liabilities	28	716,965	646,781
Retirement benefit obligations	19	143,014	119,041
		2,936,438	3,439,740
Current Liabilities			
Trade and other payables	29	305,871	197,574
Group companies	21	66,433	51,149
Taxation payable		81,195	36,755
Borrowings	27	483,878	456,474
		937,377	741,952
Total equity and liabilities		8,808,743	8,682,589

Approved for issue by Board of Directors on 4 April 2011 and signed on its behalf by:

Grantley Stephenson Director

Alvin Henry Director

Company Statement of Changes in Equity

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2008		291,648	2,853,037	207,252	1,085,140	4,437,077
Total comprehensive income for the year		-	-	-	63,820	63,820
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	5,716	(5,716)	-
Transfer to asset replacement/rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-
Balance at 31 December 2009		291,648	2,865,616	212,968	1,130,665	4,500,897
Total comprehensive income for the year		-	-	-	562,748	562,748
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	26	-	-	-	-	-
Transfer to asset replacement/rehabilitation and depreciation reserves	26	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	26	-	12,579	(12,579)	-	-
Dividends	14	-	-	-	(128,717)	(128,717)
Balance at 31 December 2010		291,648	2,878,195	212,968	1,552,117	4,934,928

Company Statement of Cash Flows

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Net profit		562,748	63,820
Adjustments for:			
Amortisation	16	1,258	-
Depreciation	15	184,057	187,871
Foreign exchange adjustment on long term loans		(104,597)	313,610
Gain on disposal of property, plant and equipment		(421)	-
Retirement benefit asset		(123,643)	(17,344)
Retirement benefit obligations		23,973	32,752
Interest income	8	(22,441)	(49,650)
Interest expense	9	158,135	206,674
Taxation	10	248,833	749
		927,902	738,482
Changes in operating assets and liabilities:			
Inventories		(755)	(1,501)
Group companies		10,904	(946)
Trade and other receivables		(17,301)	(107,460)
Trade and other payables		8,188	(71,462)
Recoverable from special reserve fund		14,964	13,687
Cash provided by operations		943,902	570,800
Tax paid		(134,209)	(88,850)
Interest paid		(153,650)	(201,370)
Interest received		24,180	52,389
Net cash provided by operating activities		680,223	332,969
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(103,434)	(129,507)
Proceeds from sale of property, plant and equipment		421	-
Net cash used in investing activities		(103,013)	(129,507)
Cash flows from financing activities			
Dividends paid		(28,608)	-
Long term loans received		-	24,133
Long term loans repaid		(465,458)	(465,920)
Net cash used in financing activities		(494,066)	(441,787)
Net increase/(decrease) in cash and cash equivalents		83,144	(238,325)
Net cash and cash equivalents at beginning of year		522,743	712,363
Exchange adjustment on foreign currency cash and cash equivalents		(17,055)	48,705
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	588,832	522,743

Notes to the Financial Statements
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

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

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

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

The company is a public company listed on the Jamaica Stock Exchange.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year
Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).
  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.
  This interpretation clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year (continued)

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009).
  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'.
  The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

- IAS 1 (amendment), 'Presentation of financial statements'.
  The amendment provides clarification that the potential settlement of a liability by issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1July 2009).
  The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. IAS 27 has had no impact on the current period.

- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010.
  The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

- IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

There was no impact on opening retained earnings from the adoption of the above-mentioned standards.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but were not effective at the balance sheet date, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations. The impact of the changes is still being assessed by management.

- IFRS 9, 'Financial instruments', issued in November 2009.
  This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

- Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009.
  It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates.

- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14).
  The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Group will apply these amendments for the financial reporting period commencing on 1 January 2011.

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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	Provision and installation of cold storage facilities	100%	31 December
Security Administrators Limited	Security services	66 ⅔%	31 December
Western Storage Limited	Property rental	100%	31 December
Western Terminals Limited	Property rental	100%	31 December
Non-Trading			
Jamaica Cooling Stores Limited		100%	31 December
Kingston Terminal Operators Limited		100%	31 December
Sub-Subsidiary			
Security Administrators Specialist Services Limited	Security services	66 ⅔%	31 December

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Transactions and non-controlling interests

The Group now treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised IAS 27, 'Consolidated and separate financial statements', became effective. The revision to IAS 27 contained consequential amendments to IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures'.

Previously transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities.

Revenue is recognised as follows:

Sales of services

These are 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.

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Notes to the Financial Statements
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Plant and buildings comprise mainly walls, piers, dredging facilities, roadways, warehouses and offices. Land, plant and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the asset's carrying amount after revaluation equals its revalued amount. Fair value represents open market value for land while buildings are shown at depreciated replacement cost as there is no market-based evidence of fair value because of the specialised nature of the buildings and the buildings cannot be sold except as part of a continuing business. All other property, plant and equipment are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to capital reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against capital reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The annual rates in use are:

Plant and buildings comprising buildings, leasehold properties, walls, piers, dredging and roadways	1.33% - 5%
Machinery and equipment	3% - 20%
Cold room and air conditioning equipment	10%
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.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(f)).

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(e) Intangible asset

Separately acquired computer software licences are shown at historical cost. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

Notes to the Financial Statements
31 December 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(f) Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(g) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(h) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(i) Dividends

Dividend distribution to the company's equity holders is recognised initially as a liability in the Group's financial statements in the period in which the dividends are approved by the company's equity holders.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at market interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within selling and marketing costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the statement of comprehensive income.

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(k) Employee benefits

Pension obligations

The Group participates in a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. The scheme is generally funded by payments from employees and the Group taking into account the recommendations of independent qualified actuaries. 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 the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and unrecognised past service costs. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, 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 discounting 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 costs are recognised immediately to the extent that the benefits are already vested, or otherwise are amortised on a straight line basis over the average period until the benefits 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) Present value of the gross defined benefit obligation at that date; and

(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.

Other post-employment obligations

The Group provides post-employment healthcare benefits to its retirees. 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. These obligations are valued annually by independent qualified actuaries.

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 terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(l) 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.

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(m) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(o) 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 a 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.

(p) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Leases

Leases of property, plant and equipment 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 on 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 operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(r) 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 a 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.

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of Significant Accounting Policies (Continued)

(u) Taxation

Taxation on the profit for the year comprises current and deferred income taxes.

Current income tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current income tax is calculated at tax rates that have been enacted at the balance sheet date.

Deferred income tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is charged or credited in the statement of comprehensive income, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

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.

(v) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as long term receivables and trade and other receivables in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. These assets are classified as current assets and are included in related companies, and cash and short term investments on the balance sheet.

Other liabilities

The Group's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. They are included in trade and other payables, related companies' balances and long term loans on the balance sheet.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The Board provides guidance for overall risk management, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Management seeks to minimise potential adverse effects on the financial performance of the Group by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board.

The Board, through the Audit Committee, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

(a) Credit risk

The Group is exposed to credit risk where one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. The Group manages its concentrations of credit risk and places its cash and cash equivalents with high quality financial institutions. The Group limits the amount of credit exposure to any one financial institution. The Group's customer base comprises a number of shipping lines represented by their local agents and numerous other customers in a variety of business sectors. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit review process
Management performs regular analyses of the ability of customers and other counterparties to meet repayment obligations.

(i) Aging analysis of trade receivables that are past due but not impaired

Trade receivables that are less than thirty-one (31) days past due are not considered impaired. As of 31 December 2010, trade receivables of $229,515,000 (2009 - $239,619,000) for the Group and $169,863,000 (2009 - $202,584,000) for the company were past due but were not considered to be impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
31 - 60 days	125,160	111,413	102,012	95,530
Over 60 days	104,355	128,206	67,851	107,054
	229,515	239,619	169,863	202,584

(ii) Aging analysis of trade receivables that are past due and are impaired

As of 31 December 2010, trade receivables of $23,202,000 (2009 - $16,903,000) and $12,914,000 (2009 - $15,548,000) for the Group and company respectively were past due and considered to be impaired. These receivables were fully provided for.

The aging of these receivables is as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
31 - 60 days	1,180	-	-	-
Over 60 days	22,022	16,903	12,914	15,548
	23,202	16,903	12,914	15,548

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Movements on the provision for impairment of trade receivables are as follows:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
At 1 January	16,903	16,767	15,548	548
Provision for impairment	22,832	16,385	13,662	15,000
Receivables written off during the year as uncollectible	(15,785)	(16,249)	(15,548)	-
Amounts reversed	(748)	-	(748)	-
At 31 December	23,202	16,903	12,914	15,548

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than those listed above that were individually impaired.

Concentrations of risk

(i) Trade receivables

The following table summarises the Group and company's credit exposure for trade receivables at their carrying amounts, as categorised by the concentration of customers:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Top ten customers	432,369	362,721	334,739	304,058
Other	35,966	57,006	26,999	16,977
	468,335	419,727	361,738	321,035
Less: Provision for impairment	(23,202)	(16,903)	(12,914)	(15,548)
	445,133	402,824	348,824	305,487

The majority of trade receivables are due from foreign domiciled customers with payment made through local agents.

(ii) Short term investments

The Group's short term investments comprise repurchase agreements held with financial institutions.

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

(iv) Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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3. **Financial Risk Management (Continued)**

(b) **Liquidity risk (continued)**

Financial liabilities cash flows

The tables below summarise the maturity profile of the Group's and company's financial liabilities at 31 December based on contractual undiscounted payments.

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2010:						
Loans	50,491	99,637	438,994	2,187,277	2,933	2,779,332
Trade and other payables	333,875	7,548	6,151	1,493	-	349,067
Total financial liabilities (contractual maturity dates)	384,366	107,185	445,145	2,188,770	2,933	3,128,399

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2009:						
Loans	46,828	92,009	426,997	2,746,479	60,323	3,372,636
Trade and other payables	203,877	6,951	37,891	-	-	248,719
Total financial liabilities (contractual maturity dates)	250,705	98,960	464,888	2,746,479	60,323	3,621,355

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3. **Financial Risk Management (Continued)**

(b) **Liquidity risk (continued)**

Financial liabilities cash flows (continued)

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2010:						
Loans	53,685	105,851	466,155	2,276,371	1,480	2,903,542
Trade and other payables	305,871	-	-	-	-	305,871
Group companies	66,433	-	-	-	-	66,433
Total financial liabilities (contractual maturity dates)	425,989	105,851	466,155	2,276,371	1,480	3,275,846

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2009:						
Loans	50,303	98,760	456,659	2,871,876	58,870	3,536,468
Trade and other payables	197,574	-	-	-	-	197,574
Group companies	51,149	-	-	-	-	51,149
Total financial liabilities (contractual maturity dates)	299,026	98,760	456,659	2,871,876	58,870	3,785,191

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

(c) **Market risk**

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument 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 payables. This is partially offset by its US dollar revenue transactions and its holdings in US dollar cash and other accounts.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

(i) Currency risk (continued)

Concentrations of currency risk

The table below summarises the Group and company exposure to foreign currency exchange rate risk at 31 December.

	The Group		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
At 31 December 2010:			
Financial Assets			
Short term investments	836,386	365,523	1,201,909
Trade and other receivables	140,006	340,895	480,901
Cash and bank	31,477	49,292	80,769
Total financial assets	1,007,869	755,710	1,763,579
Financial Liabilities			
Loans	316,290	2,146,132	2,462,422
Trade and other payables	338,481	10,586	349,067
Total financial liabilities	654,771	2,156,718	2,811,489
Net financial position	353,098	(1,401,008)	(1,047,910)

	The Group		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
At 31 December 2009:			
Financial Assets			
Short term investments	563,650	493,702	1,057,352
Trade and other receivables	158,416	325,863	484,279
Cash and bank	51,474	11,307	62,781
Total financial assets	773,540	830,872	1,604,412
Financial Liabilities			
Loans	354,320	2,652,957	3,007,277
Trade and other payables	245,664	3,055	248,719
Total financial liabilities	599,984	2,656,012	3,255,996
Net financial position	173,556	(1,825,140)	(1,651,584)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk (continued)

	The Company		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
At 31 December 2010:			
Financial Assets			
Short term investments	236,951	352,722	589,673
Trade and other receivables	25,355	340,895	366,250
Group companies	1,359	-	1,359
Cash and bank	3,879	28,180	32,059
Total financial assets	267,544	721,797	989,341
Financial Liabilities			
Loans	414,205	2,146,132	2,560,337
Trade and other payables	295,285	10,586	305,871
Group companies	66,433	-	66,433
Total financial liabilities	775,923	2,156,718	2,932,641
Net financial position	(508,379)	(1,434,921)	(1,943,300)

	The Company		
	Jamaican$	**US$**	**Total**
	J$'000	**J$'000**	**J$'000**
At 31 December 2009:			
Financial Assets			
Short term investments	60,212	457,117	517,329
Trade and other receivables	14,201	319,432	333,633
Group companies	1,464	-	1,464
Cash and bank	28,128	10,186	38,314
Total financial assets	104,005	786,735	890,740
Financial Liabilities			
Loans	477,435	2,652,957	3,130,392
Trade and other payables	194,519	3,055	197,574
Group companies	51,149	-	51,149
Total financial liabilities	723,103	2,656,012	3,379,115
Net financial position	(619,098)	(1,869,277)	(2,488,375)

3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**
(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currency to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2009 - 1%) appreciation and a 5% (2009 - 5%) depreciation change in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, short term investments and US dollar-denominated borrowings. Profit is more sensitive to movements in Jamaican dollar/US dollar exchange rates because of the US-dollar denominated borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis.

	The Group			
	Change in Currency Rate	Effect on Net Profit	Change in Currency Rate	Effect on Net Profit
	2010 %	2010 $'000	2009 %	2009 $'000
Currency:				
USD	+5	46,700	+1	12,223
USD	-5	(46,700)	-5	(61,115)

	The Company			
	% Change in Currency Rate	Effect on Net Profit	% Change in Currency Rate	Effect on Net Profit
	2010 $'000	2010 $'000	2009 $'000	2009 $'000
Currency:				
USD	+5	47,831	+1	12,530
USD	-5	(47,831)	-5	(62,649)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and liabilities.

The following tables summarise the Group's and the company's exposure to interest rate risk. It includes the Group and company financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2010:							
Assets							
Short term investments	747,645	197,411	256,853	-	-	-	1,201,909
Trade and other receivables	-	-	70,307	-	-	410,594	480,901
Cash and bank	28,180	-	-	-	-	52,589	80,769
Total financial assets	775,825	197,411	327,160	-	-	463,183	1,763,579
Liabilities							
Loans	38,301	76,988	342,910	2,001,290	-	2,933	2,462,422
Trade and other payables	-	-	-	-	-	349,067	349,067
Total financial liabilities	38,301	76,988	342,910	2,001,290	-	352,000	2,811,489
Total interest repricing gap	737,524	120,423	(15,750)	(2,001,290)	-	111,183	(1,047,910)

	The Group						
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2009:							
Assets							
Short term investments	382,429	267,023	407,900	-	-	-	1,057,352
Trade and other receivables	-	-	-	-	-	484,279	484,279
Cash and bank	34,353	-	-	-	-	28,428	62,781
Total financial assets	416,782	267,023	407,900	-	-	512,707	1,604,412
Liabilities							
Loans	35,939	71,879	338,393	2,503,245	54,888	2,933	3,007,277
Trade and other payables	-	-	-	-	-	248,719	248,719
Total financial liabilities	35,939	71,879	338,393	2,503,245	54,888	251,652	3,255,996
Total interest repricing gap	380,843	195,144	69,507	(2,503,245)	(54,888)	261,055	(1,651,584)

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3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

(ii) Interest rate risk (continued)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2010:							
Assets							
Short term investments	554,514	35,159	-	-	-	-	589,673
Trade and other receivables	-	-	70,307	-	-	295,943	366,250
Group companies	-	-	-	-	-	1,359	1,359
Cash and bank	29,895	-	-	-	-	2,164	32,059
Total financial assets	584,409	35,159	70,307	-	-	299,466	989,341
Liabilities							
Loans	40,401	81,188	361,810	2,075,458	-	1,480	2,560,337
Trade and other payables	-	-	-	-	-	305,871	305,871
Group companies	-	-	-	-	-	66,433	66,433
Total financial liabilities	40,401	81,188	361,810	2,075,458	-	373,784	2,932,641
Total interest repricing gap	544,008	(46,029)	(291,503)	(2,075,458)	-	(74,318)	(1,943,300)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
At 31 December 2009:							
Assets							
Short term investments	331,345	185,984	-	-	-	-	517,329
Trade and other receivables	-	-	-	-	-	333,633	333,633
Group companies	-	-	-	-	-	1,464	1,464
Cash and bank	33,929	-	-	-	-	4,385	38,314
Total financial assets	365,274	185,984	-	-	-	339,482	890,740
Liabilities							
Loans	38,039	76,079	357,293	2,602,613	54,888	1,480	3,130,392
Trade and other payables	-	-	-	-	-	197,574	197,574
Group companies	-	-	-	-	-	51,149	51,149
Total financial liabilities	38,039	76,079	357,293	2,602,613	54,888	250,203	3,379,115
Total interest repricing gap	327,235	109,905	(357,293)	(2,602,613)	(54,888)	(89,279)	(2,488,375)

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's and company's statement of comprehensive income and stockholders' equity.

The Group's interest rate risk arises mainly from short term deposits and borrowings. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate deposits and borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

				The Group		The Company	
				Effect on Net Profit 2010 $'000	Effect on Net Profit 2009 $'000	Effect on Net Profit 2010 $'000	Effect on Net Profit 2009 $'000
Change in basis points							
2010 JMD	**2010 USD**	**2009 JMD**	**2009 USD**				
+200	+50	+200	+200	999	(25,999)	1,127	(26,276)
-200	-50	-200	-200	(999)	25,999	(1,127)	26,276

3. Financial Risk Management (Continued)

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders, to effectively service its customers and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total stockholders' equity and minority interests. The Board of Directors also monitors the level of dividends to ordinary stockholders.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total stockholders' equity. Debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less bank overdraft. Total equity is calculated as capital and reserves attributable to company's equity holders as shown in the consolidated balance sheet.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010 $'000	2009 $'000
Total long term borrowings (Note 27)	2,462,422	3,007,277
Total stockholders' equity	7,908,397	7,434,373
Gearing ratio (%)	31	40

There were no changes to the Group's approach to capital management during the year.

The company and its subsidiaries complied with all externally imposed capital requirements to which they were subjected.

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4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciable assets

Estimates of the useful life and residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods including the use of certified independent valuators in an effort to arrive at these estimates.

If the estimates of residual value at 31 December 2010 were 10% higher than management's estimates, the depreciation charge would decrease by $21,437,000 (2009 - $18,961,000).

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Pension and post-employment benefits

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and other post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other post-employment benefit obligations. In determining the appropriate discount rate, the Group considered interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of actual medical cost increases with the rate of inflation in the economy. Past experience has shown that the actual medical costs have increased on average by one time the rate of inflation. Other key assumptions for the pension and other post-employment benefit costs and credits are based in part on current market conditions.

If the actual health care trend rates for the post employment obligations varied by 1% from estimates applied in valuation of the benefits, the consolidated net profit would be an estimated $4,264,000 lower or $5,569,000 higher (Note 19). Variations in the other financial assumptions can cause material adjustments in the next financial year, if it is determined that actual experience differed from the estimate (Note 19).

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5. Segment Financial Information

The Group is organised into the following business segments:

(a) Terminal 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 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, Kingston Jamaica.

Year ended 31 December 2010	Terminal Operations $'000	Cold Storage Operations $'000	Security Operations $'000	Other $'000	Eliminations $'000	Group $'000
External operating revenue	2,439,131	251,427	335,325	-	-	3,025,883
Operating revenue from segments	1,513	2,780	50,543	1,940	(56,776)	-
Total revenue	2,440,644	254,207	385,868	1,940	(56,776)	3,025,883
Operating profit/(loss)	865,119	70,155	39,896	(33,442)	(20,005)	921,723
Interest expense	(158,135)	(58)	-	(1,078)	20,232	(139,039)
	706,984	70,097	39,896	(34,520)	227	782,684
Foreign exchange gains						104,597
Profit before income tax						887,281
Income tax expense						(275,671)
Profit before minority interest						611,610
Non-controlling interest						(8,869)
Net profit attributable to equity holders of the company						602,741
Segment assets	8,355,401	1,093,255	185,177	2,469,388	(256,037)	11,847,184
Unallocated assets						469,668
Total assets						12,316,852
Segment liabilities	2,932,641	18,902	30,083	10,565	(180,702)	2,811,489
Unallocated liabilities						1,545,497
Total liabilities						4,356,986
Other segment items:						
Interest income (Note 8)	22,441	67,408	4,773	12,234	(20,232)	86,624
Capital expenditure (Note 15)	103,434	4,775	2,963	-	-	111,172
Amortisation (Note 16)	1,258	-	-	-	-	1,258
Depreciation (Note 15)	184,057	17,095	4,360	45,292	-	250,804

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5. Segment Financial Information (Continued)

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
Year ended 31 December 2009	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	1,946,704	266,455	357,166	-	-	2,570,325
Operating revenue from segments	1,512	3,561	35,454	1,940	(42,467)	-
Total revenue	1,948,216	270,016	392,620	1,940	(42,467)	2,570,325
Operating profit	584,853	116,724	44,260	(24,423)	(28,323)	693,091
Interest expense	(206,674)	(37)	-	(1,416)	24,681	(183,446)
	378,179	116,687	44,260	(25,839)	(3,642)	509,645
Foreign exchange loss						(313,610)
Profit before income tax						196,035
Income tax expense						(40,955)
Profit before minority interest						155,080
Non-controlling interest						(9,747)
Net profit attributable to equity holders of the company						145,333
Segment assets	8,352,890	1,061,623	159,684	2,506,492	(259,606)	11,821,083
Unallocated assets						339,552
Total assets						12,160,635
Segment liabilities	3,379,115	21,976	30,615	11,865	(187,575)	3,255,996
Unallocated liabilities						1,427,666
Total liabilities						4,683,662
Other segment items:						
Interest income (Note 8)	49,650	86,640	6,551	17,964	(24,681)	136,124
Capital expenditure (Note 15)	129,507	8,333	4,110	-	-	141,950
Depreciation (Note 15)	187,871	16,618	3,980	45,331	-	253,800

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6. Expenses by Nature

Total direct, administration and other operating expenses:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Advertising and public relations	25,473	24,339	23,405	22,275
Amortisation (Note 16)	1,258	-	1,258	-
Auditors' remuneration				
- current year	7,707	7,057	5,008	4,600
- prior year	-	950	-	750
Bad debts	22,832	16,385	13,662	15,000
Bank charges	21,095	11,726	20,953	11,595
Claims	15,348	11,233	10,303	9,395
Contract labour	11,436	10,312	11,436	10,312
Cost of inventories recognised as expense	10,015	-	-	-
Customs overtime	27,635	20,341	27,635	20,341
Depreciation (Note 15)	250,804	253,800	184,057	187,871
Directors' fees	8,243	6,298	8,051	6,250
Equipment rental	103,673	65,121	101,711	65,121
Fuel	69,076	41,662	69,076	41,662
Information technology	64,906	45,892	62,192	41,402
Insurance	138,423	154,673	121,470	135,632
Irrecoverable General Consumption Tax	47,703	46,423	43,111	42,488
Legal and consultation expenses	31,139	14,822	25,590	13,406
Occupancy: property taxes, rent and lease	9,745	9,721	6,230	5,550
Repairs and maintenance	148,806	123,274	122,623	96,017
Security	81,302	112,791	42,482	18,644
Staff costs (Note 7)	774,750	804,695	484,363	518,922
Terminal transfers	56,837	75,831	56,837	75,831
Utilities	200,070	163,941	125,463	89,429
Other	46,301	42,474	35,478	48,037
	2,174,577	2,063,761	1,602,394	1,480,530

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7. Staff Costs

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Wages and salaries	656,196	577,845	416,357	343,876
Payroll taxes – employer's contributions	63,706	57,726	38,446	33,798
Pension costs – defined benefit plan (Note 19)	(101,907)	3,835	(101,907)	3,835
Pension costs – defined contribution plan	3,355	4,039	-	-
Other post-employment benefits (Note 19)	30,412	38,830	30,412	38,830
Other	122,988	122,420	101,055	98,583
	774,750	804,695	484,363	518,922

8. Other Operating Income

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Interest income	86,624	136,124	22,441	49,650
Management fees	-	-	21,336	21,336
Foreign exchange (losses)/gains	(18,612)	50,403	(17,329)	46,181
Other	2,405	-	421	-
	70,417	186,527	26,869	117,167

9. Finance Costs

	The Group		The Company	
	2010 **$'000**	**2009** **$'000**	**2010** **$'000**	**2009** **$'000**
Interest expense -				
Loans	139,039	183,446	158,135	206,674
Foreign exchange (gains)/losses	(104,597)	313,610	(104,597)	313,610
	34,442	497,056	53,538	520,284

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10. Income Tax Expense

Comprising income tax at 33⅓%:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Current tax on profit for the year	226,502	147,132	178,649	95,460
Prior year over provision	-	(3,459)	-	-
Deferred income tax (Note 28)	49,169	(102,718)	70,184	(94,711)
	275,671	40,955	248,833	749

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 33⅓% as follows:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Profit before tax	887,281	196,035	811,581	64,569
Tax calculated at a tax rate of 33⅓%	295,760	65,345	270,527	21,523
Adjusted for the effects of:				
Expenses not deductible for tax purposes	2,211	1,039	2,211	911
Special tax allowances	(10,451)	(16,448)	(10,451)	(16,448)
Prior year over provision	-	(3,459)	-	-
Over provision of deferred income tax assets	(14,517)	(4,912)	(14,517)	(4,912)
Other	2,668	(610)	1,063	(325)
Income tax expense	275,671	40,955	248,833	749

Based on the results for the year adjusted for taxation, a subsidiary has no charge for taxation. Subject to the agreement of the Commissioner of Taxpayer Audit and Assessment, losses of approximately $2,586,000 (2009 - $2,554,000) are available for set off against future taxable profits of the subsidiary. These losses can be carried forward indefinitely.

11. Profit Attributable to Equity Holders of the Company

	2010 $'000	**2009 $'000**
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	562,748	63,820
Subsidiaries	39,993	81,513
	602,741	145,333
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	1,552,117	1,130,665
Subsidiaries	440,391	400,593
	1,992,508	1,531,258

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12. Non-controlling Interest

The non-controlling interest is comprised as follows:

	2010 $'000	2009 $'000
At beginning of year	42,600	32,853
Share of net profit of subsidiary	8,869	9,747
	51,469	42,600

13. Earnings Per Stock Unit

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

	2010	2009
Net profit attributable to equity holders of the company ($'000)	602,741	145,333
Weighted average number of ordinary stock units in issue (thousands)	1,072,650	1,072,650
Basic earnings per stock unit	$0.56	$0.14

14. Dividends

Dividends were as follows:

(a) On 4 June 2010, the company declared a dividend of 3 cents per stock unit to registered holders on record as at 16 June 2010.

(b) On 7 December 2010, the company declared a dividend of 9 cents per stock unit to registered holders on record as at 15 December 2010.

	2010 $'000	2009 $'000
Ordinary dividends, gross 12 cents (2009 – Nil)	128,717	-

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31 December 2010

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15. Property, Plant and Equipment

The Group

	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2010				
Cost or Valuation -								
At 31 December 2009	2,693,657	7,473,901	1,080,482	262,451	273,683	83,006	75,191	11,942,371
Additions	-	148	5,042	-	5,195	4,470	96,317	111,172
Transfers	39,500	96,566	10,744	-	2,527	-	(149,337)	-
Transfer to intangible asset (Note 16)	-	-	-	-	-	-	(6,288)	(6,288)
Disposals	-	(61)	(566)	-	(408)	(3,202)	-	(4,237)
At 31 December 2010	2,733,157	7,570,554	1,095,702	262,451	280,997	84,274	15,883	12,043,018
Depreciation -								
At 31 December 2009	-	1,016,681	336,953	202,069	185,294	44,973	-	1,785,970
Charge for the year	-	172,871	46,415	9,102	13,754	8,662	-	250,804
Relieved on disposals	-	-	(352)	-	(275)	(3,032)	-	(3,659)
At 31 December 2010	-	1,189,552	383,016	211,171	198,773	50,603	-	2,033,115
Net Book Value -								
At 31 December 2010	2,733,157	6,381,002	712,686	51,280	82,224	33,671	15,883	10,009,903
				2009				
Cost or Valuation -								
At 31 December 2008	2,693,657	7,341,018	1,060,944	262,451	271,706	81,643	89,102	11,800,521
Additions	-	114,973	5,229	-	2,077	1,363	18,308	141,950
Transfers	-	17,910	14,309	-	-	-	(32,219)	-
Disposals	-	-	-	-	(100)	-	-	(100)
At 31 December 2009	2,693,657	7,473,901	1,080,482	262,451	273,683	83,006	75,191	11,942,371
Depreciation -								
At 31 December 2008	-	848,376	285,114	192,967	169,080	36,679	-	1,532,216
Charge for the year	-	168,305	51,839	9,102	16,260	8,294	-	253,800
Relieved on disposals	-	-	-	-	(46)	-	-	(46)
At 31 December 2009	-	1,016,681	336,953	202,069	185,294	44,973	-	1,785,970
Net Book Value -								
At 31 December 2009	2,693,657	6,457,220	743,529	60,382	88,389	38,033	75,191	10,156,401

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15. Property, Plant and Equipment (Continued)

The Company

	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Air Conditioning Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2010				
Cost or Valuation -								
At 31 December 2009	1,742,657	5,147,642	1,059,484	18,682	263,711	71,395	69,850	8,373,421
Additions	-	-	3,427	-	3,690	-	96,317	103,434
Transfers	39,500	91,225	10,744	-	2,527	-	(143,996)	-
Transfer to intangible asset (Note 16)	-	-	-	-	-	-	(6,288)	(6,288)
Disposal	-	-	-	-	-	(2,352)	-	(2,352)
At 31 December 2010	1,782,157	5,238,867	1,073,655	18,682	269,928	69,043	15,883	8,468,215
Depreciation -								
At 31 December 2009	-	496,716	325,548	5,104	178,800	37,442	-	1,043,610
Charge for the year	-	119,857	43,800	1,302	13,012	6,086	-	184,057
On disposal	-	-	-	-	-	(2,352)	-	(2,352)
At 31 December 2010	-	616,573	369,348	6,406	191,812	41,176	-	1,225,315
Net Book Value -								
At 31 December 2010	1,782,157	4,622,294	704,307	12,276	78,116	27,867	15,883	7,242,900
				2009				
Cost or Valuation -								
At 31 December 2008	1,742,657	5,015,099	1,044,814	18,682	262,165	71,395	89,102	8,243,914
Additions	-	114,633	361	-	1,546	-	12,967	129,507
Transfers	-	17,910	14,309	-	-	-	(32,219)	-
At 31 December 2009	1,742,657	5,147,642	1,059,484	18,682	263,711	71,395	69,850	8,373,421
Depreciation -								
At 31 December 2008	-	381,262	276,172	3,802	163,303	31,200	-	855,739
Charge for the year	-	115,454	49,376	1,302	15,497	6,242	-	187,871
At 31 December 2009	-	496,716	325,548	5,104	178,800	37,442	-	1,043,610
Net Book Value -								
At 31 December 2009	1,742,657	4,650,926	733,936	13,578	84,911	33,953	69,850	7,329,811

Notes to the Financial Statements

31 December 2010

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15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2008 on the basis of open market value by D.C. Tavares and Finson Reality Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2008 on the depreciated replacement cost basis which approximates fair value, by Stoppi, Cairney and Bloomfield, quantity surveyors and construction cost consultants. The carrying value of these assets has been adjusted upwards and the increase in value net of deferred income taxes has been recognised in capital reserves (Note 25).

(b) A fixed charge totalling US$26.6 million has been placed over the property, plant and equipment of the company as well as a mortgage totalling $300 million over premises located at Ashenheim Road and certain equipment in keeping with the terms of certain loan agreements (Note 27).

(c) If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2010 $'000	**2009 $'000**
Cost	748,600	709,100
Accumulated depreciation	(60,312)	(51,957)
Net book value	688,288	657,143

16. Intangible Asset

	Computer Software $'000	**Total $'000**
At Cost -		
At 31 December 2008 and 31 December 2009	-	-
Transfer from property, plant and equipment (Note 15)	6,288	6,288
At 31 December 2010	6,288	6,288
Amortisation		
At 31 December 2008 and 31 December 2009	-	-
Amortisation charge for year	1,258	1,258
At 31 December 2010	1,258	1,258
Net Book Value		
31 December 2010	5,030	5,030
31 December 2009	-	-

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17. Investments in Subsidiaries

Investments in subsidiaries comprise:

	2010 $'000	2009 $'000
Harbour Cold Stores Limited	13,335	13,335
Security Administrators Limited	6	6
Western Storage Limited	16,301	16,301
Western Terminals Limited	46,039	46,039
Kingston Terminal Operators Limited	50	50
	75,731	75,731

18. Recoverable from Special Reserve Fund

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

The recoverable from the special reserve fund represents the amount spent in excess of the balance of the reserve and is recoverable from future collection of wharfage allocated to the reserve. A total of $15,964,000 (2009 - $13,687,000) was allocated to the reserve during the year.

	2010 $'000	2009 $'000
Balance at 1 January	55,107	68,794
Donations and security related costs	1,000	-
16% of wharfage collections for year	(15,964)	(13,687)
Balance at 31 December	40,143	55,107
This comprises:		
Special deferred expenditure	-	11,137
Donations and security related costs	1,000	-
Severance payments	39,143	43,970
	40,143	55,107

Special deferred expenditure represented amounts recoverable from The Port Authority of Jamaica in relation to contributions in favour of a director.

The balance at 31 December represents the excess of amounts that are to be recovered from future wharfage collections. The current portion of this amount is not determined because wharfage revenues for 2011 are not known.

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19. Retirement Benefit Asset and Obligations

	2010 $'000	2009 $'000
Balance sheet (asset)/obligations for:		
Pension benefits	(453,342)	(329,699)
Other post-employment benefits	143,014	119,041
Statement of comprehensive income for (Note 7):		
Pension benefits	(101,907)	3,835
Other post-employment benefits	30,412	38,830
	(71,495)	42,665

(a) Pension benefits

The Group participates in a joint contributory defined benefit pension scheme which is fully funded. The scheme is open to all permanent employees of the Group and is administered by trustees. Under the scheme, retirement benefits are based on average salary during the five years preceding retirement. 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 scheme are held independently of the Group's assets in a separate trustee-administered 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 2010.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2008 revealed that the scheme was adequately funded as at that date.

The Group, through a subsidiary, participates in a defined contributory pension scheme which was established in May 2001 and is open to security personnel and administrative personnel contracted to the subsidiary. The scheme is administered by trustees. The scheme is funded by employer's contribution of 5% as well as contractor mandatory contributions of 5% and members may also make voluntary contribution of up to 5% of their earnings, as recommended by independent actuaries. The plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2006 revealed that the scheme was adequately funded as at that date. The valuation as at 31 December 2009 is not yet finalised.

The defined benefit asset amounts recognised in the balance sheet are determined as follows:

	2010 $'000	2009 $'000
Fair value of plan assets	(1,389,997)	(1,208,551)
Present value of funded obligations	697,710	469,202
	(692,287)	(739,349)
Unrecognised actuarial gains	238,945	248,786
Unrecognised amount due to limitation	-	160,864
Asset in the balance sheet	(453,342)	(329,699)

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19. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (Continued)

The movement in the defined benefit asset recognised in the balance sheet is as follows:

	2010 $'000	2009 $'000
At beginning of year	(329,699)	(312,355)
Amounts recognised in the statement of comprehensive income (Note 7)	(101,907)	3,835
Contributions paid	(21,736)	(21,179)
At end of year	(453,342)	(329,699)

The amounts recognised in the statement of comprehensive income are as follows:

	2010 $'000	2009 $'000
Current service cost	11,227	14,461
Interest cost	73,985	78,043
Expected return on plan assets	(179,395)	(154,915)
Net actuarial gain recognised in year	153,140	(3,577)
Change in disallowed assets	(160,864)	69,823
Included in staff costs (Note 7)	(101,907)	3,835

Of the total amount recognised in the statement of comprehensive income, $9,926,000 (2009 - $9,992,000) and a credit of $111,833,000 (2009 – $6,157,000) were included in the cost of sales and administration expenses, respectively.

The actual return on plan assets was $206,618,000 (2009 – $185,687,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2011 are $42,000,000.

The movement in the fair value of plan assets for the year is as follows:

	2010 $'000	2009 $'000
At beginning of year	(1,208,551)	(1,042,669)
Expected return on plan assets	(179,395)	(154,915)
Actuarial gains	(27,223)	(30,772)
Contributions - total	(39,576)	(38,621)
Benefits paid	64,748	58,426
At end of year	(1,389,997)	(1,208,551)

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19. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (Continued)

The movement in the present value of the funded obligations is as follows:

	2010 $'000	2009 $'000
At beginning of year	469,202	488,503
Interest cost	73,985	78,043
Current service cost	22,095	25,051
Voluntary contributions	6,972	6,852
Benefits paid	(64,748)	(58,426)
Actuarial gains on obligations	190,204	(70,821)
At end of year	697,710	469,202

The principal actuarial assumptions used were as follows:

	2010	2009
Discount rate	11%	16%
Expected return on plan assets	10%	15%
Future salary increases	7%	12%
Future pension increases	4%	5%

Plan assets are comprised as follows:

	2010		2009	
	$'000	%	$'000	%
Quoted equities	202,230	14.5	150,091	12.4
Real estate	72,216	5.2	72,216	6.0
Government of Jamaica securities	777,221	55.9	753,068	62.3
Repurchase agreements	124,792	9.0	58,377	4.8
Leases	34,913	2.5	31,429	2.6
Other	178,625	12.9	143,370	11.9
	1,389,997	100.0	1,208,551	100.0

The pension plan assets include ordinary stock units of the company with a fair value of $35,100,000 (2009 – $30,000,000).

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19. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (Continued)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
As at 31 December					
Fair value of plan assets	(1,389,997)	(1,208,551)	(1,042,669)	(993,506)	(852,877)
Present value of defined benefit obligations	697,710	469,202	488,503	493,807	472,473
Surplus	(692,287)	(739,349)	(554,166)	(499,699)	(380,404)
Experience adjustments on plan assets	27,223	30,772	(80,551)	28,212	74,875
Experience adjustments on plan liabilities	(48,831)	(75,402)	8,764	(8,285)	47,877

The average expected remaining working life of the employees is 13 years (2009 – 13 years).

The in-service rates (number of occurrences per 1000 members) are as follows:

	Withdrawals from service		Ill-health retirements	
Age	**Males**	**Females**	**Males**	**Females**
25	50	147	0.0	0.0
30	35	99	0.2	0.2
35	20	45	0.3	0.4
40	10	17	0.5	0.8
45	0	7	1.2	1.8
50	0	0	2.8	3.6
55	0	0	5.8	10.0

Mortality rate

Assumptions regarding future mortality experience are set based on advice, published statistics and experience. Post employment mortality for active members and mortality for pensioners are based on the PA(90) Tables for Pensioners (British mortality tables) with ages reduced by 6 years.

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19. Retirement Benefit Asset and Obligations (Continued)

(b) Other post-employment benefits

The Group operates an insured health plan and an insured group life plan. The members and liabilities of a self insured health plan operated by the company were transferred to the insured group health plan effective 1 January 2006. The parent company covers 100% of the premiums of both plans. However pensioners under the health plan have the option to pay an additional premium for single dependant or multiple dependants' coverage.

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 is a long term increase in health costs of 10% per year (2009 - 15%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 7% per year (2009 – 12%).

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

	2010 $'000	2009 $'000
Present value of obligations	171,370	140,464
Unrecognised actuarial losses	(28,356)	(21,423)
Liability in the balance sheet	143,014	119,041

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

	2010 $'000	2009 $'000
At beginning of year	119,041	86,289
Amounts recognised in the statement of comprehensive income (Note 7)	30,412	38,830
Contributions paid	(6,439)	(6,078)
	143,014	119,041

The movement in the present value of the unfunded obligations is as follows:

	2010 $'000	2009 $'000
Present value at start of year	140,464	159,279
Interest cost	23,035	26,301
Current service cost	6,727	8,140
Benefits paid	(6,439)	(6,078)
Actuarial losses/(gains) on obligations	7,583	(47,178)
Present value at end of year	171,370	140,464

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19. Retirement Benefit Asset and Obligations (Continued)

(b) Other post-employment benefits (Continued)

The amount recognised in the statement of comprehensive income is as follows:

	2010 $'000	2009 $'000
Current service cost	6,727	8,140
Interest cost	23,035	26,301
Net actuarial losses recognised	650	4,389
Included in staff costs (Note 7)	30,412	38,830

The total charge of $30,412,000 (2009 - $38,830,000) is included in administration expenses.

The effects of a 1% movement in the assumed medical cost trend were as follows:

	Increase $'000	Decrease $'000
Effect on the aggregate of the current service cost and interest cost	5,569	4,264
Effect on the defined benefit obligation	26,954	21,123

The five-year trend for the defined benefit obligation and the experience adjustments are as follows:

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
As at 31 December					
Present value of obligations	171,370	140,464	159,279	106,562	97,363
Experience adjustments	(3,253)	47,420	(39,460)	4,537	14,977

20. Inventories

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Refrigeration products	22,425	-	-	-
Refrigeration equipment	2,678	2,844	-	-
Fuel	1,908	1,153	1,908	1,153
Spares	1,518	1,166	348	348
	28,529	5,163	2,256	1,501

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21. Related Party Transactions

(a) During the year the Group had normal business transactions with related parties with which there are common directors, as follows:

(i) Revenue earned from sales of services

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subsidiaries	-	-	25,835	22,848
Companies controlled by directors/members or related by virtue of common directorships	1,571,331	1,415,042	1,288,737	1,098,737
	1,571,331	1,415,042	1,314,572	1,121,585

Services provided to related parties are negotiated on a cost-plus basis. Services are sold on basis of the price lists in force with non-related parties.

(ii) Interest income earned

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Companies related by virtue of common directorships	34,031	20,560	3,149	4,833

(iii) Purchases of goods and services

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subsidiaries	-	-	51,742	34,373
Companies controlled by directors/members or related by virtue of common directorships	126,036	131,517	124,326	131,517
	126,036	131,517	176,068	165,890

Services are bought from related parties on the basis of the prices prevailing in the market.

(iv) Interest paid

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Subsidiaries	-	-	19,170	23,265

Notes to the Financial Statements

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21. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties arising from sales/purchases of services:

(i) Due from related companies

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Subsidiaries	-	-	1,359	1,464
Companies controlled by directors/members or related by virtue of common directorships (Note 22)	381,917	361,290	306,295	295,299
	381,917	361,290	307,654	296,763

(ii) Due to related companies:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Subsidiaries	-	-	66,433	51,149
Companies controlled by directors/members and related by virtue of common directorships (Note 29)	20,920	58,690	20,920	58,690
	20,920	58,690	87,353	109,839

Included in the amount due to subsidiaries is $32,900,000 (2009 - $32,900,000), representing funds being held on deposit for a subsidiary (Note 23).

(iii) Short term investments

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Companies related by virtue of common directorships	368,099	201,681	199,741	60,366

These investments currently attract interest at rates between 3.75% and 7.50% per annum (2009 – 5% and 7%) and have an average maturity of ninety days (Note 23).

(iv) Bank balances

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Companies related by virtue of common directorships	78,718	39,342	29,343	15,299

The bank balances with related parties comprise foreign currency savings accounts which currently attract interest of 1.2% (2009 – 1.7%) (Note 23).

Group Statement of Comprehensive Income

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

21. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Salaries and other short term employee benefits	56,528	43,962	40,928	28,820
Payroll taxes – employer's contributions	4,931	3,957	3,606	2,594
Pension benefits	4,445	4,230	3,539	2,882
Other	4,582	4,582	3,532	3,532
	70,486	56,731	51,605	37,828
Directors' emoluments –				
Fees	8,243	6,298	8,051	6,250
Management remuneration (included in salaries above)	24,891	15,835	24,891	15,835

22. Trade and Other Receivables

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade receivables	468,335	419,727	361,738	321,035
Less: Provision for impairment	(23,202)	(16,903)	(12,914)	(15,548)
	445,133	402,824	348,824	305,487
Other receivables	35,768	81,455	17,426	28,146
	480,901	484,279	366,250	333,633

Trade receivables include amounts receivable from related parties totalling $381,917,000 (2009 - $361,290,000) for the Group and $306,295,000 (2009 - $295,299,000) for the company (Note 21).

Group Statement of Comprehensive Income

Year Ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

23. Cash and Cash Equivalents

	Note	The Group 2010 $'000	The Group 2009 $'000	The Company 2010 $'000	The Company 2009 $'000
Short term investments		1,201,909	1,057,352	589,673	517,329
Less: Investments held for subsidiary	21	-	-	(32,900)	(32,900)
Short term deposits included in cash and cash equivalents		1,201,909	1,057,352	556,773	484,429
Cash and bank		80,769	62,781	32,059	38,314
		1,282,678	1,120,133	588,832	522,743

The weighted average effective interest rate on short term investments was 3.96% per annum (2009 – 5.4%) for United States dollar denominated deposits and 7.96% (2009 – 11.7%) for Jamaican dollar deposits. These short term investments have an average maturity of 90 days.

Included in cash and bank are foreign currency saving accounts which currently attract interest of 1.2% (2009 – 1.7%).

Short term investments include amounts placed with related parties of $368,099,000 (2009 - $201,681,000) and $199,741,000 (2009 - $60,366,000) for the Group and company respectively (Note 21).

Cash and bank include amounts placed with related parties of $78,718,000 (2009 - $39,342,000) and $29,343,000 (2009 - $15,299,000) for the Group and company respectively (Note 21).

24. Share Capital

	Number of Stock Units '000	Ordinary Stock Units $'000	Total $'000
At 31 December 2009	1,072,650	291,648	291,648
At 31 December 2010	1,072,650	291,648	291,648

The total authorised number of ordinary shares is 1,150,000,000 units. All issued shares are fully paid.

The no par shares in issue comprise the stated capital of the company.

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25. Capital Reserves

Capital reserves comprise:

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'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 property, plant and equipment	6,304,281	6,304,281	3,255,608	3,255,608
Capitalisation of Asset Replacement Reserve (Note 26 (a))	243,865	231,286	243,865	231,286
Capitalisation of Depreciation Reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
Deferred taxation	(1,306,311)	(1,306,311)	(624,905)	(624,905)
	5,409,445	5,396,866	2,878,195	2,865,616

26. 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, April 1998 to April 2003, was approved to meet the shortfall in the accumulated needs of the Asset Replacement/Rehabilitation Reserve (the Reserve Fund). A further annually recurring sum of $12,579,000 was also approved to meet the annual needs of the Reserve Fund.

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

The Port Authority of Jamaica also stipulated that the depreciation charge on the historical cost of property, plant and equipment be matched with amounts placed in a Depreciation Reserve.

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.

During 2001 the Port Authority of Jamaica approved the capitalisation of $158,967,000 from the Asset Replacement/Rehabilitation (ARR) Reserve 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 ARR Reserve Fund balance of $155,812,000 as at 31 December 2003 was fully utilised by this capitalisation. A final amount of $3,155,000 was capitalised during 2004 fully utilising the 2001 approved amounts.

26. Asset Replacement/Rehabilitation and Depreciation Reserves (Continued)

During 2004, the Port Authority of Jamaica approved the capitalisation of an additional $274,135,000 from the ARR Reserve Fund for capital expenditure already incurred by the company. At the end of 2004 the balance in the ARR Reserve Fund was fully utilised and an amount of $264,711,000 was available for set off against future amounts. A further approval was given by the Port Authority of Jamaica to offset this amount against the restricted funds under the Depreciation Reserve (Note 26(c)).

During 2006, the Port Authority of Jamaica approved the payment of US$26.6 million from the Asset Replacement Rehabilitation Funds, representing full recovery of the costs associated with the berths 8 and 9 expansion programme.

The balance of the reserves comprises:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Reserve	214,796	214,601	212,968	212,968
	214,796	214,601	212,968	212,968

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	2010 $'000	2009 $'000
At beginning of year		-
Transfers from statement of comprehensive income during the year	12,579	12,579
Transfer to capital reserves - utilised for capital expansion (Note 25)	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Reserve

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
At beginning of year	214,601	208,588	212,968	207,252
Transfer from retained earnings (net interest)	195	6,013	-	5,716
At end of year	214,796	214,601	212,968	212,968

26. Asset Replacement/Rehabilitation and Depreciation Reserves (Continued)

(b) Depreciation Reserve (continued)

The total historical depreciation reserve for the purposes of the Port Authority of Jamaica's requirements includes accumulated depreciation reflected under property, plant and equipment (Note 15) for the Group of $1,319,377,000 (2009 - $1,183,337,000) and $1,315,654,000 (2009 - $1,179,891,000) for the company.

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

	The Group		The Company	
	2010 $'000	**2009 $'000**	**2010 $'000**	**2009 $'000**
Depreciation reserve	214,601	214,601	212,968	212,968
Accumulated historical cost depreciation	1,319,377	1,183,337	1,315,654	1,179,891
Less: Approved disbursements	(387)	(387)	(52)	(52)
	1,533,591	1,397,551	1,528,570	1,392,807
Add: Capitalisation of Asset Replacement/Rehabilitation Reserve	9,424	9,424	9,424	9,424
Less: Advance from Depreciation Fund approved by The Port Authority of Jamaica	(274,135)	(274,135)	(274,135)	(274,135)
Less: Portion of advance from Asset Replacement/Rehabilitation Fund approved by The Port Authority of Jamaica	(1,268,880)	(1,132,840)	(1,263,859)	(1,128,096)
	-	-	-	-

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27. Borrowings

Borrowings comprise long term loans as follows:

		The Group		The Company	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
(a)	Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	Port Authority of Jamaica	1,453	1,453	-	-
(c)	Harbour Cold Stores Limited	-	-	99,368	124,568
(d)	Development Bank of Jamaica/First Global Bank Limited	281,192	300,000	281,192	300,000
(e)	Development Bank of Jamaica/ FirstCaribbean International Bank (Jamaica) Limited	9,974	24,608	9,974	24,608
(f)	Development Bank of Jamaica/FirstCaribbean International Bank (Jamaica) Limited	22,191	26,779	22,191	26,779
(g)	FirstCaribbean International Bank (Jamaica) Limited	343,882	461,419	343,882	461,419
(h)	FirstCaribbean International Bank (Jamaica) Limited	44,718	77,407	44,718	77,407
(i)	FirstCaribbean International Bank (Jamaica) Limited	54,388	109,051	54,388	109,051
(j)	FirstCaribbean International Bank (Jamaica) Limited	1,703,144	2,005,080	1,703,144	2,005,080
		2,462,422	3,007,277	2,560,337	3,130,392
	Less: Current portion	(458,678)	(431,274)	(483,878)	(456,474)
		2,003,744	2,576,003	2,076,459	2,673,918

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

(b) This comprises a loan from the Port Authority of Jamaica, which represents partial cost of construction of a security wall. This interest-free loan is repayable to the Port Authority of Jamaica only in the event of the asset being sold.

(c) This represents a $194 million draw down on a $200 million loan facility. The loan is unsecured and attracts interest at 13%. The principal is repayable over a seven-year period with a one year moratorium on principal repayment. Repayment commenced in 2007.

(d) This represents a loan granted by the Development Bank of Jamaica through First Global Bank Limited for the company's capital expenditure program. The interest rate is fixed at 11.85% per annum for the life of the loan. There is a two year moratorium on principal repayments, thereafter, payments are to be amortised over sixty months at $6,651,000 per month. Repayments began in August 2010.

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27. Borrowings (Continued)

(e) This represents a loan granted by the Development Bank of Jamaica through FirstCaribbean International Bank (Jamaica) Limited. Interest is set at the Development Bank of Jamaica's lending rate plus 2.5% per annum. The principal is repayable in thirty-one equal monthly consecutive instalments of $1,220,000 plus interest with one final payment of principal of $218,000 plus interest. Last payment is due October 2011.

(f) This represents a loan of $32 million granted by the Development Bank of Jamaica through FirstCaribbean International Bank (Jamaica) Limited. Interest rate is fixed at 11.85% per annum. The principal is repayable in eighty-three monthly instalments of $382,300.

(g) This represents a credit facility through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is computed based on US six-month LIBOR plus 2.75% per year, revised to LIBOR plus 4.5% during the year. The loan will be repaid over forty equal monthly installments of US$95,000 per month, plus one final payment of US$2,483,000. Principal payments plus interest are to commence thirty days after date of final drawdown on the facility. Last payment is due May 2012.

(h) This represents a US$2.4 million loan through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is computed based on US six-month LIBOR plus 2.75% per year, revised to LIBOR plus 4.5% during the year. The loan is to be repaid by way of forty two equal monthly principal payments of US$29,000.The last payment is due June 2012.

(i) This represents a US$3.5 million loan facility through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is computed based on US six-month LIBOR plus 2.75% per year, revised to LIBOR plus 4.5% during the year. The loan is to be repaid by way of forty one equal monthly principal payments of US$49,000 plus interest. Repayments commenced February 2006.

(j) This represents a credit facility of US$26.6 million through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is computed based on US six-month LIBOR plus 2.75%, revised to LIBOR plus 4.5% during the year. The loan principal is payable by fifty nine monthly payments of US$211,000. On December 01, 2013 the principal balance of US$12,666,666.74 will either be paid in full or alternately rolled for a further period under mutual consent.

The loan facility with First Global Bank Limited (d) above is secured by a mortgage over property located at 1 Ashenheim Road and a bill of sale over certain pieces of machinery. Security for the loan facilities with FirstCaribbean Bank (Jamaica) Limited (e)-(j) above, is a registered demand debenture providing fixed and floating charges over the company's fixed and floating assets stamped to cover US$ 26.6 million (Note 15).

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28. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 33⅓%.

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Balance sheet (assets)/liabilities for:				
Deferred income tax assets	(1,560)	(1,363)	-	-
Deferred income tax liabilities	1,316,140	1,266,774	716,965	646,781
Net deferred income tax liabilities	1,314,580	1,265,411	716,965	646,781

The movement in the net deferred income tax assets and liabilities during the year is as follows:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Net liabilities at beginning of year	1,265,411	1,368,129	646,781	741,492
Statement of comprehensive income (Note 10)	49,169	(102,718)	70,184	(94,711)
Net liabilities at end of year	1,314,580	1,265,411	716,965	646,781

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

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred income tax assets -				
Vacation leave accrual	7,480	5,628	5,971	4,000
Other payables	534	661	-	-
Employee benefit obligations	47,672	39,680	47,672	39,680
Unrealised foreign exchange losses	147,608	198,154	147,614	197,641
Tax losses	862	851	-	-
Interest payable	7,156	5,661	7,156	5,661
Property, plant and equipment	495	449	-	-
	211,807	251,084	208,413	246,982
Deferred income tax liabilities -				
Property, plant and equipment	1,364,902	1,389,248	773,639	782,659
Interest receivable	10,371	17,347	625	1,204
Retirement benefit asset	151,114	109,900	151,114	109,900
	1,526,387	1,516,495	925,378	893,763
Net deferred income tax liabilities	1,314,580	1,265,411	716,965	646,781

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28. Deferred Income Tax (Continued)

The deferred tax credit in the statement of comprehensive income comprises the following temporary differences:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Vacation leave accrual	(1,852)	16	(1,971)	-
Other payables	127	(134)	-	-
Employee benefit obligations	(7,992)	(10,917)	(7,992)	(10,917)
Unrealised foreign exchange losses	50,545	(91,548)	50,026	(91,035)
Tax losses	(11)	1,169	-	-
Interest payable	(1,495)	(1,768)	(1,495)	(1,768)
Property, plant and equipment	(24,391)	(13,518)	(9,019)	4,335
Interest receivable	(6,977)	8,200	(580)	(1,108)
Retirement benefit asset	41,215	5,782	41,215	5,782
	49,169	(102,718)	70,184	(94,711)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The offset amounts shown in the balance sheet include the following:

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	196,637	239,134	195,286	237,321
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,516,016	1,499,148	924,753	892,559

29. Trade and Other Payables

	The Group		The Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Trade payables	75,559	63,331	63,852	49,885
Other payables and accruals	273,508	185,388	242,019	147,689
	349,067	248,719	305,871	197,574

Trade and other payables include amounts payable to related parties totalling $20,920,000 (2009 - $58,690,000) for the Group and the company (Note 21).

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

30. Litigation

The company and its subsidiaries are subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations. The Group is not currently involved in any significant litigation other than that noted below.

Legal action was 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 therefore illegal. These are not monetary claims and if the plaintiffs succeed in obtaining a judgement against the company, it is not likely that the outcome will have a negative impact on the company's operations. As at balance sheet date judgement had not been decided.

A claim has been made by a former employee of a subsidiary for damages totalling $10.9 million for wrongful dismissal. The matter has been set for trial however no provision has been made in these financial statements, as the outcome cannot be ascertained at this time.

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 existing 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.

(a) The fair values of the Group's financial instruments were estimated at the face value, less any estimated credit adjustments. The carrying values of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values due to the short term maturity of these instruments. These financial assets and liabilities are cash and bank balances, trade receivables and payables, related companies balances and bank overdrafts.

(b) The carrying values of long term loans closely approximate amortised cost, which is estimated to be their fair value as they attract terms and conditions available in the market for similar transactions.

Proxy Form

I/We ____

of ____

being a member/members of KINGSTON WHARVES LIMITED hereby appoint ______________________

____

of ____

or failing him/her ____

of ____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at the **Jamaica Conference Centre**, **14-20 Port Royal Street**, **Kingston**, on the **27th day of June 2011** at **10:00 a.m.** and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
Resolution 1		
Resolution 2		
Resolution 3a (i)		
Resolution 3a (ii)		
Resolution 3a (iii)		
Resolution 4		
Resolution 5		

Date this ____________ day of ________________ 2011

Place
$100
Stamp
Here

____
Signature

____
Signature

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
4. If the form is returned without any indication as to how the person appointed proxy shall vote, the proxy shall exercise his discretion as to how he votes or whether to abstain from voting.
5. To be valid this proxy must be deposited with the Registrar and Transfer Agent, KPMG Regulatory & Compliance Services, 6 Duke Street, Kingston, not less than 48 hours before the time appointed for holding the meeting.
6. A proxy need not be a member of the Company.


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SAFETY FIRST
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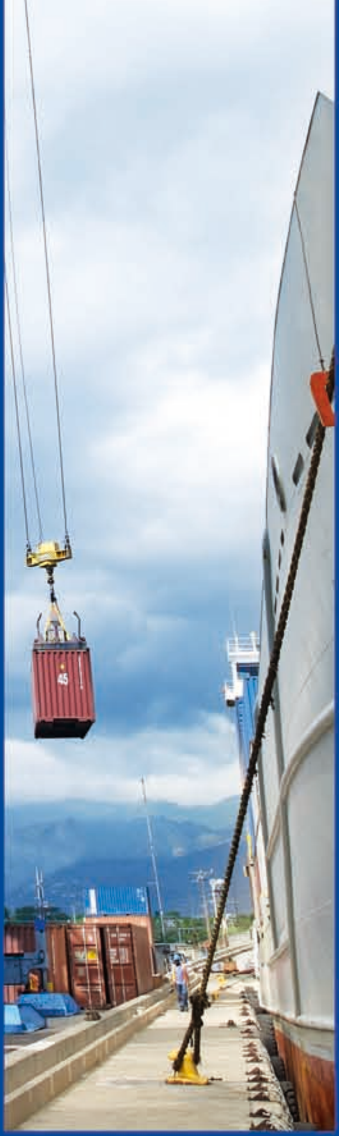

KINGSTON WHARVES LIMITED

2010 Annual Report

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